

- SOCIAL MOVEMENTS AND TRANSFORMATION -

# CAPITALISM, CLASS AND REVOLUTION IN PERU, 1980-2016



JAN LUST



# Social Movements and Transformation

Series Editor  
Berch Berberoglu  
University of Nevada  
Reno, NV, USA

This series tackles one of the central issues of our time: the rise of large-scale social movements and the transformation of society over the last thirty years. As global capitalism continues to affect broader segments of the world's population workers, peasants, the self-employed, the unemployed, the poor, indigenous peoples, women, and minority ethnic groups there is a growing mass movement by the affected populations to address the inequities engendered by the globalization process. These popular mass movements across the globe (such as labor, civil rights, women's, environmental, indigenous, and anti-corporate globalization movements) have come to form a viable and decisive force to address the consequences of the operations of the transnational corporations and the global capitalist system. The study of these social movements their nature, social base, ideology, and strategy and tactics of mass struggle is of paramount importance if we are to understand the nature of the forces that are struggling to bring about change in the global economy, polity, and social structure. This series aims to explore emerging movements and develop viable explanations for the kind of social transformations that are yet to come.

More information about this series at  
<http://www.palgrave.com/gp/series/14481>

Jan Lust

Capitalism, Class and  
Revolution in Peru,  
1980–2016

palgrave  
macmillan

Jan Lust  
Universidad Ricardo Palma  
Lima, Peru

Social Movements and Transformation

ISBN 978-3-319-91402-2 ISBN 978-3-319-91403-9 (eBook)

<https://doi.org/10.1007/978-3-319-91403-9>

Library of Congress Control Number: 2018943271

© The Editor(s) (if applicable) and The Author(s) 2019

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use. The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Cover image: © rudall30

Printed on acid-free paper

This Palgrave Macmillan imprint is published by the registered company Springer International Publishing AG part of Springer Nature  
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

*To Katarina*

## ACKNOWLEDGEMENTS

In February 2014, I presented my book *Lucha revolucionaria. Perú, 1958–1967* in Peru's capital city Lima. In one of these presentations, I met former guerrilla fighter Néstor Guevara. He was very glad with the book and told me that I should stay healthy because I had a lot more to give to the struggle for revolutionary social transformation in Peru.

Néstor's comments strengthened me in my ideas to elaborate a book that might help to rethink the strategic and tactical responses of the socialist Left to the particularities of capitalist development in Peru and to further processes toward socialist change. I would like to thank the surviving Peruvian revolutionary fighters of the 1960s for their example, for their lifelong battle for a society without exploitation and oppression.

For my study on capitalist development in Peru, the evolution of the country's class structure and the struggle for revolutionary social transformation in the last thirty-six years, I have visited many libraries, institutions, and archives in Peru. Especially, I would like to thank the archives of the *Partido Comunista del Perú-Patria Roja*, the *Asociación Laboral para el Desarrollo*, and the *Instituto de Estudios Sindicales*.

I express my gratitude to the leaders, cadres, militants, and intellectuals of the Peruvian socialist Left, the representatives and militants of two social movements in the department of Cajamarca that fight against extractive Capital, and the leaders and cadres of the *Confederación General de Trabajadores del Perú* for having put their trust in me and for sharing their points of view on crucial issues for the revolutionary social transformation of Peruvian society. The interviews with these individuals

were of key importance for the elaboration of this book. Furthermore, they contributed to the development of my own political thinking and helped me to see the Peruvian socialist Left in all its contradictions, weaknesses, and strengths.

I would also like to thank Guillermo Rochabrún, Antonio Zapata, Eduardo Cáceres, Gerardo Benavides, Jorge Bernedo, Violeta Tello, Hugo Blanco, Antonio Vicente Marcos, Ernesto Toledo Bruckmann, Eduardo Garate, César Risso, Mauricio Dominguez, Constante Traverso, Milton Sánchez, César Aliaga, and the militants of the political organization Pueblo Unido for their valuable contribution to this book.

Finally, I thank Carolina for her love, support, and comradeship.



# CONTENTS

<b>1</b>	<b>Introduction</b>	1
1.1	<i>Objective of the Book</i>	3
1.2	<i>Filling the Gap</i>	4
1.3	<i>Class Analysis</i>	5
1.4	<i>Structure of the Book</i>	6
	<i>References</i>	9
<b>2</b>	<b>Neoliberalism and the Socialist Left in Peru: An Epochal Change</b>	11
2.1	<i>The 1990s: Epoch-Breaking and Epoch-Making</i>	12
2.2	<i>The Erosion of the Political and Social Bases of the Socialist Left</i>	16
	<i>References</i>	21
<b>3</b>	<b>Class and Class Structure in Peru</b>	25
3.1	<i>Class and Class Structure</i>	26
3.2	<i>Class Consciousness and Class Struggle</i>	28
3.3	<i>Definition of Class</i>	31
3.4	<i>Data on the Peruvian Class Structure</i>	32
3.5	<i>Occupation and Class</i>	33
3.6	<i>Classes in Peru</i>	39
	<i>References</i>	44

<b>4</b>	<b>Capitalist Economic Development in Peru: 1980–2016</b>	<b>47</b>
4.1	<i>The Dynamics of Capitalist Development and Its Principal Contradictions</i>	48
4.2	<i>A Dependency Theory Perspective on Peripheral Capitalist Development</i>	52
4.3	<i>A Chronological Account of the Main Economic Developments and Economic Policy Decisions: 1980–2016</i>	53
4.4	<i>Peru’s Role in the International Division of Labor and Its Economic Development Model</i>	65
4.5	<i>The Structure of the Peruvian Economy</i>	71
4.6	<i>Dynamics of Capital Accumulation (The Profit Rate)</i>	77
4.7	<i>The Capitalist Subsistence Economy</i>	81
	<i>References</i>	107
<b>5</b>	<b>The Changing Class Structure of Peru: 1980–2016</b>	<b>117</b>
5.1	<i>The Bourgeoisie</i>	119
5.2	<i>The Intermediate Class</i>	128
5.3	<i>The Proletariat</i>	131
5.4	<i>The Peasantry and the Rural Bourgeoisie</i>	137
5.5	<i>Non-remunerated Family Workers</i>	140
5.6	<i>The Class Structure of Peru: 1980–2016</i>	143
5.7	<i>Conclusions</i>	146
	<i>References</i>	151
<b>6</b>	<b>The Class Struggle and the Socialist Left: 1980–2016</b>	<b>157</b>
6.1	<i>The Class Struggle and the Left Under Military Dictatorship: 1970–1980</i>	158
6.2	<i>The Proletariat Versus Capital: 1980–1990</i>	167
6.3	<i>The Socialist Left in the 1980s and 1990s</i>	172
6.4	<i>The Armed Struggle of the PCP-SL and the MRTA</i>	176
6.5	<i>The Class Struggle from Above: 1990–2000</i>	183
6.6	<i>Trade Union Power: 2000–2016</i>	189
6.7	<i>The Left and Civil Society</i>	194
6.8	<i>The Electoral Participation of the Socialist Left</i>	198
6.9	<i>Class Struggle in the Countryside: 2000–2016</i>	200
6.9.1	<i>Class Struggle Against the Conga Project</i>	203
6.9.2	<i>The Class Enemies of the Communities and the Small Peasantry</i>	208
6.9.3	<i>Weaknesses of the Struggle Against Mining Capital</i>	210

6.10	<i>Conclusions</i>	212
	<i>References</i>	229
<b>7</b>	<b>The Erosion of the Political and Social Bases of the Socialist Left</b>	<b>243</b>
7.1	<i>The Political and Social Bases of the Socialist Left</i>	246
7.2	<i>Class Consciousness</i>	246
7.3	<i>The Class Structure and the Legal Socialist Left</i>	248
7.4	<i>The Class Structure and the Armed Socialist Left</i>	253
7.5	<i>Political Work and Social Bases</i>	256
7.6	<i>The Weakening of the Trade Unions and the Neoliberal Ideology</i>	258
7.7	<i>The Reduction of the Social Bases of the Legal Socialist Left</i>	259
7.8	<i>Political Work in a Changed Social and Economic Environment</i>	260
7.9	<i>Social Reality and Revolutionary Practice</i>	262
7.10	<i>Conclusions</i>	264
	<i>References</i>	272
<b>8</b>	<b>Conclusions</b>	<b>277</b>
	<i>Reference</i>	289
	<b>Index</b>	<b>291</b>

## ABBREVIATIONS

ANP	Asamblea Nacional Popular (Popular National Assembly)
APRA	Alianza Popular Revolucionaria Americana
APS	Acción Popular Socialista
ARI	Alianza Revolucionaria de Izquierda
ARS	Acción Revolucionaria Socialista
ASI	Acuerdo Socialista de Izquierda
CCP	Confederación Campesina del Perú (Peasants Confederation of Peru)
CGTP	Confederación General de Trabajadores del Perú (General Confederation of the Workers of Peru)
CNA	Confederación Nacional Agraria (National Agrarian Confederation)
CITE	Comité Intersectorial de Trabajadores Estatales
CIUO	Clasificación Internacional Uniforme de Ocupaciones (International Classification Standard of Occupations)
CONACAMI	Confederación Nacional de Comunidades del Perú Afectadas por la Minería (National Confederation of Communities Affected by Mining in Peru)
COR	Comité de Orientación Revolucionaria
CSE	Capitalist Subsistence Economy
CTRP	Central de Trabajadores de la Revolución Peruana (Workers Central of the Peruvian Revolution)
EAP	Economic Active Population
FA	Frente Amplio
FDI	Foreign Direct Investment

FDAC	Frente de Defensa Ambiental de Cajamarca (Environmental Defense Front of Cajamarca)
FEDEP	Frente Democrático Popular del Perú
FEPCA	Federación Provincial de Campesinas de Andahuaylas (Provincial Peasants Federation of Andahuaylas)
FIR-ML	Frente de Izquierda Revolucionaria—Marxista Leninista
FOCEP	Frente Obrero Campesino del Perú
FRAS	Fuerzas Revolucionarias Antiimperialistas por el Socialismo
FRENATRACA	Frente Nacional de Trabajadores y Campesinos
FS	Fuerza Social
GDP	Gross Domestic Product
IADB	Inter-American Development Bank
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
INEI	Instituto Nacional de Estadística e Informática (National Institute for Statistics and Informatics)
IU	Izquierda Unida
MAS	Movimiento de Afirmación Social
MERCOSUR	Mercado Común del Sur (Southern Common Market)
MIR	Movimiento de Izquierda Revolucionaria
MIR-EM	Movimiento de Izquierda Revolucionaria—El Militante
MIR-VR	Movimiento de Izquierda Revolucionaria—Voz Rebelde
ML-19	Movimiento de Liberación Nacional 19 de Julio
MRTA	Movimiento Revolucionario Túpac Amaru
NGO	Non-governmental organization
OCC	Organic Composition of Capital
OECD	Organization for Economic Co-operation and Development
PCP	Partido Comunista Peruano
PCP-BR	Partido Comunista del Perú—Bandera Roja
PCP-M	Partido Comunista Peruano—Mayoría
PCP-PR	Partido Comunista del Perú—Patria Roja
PCP-SL	Partido Comunista del Perú—Por el luminoso sendero de José Carlos Mariátegui
PCP-U	Partido Comunista Peruano—Unidad
PCR	Partido Comunista Revolucionario
PIC	Plataforma Interinstitucional Celendina
POMR	Partido Obrero Marxista Revolucionaria
PSR	Partido Socialista Revolucionario
PSR-ML	Partido Socialista Revolucionario—Marxista Leninista
PRT	Partido Revolucionario de Trabajadores
PST	Partido Socialista de Trabajadores

PUM	Partido Unificado Mariateguista
PVR	Partido Vanguardia Revolucionaria
SINAMOS	Sistema Nacional de Movilización Social (National System of Mobilization)
SUTE	Sindicato Unitario de Trabajadores en la Educación del Perú (United Union of the Workers in Education of Peru)
TNC	Transnational corporation
TFP	Total Factor Productivity
UDP	Unidad Democrática Popular
UNC	Universidad Nacional de Cajamarca (National University of Cajamarca)
UNIR	Unión de Izquierda Revolucionaria
VR	Vanguardia Revolucionaria
VR-PC	Vanguardia Revolucionaria—PC

## LIST OF TABLES

Table 3.1	The distribution of eleven class criteria according to class	36
Table 4.1	FDI flows: 1980–1985 (in millions of US\$)	54
Table 4.2	FDI flows: 1990–2000 (in millions of US\$)	59
Table 4.3	Unemployment and underemployment: 1990–2000 (as a percentage of EAP)	60
Table 4.4	Annual growth of the export value of traditional, non-traditional products, and mining products; annual growth of total export value, the contribution of the export value of mining products to total exports and the terms of trade	63
Table 4.5	Peruvian export structure: 1980–2016 (in percentages of total exports, in current prices)	66
Table 4.6	Contribution of the FDI in mining to total FDI and the FDI mining stock: 2005–2015 (in millions of US\$)	68
Table 4.7	Composition of GDP according to economic sectors: 1980–2015 (in prices of 2007)	71
Table 4.8	Absolute number of private companies according to sales: 2012–2016	75
Table 4.9	Value of total exports according to company size: 2013–2014	76
Table 4.10	The distribution of the EAP by enterprise size groups (principal occupation of employed) in Metropolitan Lima: 1986–1995 (as a percentage of total EAP in Metropolitan Lima)	82

Table 4.11	The distribution of the EAP by enterprise size groups (principal occupation of employed) in Peru: 1998–2016 (as a percentage of total occupied EAP in Peru)	83
Table 4.12	Distribution of private companies (LLC and natural persons) according to economic activities: 2012	102
Table 4.13	Distribution of private companies (LLC and natural persons) according to economic activities: 2013	103
Table 4.14	Distribution of private companies (LLC and natural persons) according to economic activities: 2014	103
Table 4.15	Distribution of private companies (LLC and natural persons) according to economic activities: 2015	104
Table 4.16	Distribution of private companies (LLC and natural persons) according to economic activities: 2016	104
Table 5.1	Ranking five largest corporations in Peru according to sales and economic sector: 1992–2000	123
Table 5.2	Ranking five largest corporations in Peru according to sales and economic sector: 2001–2009	125
Table 5.3	Ranking five largest corporations in Peru according to sales and economic sector: 2011–2016	126
Table 5.4	The distribution of the occupational category by enterprise size groups: Metropolitan Lima, 1986–1994 (in percentage of total employers of companies with two and more individuals)	127
Table 5.5	The distribution of the occupational category by enterprise size groups: Peru, 1998–2016 (in percentage of total employers of companies with two and more individuals)	127
Table 5.6	Dependent and independent intermediate class in Metropolitan Lima: 1986–1994 (as a percentage of the intermediate class)	130
Table 5.7	Middle-class and proletarian fractions of the independent intermediate class in Metropolitan Lima: 1986–1994 (as a percentage of the independent intermediate class)	130
Table 5.8	Dependent and independent intermediate class in Peru: 1997–2016 (as a percentage of the intermediate class)	131
Table 5.9	Middle-class and proletarian fractions of the independent intermediate class in Peru: 1997–2016 (as a percentage of the independent intermediate class)	132
Table 5.10	Urban semi-proletariat as a percentage of the EAP in Lima: 1986–1994	132
Table 5.11	Urban semi-proletariat as a percentage of the occupied EAP in Peru: 1997–2016	133



Table 5.12	The distribution of individuals with proletarian occupations by enterprise size groups in Metropolitan Lima: 1986–1994 (as a percentage of total proletariat occupied in companies that employ two and more individuals in Metropolitan Lima)	134
Table 5.13	The distribution of occupied individuals with proletarian occupations by enterprise size groups in Peru: 1998–2016 (as a percentage of total proletariat occupied in companies that employ two and more individuals)	135
Table 5.14	Division of the proletariat in manual labor- and mental labor-performing individuals: Metropolitan Lima, 1986–1994 (as a percentage of total proletariat)	135
Table 5.15	Division of the proletariat in manual labor- and mental labor-performing individuals: Peru, 1997–2016 (as a percentage of total proletariat)	136
Table 5.16	Peasants and rural proletariat as a percentage of total peasantry: 1997–2016	138
Table 5.17	Agricultural and livestock units (as a percentage of total units) according to land possession in hectares (as a percentage of total hectares): 1972–2012	141
Table 5.18	Non-remunerated family workers in Metropolitan Lima as a percentage of the EAP of Metropolitan Lima: 1986–1994	142
Table 5.19	Non-remunerated family workers in Peru as a percentage of the occupied EAP of Peru: 1997–2016	142
Table 5.20	Occupational groups for Metropolitan Lima: 1979, 1980 and 1983 (as a percentage of the occupied EAP of Metropolitan Lima)	144
Table 5.21	Evolution of the class structure of Metropolitan Lima: 1986–1994	145
Table 5.22	Evolution of the class structure of Peru: 1997–2016	145
Table 6.1	Strikes: 1968–1979	162
Table 6.2	Inflation, indices of real salaries and real wages in (base year = 1979 = 100) and the participation of salaried workers in National Income: 1970–1979	164
Table 6.3	Rates of unemployment and underemployment: 1975–1979 (as a percentage of EAP)	165
Table 6.4	Strikes in the private sector: 1980–1990	167
Table 6.5	Strikes in the public sector: 1980–1990	168
Table 6.6	Number of attacks by the PCP-SL: 1980–1993	178
Table 6.7	Number of attacks by the MRTA: 1982–1997	183

Table 6.8	Members of trade unions in Metropolitan Lima: 1990–2000 (as a percentage of salaried workers in Metropolitan Lima)	186
Table 6.9	Strikes in the private sector: 2000–2016	190
Table 6.10	Strikes according to economic activity: 2000–2007	192
Table 6.11	Strikes according to economic sectors: 2008–2013	193
Table 6.12	Strikes according to economic activities: 2014–2016	194

## LIST OF GRAPHS

- Graph 4.1 Social expenditures of prioritized social programs: 2003–2015 (in millions of nuevos soles) (These programs are pre-school education, primary education, secondary education, promotion and social and community care, collective health, and individual health) (*Source* <http://www.inei.gob.pe/estadisticas/indice-tematico/sociales/>. Accessed April 18, 2016 and August 31, 2017) 64
- Graph 4.2 Real GDP growth rates: 1975–2016 (*Source* [http://www.bcrp.gob.pe/docs/Estadisticas/Cuadros-Anuales/ACuadro\\_02.xls](http://www.bcrp.gob.pe/docs/Estadisticas/Cuadros-Anuales/ACuadro_02.xls). Accessed July 31, 2017) 65
- Graph 4.3 Profit rate of Peru: 1980–2014 (*Source* Penn World Table 8.1. Accessed July 31, 2017 in <http://feb.pwt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>) 78
- Graph 4.4 Rate of exploitation of Peru: 1980–2014 (*Source* Penn World Table 8.1. Accessed July 31, 2017. <http://feb.pwt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>) 78
- Graph 4.5 Nominal minimum wage and average nominal remuneration of individuals working in companies that employ 1–10 individuals: 2001–2012 (in US\$) (*Source* <http://series.inei.gob.pe:8080/sirtod-series/> and [www.mintra.gob.pe](http://www.mintra.gob.pe). Accessed August 6, 2017) 85
- Graph 6.1 Strikes in the private sector: 1980–2000 (*Source* Ministerio de Trabajo y Promoción del Empleo 2015a, *Huelgas en el Perú 2014*, 21) 185

- Graph 6.2 Workers involved in strikes in the private sector: 1980–2000 (*Source* Ministerio de Trabajo y Promoción del Empleo 2015a, *Huelgas en el Perú 2014*, 21) 185
- Graph 6.3 Individuals working on temporary contracts in the private sector in Lima: 1986–1997 (as a percentage of total salaried formal workers in Lima) (*Source* Jaime Saavedra Chanduvi 1999, “La dinámica del mercado de trabajo en el Perú antes y después de las reformas estructurales”, 41) 187



## CHAPTER 1

---

# Introduction

In 2017 and in the first few months of 2018, corruption scandals have been heavily affecting Peru's political elite. These scandals are not only reduced to the political Right, but even include individuals with a social-democratic political orientation. The corruption scandals provoked by one of Brazil's major companies, Odebrecht, has resulted in a political crisis as it apparently also involved the then President Pedro Pablo Kuczynski. As a consequence, in March 2018, Kuczynski presented his renouncement before being impeached in an imminent session of Congress.

The current political crisis dates from the start of the Kuczynski government in July 2016. In May of the same year, Kuczynski had won the Presidential elections after beating Keiko Fujimori, the leader of *Fuerza Popular* and daughter of former President Alberto Fujimori. However, as the absolute majority corresponded to the popular Right of *Fuerza Popular*, since the installation of the new Congress, Kuczynski's cabinets have been heavily under attack, resulting in the fall of one cabinet and three ministers (Education, Economics and Finance, and Transport and Communication).

The Left, and more in particular the socialist Left, has not been benefiting from the crisis in the "upper classes", one of Lenin's three conditions that characterize a revolutionary situation. Why not? The socialist Left is also discredited? The massive means of communication have initiated a campaign against the socialist Left with the objective to avoid its possible resurgence? Or is it because the population has a general aversion to politics?

In this book, it will be argued that currently, the socialist Left is not able to use political crises within the bourgeoisie for the benefit of projects that point to end exploitation and oppression. This is not because a major part considers revolution and revolutionary struggle something of the past or has projected it for a very distant and vague future, but because the socialist Left's political and social bases have reduced considerably, making it incapable of organizing massive protests against the State and Capital.

The weakness of the socialist Left has nothing to do with the strength of the Right, but everything with its own lack of power. It is not because the Right is strong and therefore the Left is weak, it is because the Left is weak that the Right is strong. It is up to the socialist Left to change the correlation of class forces in its favor. This weakness might also explain why Peru has been "excluded" from what has been called the pink tide or the ascendancy to state power of left-wing-oriented currents and even socialist organizations in Latin America.

The particularity of capitalist development in Peru and the evolution of its class structures provide the objective conditions (and limitations) for the political practice of socialist organizations. In Peru, these conditions form the basis of what might be called the hegemony of neoliberalism in society and help to understand the structural character of the political weakness of the socialist Left. However, and that is what we would like to underline, it depends on the political practice of the revolutionary forces if these conditions are maintained, deepened, changed, or destroyed. As Petras and Veltmeyer (2010, 58) argue, "it is not enough to establish the workings of capitalism and imperialism in terms of their objectively given conditions that affect people and countries according to their class location in this system. We need to establish the political dynamics of popular and working-class responses to these conditions—to neoliberal policies of structural adjustment to the purported requirements of the new world order". As a matter of fact, the struggle for a revolutionary change of the neoliberal development model starts with a fight over the consciousness of the population. Having the correct consciousness regarding the existing relations is an indispensable condition for revolutionary practice.

Notwithstanding the weakness of the socialist Left or the fact that the neoliberal ideology has taken roots in all layers of society, we believe that the necessity for revolutionary change in Peru can easily be defended on the grounds of general accepted development goals. If it means the

steady and structural improvement of the social conditions of a continuously growing part of the country, it should imply a break with the commoditization of the basic social needs of the population, such as water, health care, and education. If it also points to a qualitative increase of the participation of the population in political and economic decision-making, it should mean giving the exploited and oppressed masses the ownership, the control, and the management over the means of social production. This radical change of the course of development is within capitalism, and especially today given the global correlation of class forces, impossible. It would mean a break with the political and economic power base of the dominant classes, i.e., the private property over the means of production. This brings us to the objective of this book.

## 1.1 OBJECTIVE OF THE BOOK

In this book, we study the development of capitalism, class, and revolution in Peru in the period 1980–2016. It intends to shed light on the fact why the socialist Left has not been able to gain state power in the last thirty-six years.<sup>1</sup>

Although a lot has been written on the Peruvian socialist Left and its errors but, as will be pointed out in Chapter 2, these works do not help us to explain why the socialist Left is still in an agonizing state. As we conclude in Chapter 8, since the 1990s, the socialist Left has been thrown back to the stage of primitive political, ideological, and organizational accumulation.

This book explains that the reasons why the socialist Left has not attained state power are principally related to the objective and subjective conditions of capitalist development. We argue that the erosion of the political and social bases of the Peruvian socialist Left, the product of the dynamics of capitalist development in the 1980s and 1990s and the implementation of a radical form of neoliberalism in 1990s, has not been understood by the socialist Left.<sup>2</sup> This lack of understanding has disabled it to politically and organizationally address the processes that eroded its political and social bases. The political practice of the socialist Left did not change as a consequence of the changes in the class structure and in the distribution of employment by enterprise size groups that were going on in the 1980s and 1990s. This is one of the main reasons for the loss of political and social power of the socialist Left in the 1990s. The fact that the Peruvian socialist Left has still not embarked on an analysis

of the evolution of the Peruvian class structure might explain not only the continuation of the political and organizational agony of the socialist Left, but also the hegemony of neoliberalism in Peruvian society.<sup>3</sup>

We believe that our explanation of why the socialist Left has not gained state power in the last thirty-six years is an important contribution to the known factors such as political and military errors of the socialist Left in the 1980s and 1990s, the economic and social disaster of state-led development between 1985 and 1990, and the neoliberal attack on the proletariat and the peasantry, as it combines elements of the objective and subjective conditions of capitalist development in Peru. Although it is not possible to determine if the factors mentioned in this book really have been decisive, we think they have been and still are crucial. We are convinced that not only without a revolutionary theory there can be no revolutionary movement as Lenin argued in *What is to be done?*, but also without knowledge about the underlying trends of social reality it is not possible to successfully intervene in social reality with the objective to change it.

It can be supposed that an understanding of the workings of capitalism in Peru as it relates to the dynamics of social change (class formation and struggle) might help strengthen the theoretical and political weaponry of the forces that struggle for a revolutionary social transformation of the system. Hence, we hope that this book is not only seen as another social-scientific interpretation of Peruvian political, economic, and social reality but also as a contribution to change, i.e., to help bring about a process of revolutionary social transformation of capitalism in Peru,<sup>4</sup> which, following Carchedi (1987, 95), can be defined as a path that irreversibly changes the prevailing system of capitalist production relations.

## 1.2 FILLING THE GAP

This book has been guided by a range of questions on Peruvian capitalist development in general and on the country's socialist Left in particular. One of these questions had to do with the class structure and the political and social bases of the socialist Left. We asked ourselves how the particularities of capitalist development in Peru and the evolving class structure were related to the structural weakness of the socialist Left.

This work hopes to fill an important gap in academic research as in Peru and abroad, in scholarly literature and other, no work exists that



has analyzed the evolution of the country's class structure of the last thirty-six years in relation to the its particular capitalist's development process. However, we need to mention the efforts of Orlando Plaza (2007, 2009) to have placed the problem of class renewed on the academic agenda.

Although the study on Peruvian class and the Peruvian class structure has started to reemerge, see, for instance, also the work of Huber and Lamas (2017) on the new middle class in Peru, unfortunately these studies are not based on a critical political economy perspective but rather on a Weberian concept of class and a structural-functionalist theory of social stratification. Future studies on the Peruvian class structure at the level of a concrete society and research on the social and economic conditions of the proletariat and the proletarian fraction of the intermediate class based on the Marxist concept of class might be excellent contributions to the struggle for the revolutionary social transformation of Peruvian society.

Apart from arguing why the socialist Left has not been able to take state power and why it still finds itself in an agonizing state, this book also contributes to Peruvian historiography in the sense that more than thirty leaders, militants, cadres, and intellectuals of the socialist Left have been interviewed on questions related to capitalist development in Peru, the evolving Peruvian class structure, the class struggle in the years between 1980 and 2015, and the strategies and tactics of their organizations, among others.

### 1.3 CLASS ANALYSIS

This book uses a Marxist class analysis to understand Peruvian political, economic, and social reality. But what is a Marxist class analysis? Is class analysis an analysis of the capitalist dynamics of a particular society in which one relates to the antagonistic classes in society? Is class analysis an analysis of classes?

Wright (1999) explains that Marxist class analysis, in contrast to a Weberian class analysis, makes it possible to determine what generates “what people get” and “what people have to do to get what they get”. Exploitation and domination are the pivotal concepts for this analysis. In another work, Wright (1989, 271) argues that “the task of class analysis is not simply to understand class structure as such but to understand the interconnections among all these elements and their consequences for other aspects of social life”. Petras and Veltmeyer (2009, 32) indicate

that “class analysis [is] a materialist analysis of the dynamics of capitalist development that takes into account both the objectively given, the structural forces of productive and social transformation, and the subjective or politically determined response to these conditions, a dialectical interplay of the objective and subjective, in particular conjunctures and over time”. According to Przeworski (1977, 343) “the ‘theoretical’ function of class analysis is to identify the objective conditions and the objective consequences of concrete struggles. [...] The assumption of class analysis is thus that the historical development of capitalist societies is to be understood in terms of the development of the capitalist system of production, more specifically, in terms of the process of the accumulation of capital and all of its attendant consequences”.

We consider a Marxist class analysis of capitalist society to be an analysis of the objective and subjective conditions that determine the capitalist development of a specific social formation, on the basis of which a particular class structure is erected and developed that influences the specific capitalist development of the social formation and at same time forms the material basis for the supersession of the dominant capitalist mode of production of this social formation.

#### 1.4 STRUCTURE OF THE BOOK

This book is organized into eight chapters, including this introduction. The chapters follow a logical sequence which enables the reader to comprehend, in a structured manner, all different composing parts that help to explain why the socialist Left has not attained state power in the last thirty-six years, the structural weakness of the Left, the continuing political and organizational agony of the socialist Left, and the hegemony of neoliberalism in Peruvian society.

In Chapter 2, we start with a presentation of the main argument for the political and organizational weakness of the Peruvian socialist Left. It argues that the current weakness of the socialist Left, and the hegemony of neoliberalism in Peruvian society since the 1990s, is principally caused by the socialist Left’s inability to politically and organizationally respond to the erosion of its traditional political bases, the result, in the last instance, of the changes in its traditional social bases, the accumulation of economic crises in the 1980s, and the deregulation of the labor market in the 1990s. In addition to discussing the epoch-breaking and epoch-making changes that have been brought about in the 1990s, this

chapter also characterizes the main features of the political programs implemented by Fujimori's successors Toledo, García, and Humala.

The theoretical framework on which the analysis of the evolving Peruvian class structure is based is presented in Chapter 3. It examines the concepts of class, class structure, class consciousness, and class struggle. Furthermore, it provides a general definition of class and class fraction, it determines the level of class analysis that is being used, it presents the data sources and their limitations, and it describes the methodology we have used to transmute occupations in classes in order to empirically determine how the country's class structure has changed over the years between 1980 and 2016. This chapter concludes with a definition of the bourgeoisie, the intermediate class, the proletariat, and the peasantry.

In Chapter 4, we analyze Peruvian capitalist economic development over the years 1980–2016. The chapter begins with a theoretical framework and a chronological account of the main economic developments and economic policy decisions in the period of analysis. Then, it describes the country's role in the international division of labor and, related to this role, its economic development model and the country's economic and business structure. It also includes an analysis of the country's profit rate. It demonstrates that the average rate of profit has a tendency to rise, principally caused by the increasing rates of exploitation and inflation. In the last part, an overall characterization of the Peruvian economy is presented. It is argued that the country's economy is an organically unified economy, although it manifests itself as an economy divided into an advanced economy and capitalist subsistence economy. Both economies are intimately tied and need each other for production and reproduction.

Chapter 5 provides an empirically and analytical study of the evolution of the Peruvian class structure in the last thirty-six years. It examines the characteristics of the Peruvian bourgeoisie, the intermediate class, the proletariat, and the peasantry. The chapter shows that the country's class structure is an expression of the country's role in the international division of labor and the "division" of the economy in an advanced economy and a capitalist subsistence economy.

A description and analysis of the class struggle in the period 1980–2016 can be found in Chapter 6. This chapter is the biggest chapter of the book. After describing the class struggle and the Left under the military dictatorship during the years between 1970 and 1980, it turns to the class struggle and the socialist Left in the 1980s and 1990s.

Furthermore, it analyzes trade union power in the years 2000–2016 and the hegemony of the social-democratic Left within the family of the Left, and delves into the resurgence of the class struggle in the countryside.

In Chapter 7, the socialist Left's contemplation of the changes in the country's class structure in the 1980s and 1990s and their strategic and tactical responses to these changes are examined. This chapter is based on documents of the socialist Left and interviews with leaders and cadres of socialist organizations that operated in the period 1980–1990. The chapter first identifies the political and social bases of the socialist Left, discusses the problem of class consciousness, and analyzes how the legally functioning socialist organizations and the armed socialist Left understood the evolution of the Peruvian class structure in the 1980s and 1990s. Then, it looks into trade union power, the socialist's Left social bases, and its problem to operate in a radically changed political, economic, and social environment.

Chapter 8 presents our conclusions. We conclude that the erosion of the social bases of the socialist Left is principally the product of the particularities of capitalist development in Peru, the accumulation of crisis in the 1980s, and the implementation of the neoliberal development model in the 1990s. This erosion is expressed in the changes in the country's class structure. Although the erosion of the social bases is the principal cause of the erosion of the socialist Left's political bases, this chapter identifies several other political, economic, and social factors that contributed to this erosion. It is argued that the lack of adequate strategic and tactical responses to the process of erosion disabled (and still disables) the socialist Left to maintain and even broaden their political and social bases.

In eight chapters, we describe and analyze Peruvian political, economic, and social reality. Although this work is another interpretation of Peruvian society, we sincerely hope that it may contribute to a process of progressive change and post-capitalist development. We are not philosophers.

## NOTES

1. In order to understand some political and economic developments in the 1980s, this book includes parts that narrate occurrences that date from the 1970s. In other parts, we describe some events that have happened in 2017 in order for the reader to get a full picture of connecting issues that began to appear in 2015 and 2016.

2. See, for a limited analysis on this issue, Roberts (1998, 235–46).
3. “Hegemony is not attained by violence and terror but by the consent of the subordinates to a form of social organization that ‘benefits’ them” (Durand and Contreras 1988, 86). Robinson (2010, 275): “The demands, grievances and aspirations of the popular classes tend to become neutralized less through direct repression than through ideological mechanisms, political co-optation and disorganization, and the limits imposed by the global economy”.
4. The capitalist development process brings about productive and social transformations within capitalism. The revolutionary social transformation of capitalism is the complete transformation of all aspects of social life in capitalism. The concept of revolutionary social transformation might be considered similar to systematic change; however, we believe that a revolutionary social transformation is irreversible and takes a considerable time to “mature” after a systematic change has occurred. A systematic change is reversible.

## REFERENCES

- Carchedi, Guglielmo. 1987. *Class Analysis and Social Research*. Oxford: Basil Blackwell.
- Durand, Víctor, and Enrique Contreras. 1988. “Comentario: Una nación sin burguesía o una burguesía sin nación.” In *Clases sociales y crisis política en América Latina*, edited by Raúl Benítez Zenteno, 71–97. Mexico: Siglo Veintiuno Editores S.A. de C.V.
- Huber, Ludwig, and Leonor Lamas. 2017. *Deconstruyendo el rombo. Consideraciones sobre la nueva clase media en el Perú*. Lima: Instituto de Estudios Peruanos.
- Petras, James, and Henry Veltmeyer. 2009. *What’s Left in Latin America? Regime Change in New Times*. Farnham, England and Burlington: Ashgate.
- Petras, James, and Henry Veltmeyer. 2010. “Neoliberalism and the Dynamics of Capitalist Development in Latin America.” In *Globalization in the Twenty-First Century*, edited by Berch Berberoglu. New York: Palgrave Macmillan. Unpublished Version.
- Plaza, Orlando (ed.). 2007. *Clases sociales en el Perú. Visiones y trayectorias*. Lima: Pontificia Universidad Católica del Perú/Departamento de Ciencias Sociales/Centro de Investigaciones Sociológicas, Económicas, Políticas y Antropológicas (CISEPA).
- Plaza, Orlando (ed.). 2009. *Cambios sociales en el Perú, 1968–2000*. Lima: Pontificia Universidad Católica del Perú/Facultad de Ciencias Sociales/Departamento de Ciencias Sociales/Centro de Investigaciones Sociológicas, Económicas y Antropológicas (CISEPA).

- Przeworski, Adam. 1977. "Proletariat into a Class: The Process of Class Formation from Karl Kautsky's *The Class Struggle to Recent Controversies*." *Politics & Society* 7 (4): 343–401.
- Roberts, Kenneth M. 1998. *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru*. Stanford: Stanford University Press.
- Robinson, William I. 2010. *Latin America and Global Capitalism. A Critical Globalization Perspective*. Baltimore, MD: The Johns Hopkins University Press.
- Wright, Erik Olin. 1989. *The Debate on Classes*. London and New York: Verso.
- Wright, Erik Olin. 1999. "Foundations of Class Analysis: A Marxist Perspective." <http://www.ssc.wisc.edu/~wright/Foundations.pdf> (consulted 12/02/2013).



## CHAPTER 2

---

# Neoliberalism and the Socialist Left in Peru: An Epochal Change

In this chapter, we discuss the main argument that will be developed throughout this book. After providing a general overview of the implementation of neoliberalism in Peru in the 1990s and the continuation of this model until present day, it discusses the erosion of the traditional political and social bases of the Peruvian socialist Left, i.e., the whole of organizations, movements, and individuals that struggle for a society based on socialist principles.

The implementation of neoliberalism in Peru has been made possible through a variety of national and international political, economic, ideological, and military factors. These factors might explain the rise of neoliberalism in Peru in the 1990s, but cannot explain its dominance in Peruvian society until present day.

The development of capitalist society, at the center of the world capitalist system and at the periphery, is determined by the objective and subjective conditions of this development. The objective conditions of capitalist development are the development of its economic and social structure (the base), and its superstructure (the state, ideology, etcetera). The subjective conditions of capitalist development refer to the class struggle. The relations between the objective and subjective conditions are dialectical relations, in which the objective conditions are to be considered as the determinant instance.<sup>1</sup> Both the objective and the subjective conditions should be understood in a historical context and as determined by forces that operate in the national and international economy.

This chapter is organized in two sections. In Sect. 2.1, we discuss the epoch-breaking and epoch-making changes that have been brought about in the 1990s. In Sect. 2.2, we present our main argument for the political and organizational weakness of the Peruvian socialist Left.<sup>2</sup>

## 2.1 THE 1990s: EPOCH-BREAKING AND EPOCH-MAKING

The presidential elections in 1990 marked a turning point in the political, economic, and social history of Peru. Just eleven days after being sworn in, President Alberto Fujimori set the country on a neoliberal course. Price controls on basic products were eliminated, the prices for public services were to be revised, trade was liberalized, and a process was started to “reconcile” the country with international financial organizations.<sup>3</sup> No money was being printed anymore, and state expenditures were diminished (Murakami 2007, 245, 249).

Just before proclaiming the neoliberal measures, the Army was mobilized to take positions at different strategic places to repress possible protests (Murakami 2007, 246). According to Burt (2011, 81), in one day the number of poor people rose from 6 to 11 million, the half of the country. Béjar (1993) writes that more than 200,000 civil service workers were fired. It is interesting to note that these measures were proposed by the candidate who lost the elections, the writer Mario Vargas Llosa. It seems that betrayal of election promises are common of governments that implement neoliberal measures and structural adjustments (Petras and Veltmeyer 2003, 89).

In March 1991, new economic reforms were announced. Trade tariffs were diminished, the market for foreign exchange and other financial transactions was liberalized, the land of the indigenous communities could be bought and held as private property, public monopolies were abolished and its privatization promoted, foreign investments were stimulated and labor stability was eliminated (Murakami 2007, 254–55; McClintock and Vallas 2005, 164–65; Bowen 2000, 84–85). To introduce these measures, the Peruvian Congress granted the government legislative powers. In September 1991, the International Monetary Fund (IMF) accepted the Peruvian stabilization program and the government received loans from the Inter-American Development Bank (IADB). In October 1991, the Commission for the Promotion of Private Investment was installed. This organism was in charge of the privatization of public companies.



In April 1992, Fujimori perpetrated an auto-coup. Increased opposition from Congress against the neoliberal measures and difficulties to proceed with their implementation “forced” the government to take this undemocratic step. In the nine months after his auto-coup, Fujimori promulgated 746 decree-laws, basically related to the acceleration of what were called structural reforms and economic liberalization (Murakami 2007, 304).<sup>4</sup> When in 1993 a new constitution was accepted, the victory of neoliberalism was complete. Laws and judicial norms were submitted to the market and only when explicitly authorized by law, the State was allowed to realize business activities in those areas where the market had not entered yet (Ruiz Caro 2002, 24).

One of the key elements of the neoliberal program was the privatization of public companies. Between 1990 and 1998, more than 180 state enterprises were sold. Privatization was the principal motor behind the general increase of foreign direct investments (FDI). In the period 1994–1997, direct investments in Peru by companies from the USA were the highest in South America (McClintock and Vallas 2005, 172–73). It was considered that privatization would lead to competition, more production, and lower prices. However, in the case of for instance telecommunications and electricity, the population had to pay monopoly prices (Jiménez 2000, 15). This confirms the argument of Petras and Veltmeyer (2003, 130) that, in general, competition does not necessarily follow privatization but it simply re-concentrates ownership in private hands. The public monopolies were sold to private monopolies.

The introduction of a more or less radical form of neoliberalism in Peru by Fujimori counted on the support of the population (Murakami 2007, 267).<sup>5</sup> As a matter of fact, in 1991, 72% of the Peruvian population believed that the free market was convenient for the country. In 1998, this percentage had decreased to 58% (McClintock and Vallas 2005, 179). In 1994, opinion polls showed that 56% of the population considered that the State had to leave productive activities to the private sector (Parodi Trece 2010, 302). According to Balbi Scarneo and Arámbulo Quiroz (2009, 302), in the context of a State that could not be considered anymore as a guarantee for social inclusion and “given the accelerated diffusion of individualistic utilitarian values”,<sup>6</sup> the market seemed to be the only way out. Collective action was no option anymore.<sup>7</sup>

In the years 1988, 1989, and 1990, Gross Domestic Product (GDP) in prices of 1979 diminished by 8.8, 11.7, and 3.8%, respectively

(Parodi Trece 2010, 259). The real wage index (base year 1985) for persons working in the private sector contracted in 1988, 1989, and 1990 to respectively 90.7, 60.2, and 42.4. In the case of the index of the minimum real wage level, the figures were 84, 44.6, and 39.5 (Murakami 2007, 160). In 1988, inflation amounted to 1722.3%. Two years later, it stood at 7649.6% (Parodi Trece 2010, 259). Governmental social expenditures per capita in the period 1980–1990 tended to diminish year after year. Furthermore, only in three different years these were higher than in 1970 (base year). In the years 1987, 1988, 1989, and 1990, the index stood at respectively 76, 57, 40, and 25 (Murakami 2007, 160). Between 1986 and 1990, the value of governmental expenditures in education diminished with 75% (Burt 2011, 90). And while in 1985 the poverty rate stood at 41.6%, six years later this had increased to 55.3%.<sup>8</sup> Underemployment rose from 42.6% in 1986 to 73.1% in 1990 (Ministerio de Trabajo y Promoción del Empleo 1993) and almost 50% of the Economic Active Population (EAP)<sup>9</sup> worked in the informal sector.<sup>10</sup> In addition, in the period 1984–1990 companies with less than nine workers increased with almost 50% and those with 10–19 workers with around 61% (Thomas 1999, 268).

During the government of Fujimori (1990–2000) inflation was diminished drastically. While in 1991 it was 409.5%, in 1995 it was reduced to 11.1%, and in 2000 it stood at 3.8%. Real GDP growth rates were in these years, respectively, 7, 7.5, and 3.6% (Wise 2010, 240).

The unemployment rates did not diminish remarkably during the regime of Fujimori.<sup>11</sup> In the period 1990–1995, the rate of underemployment even increased. Until 1994, still less than 19% was considered adequately employed. In 2000, 43.1% of the EAP of urban Peru and 61.8% of rural Peru was underemployed (INEI 2002, 70). This might not have been of major concern to the majority of the population as the liberalization of the economy made it very easy to start a small business to provide in the necessary additional income. In 1995, the informal economy employed more than 50% of the labor force (Murakami 2007, 374).

In order to alleviate the social problems related to the programs of structural adjustment and to maintain popular support, social expenditures were stepped up. In the period 1990–1995, social expenditures as a percentage of GDP increased from 16.6 to 30.4% (Parodi Trece 2010, 371). At the end of Fujimori's government, 54.1% of the population was considered to be poor (Murakami 2007, 432).

The changes that were introduced by the Fujimori regime were epoch-breaking and epoch-making. It marked the end of a decade in which the State was considered key for development (Parodi Trece 2010, 153, 194–95; Wise 2010, 201) and during which the correlation of class forces was in favor of the socialist Left, the labor movement and the popular organizations in general. The political, economic, social, and repressive measures taken during Fujimori’s first period (1990–1995), and especially after the auto-coup in April 1992, radically changed the correlation of class forces in favor of Capital. It started an epoch in which the role of the State was reduced (i) to defend the free functioning of the markets; (ii) to eliminate whatever social disturbance that might hamper the functioning of the markets; and (iii) to promote an ideology in favor of the markets and against collectively organized economic and social processes (Parodi Trece 2010, 273, 276–78, 287; Wise 2010, 269–70; Kisic 1999, 83–84; Abugattas 1999, 120–22). In the last decade of the twentieth century, to speak with Althaus Guaderas (2009), a real capitalist revolution took place in Peru.<sup>12</sup>

The neoliberal orientation of the Peruvian governments was not changed after the “fall” of President Fujimori in 2000. His successor Alejandro Toledo (2001–2006) reinserted the country within the “family of democratic nations” and started with what might be called the third phase of the neoliberal program, i.e., the institutionalization of the reforms.<sup>13</sup> It was his government that formally established the Peruvian Agency to Promote Private Investments (*Proinversión*) that was assigned the task to systematically sell off the public assets.

During the presidential elections of 2006, the Peruvian population decided in favor of Alan García against former Army captain and nationalist Ollanta Humala who was considered to be a close ally of the former president of Venezuela Hugo Chávez and who suggested to change the neoliberal constitution of 1993. García proposed to continue and broaden the scope of the reforms initiated under Fujimori and institutionalized by Toledo. For instance, his government tried to speed up the process to parcel indigenous land and to provide individual ownership titles of this land.

In 2011, Ollanta Humala was elected President of Peru. Humala was supported by a variety of progressive and left-wing organizations, groups, and intellectuals. He also counted on a large popular base in the countryside.

There is no question that his election gave rise to many expectations. It was thought that the new government would put an end to neoliberal policies. As was written in Humala's election program, *La gran transformación* (The great transformation), the State would recuperate (not renationalize) its natural resources such as water and land, forests and biodiversity, gas and minerals. Their exploitation by foreign economic minorities could not continue (Gana Peru 2010, 8).

The first nationalist cabinet was a mix of neoliberal technocrats and professionals with a progressive orientation. This unnatural marriage lasted only five months. In December 2011, the government fell over the issue of how to manage the protests in the department of Cajamarca against a US\$4.8 billion mining concession. The progressive ministers and governmental advisors were replaced by neoliberal hawks.

The regime transfixed the fiscal contribution of extractive industries into the cornerstone of its social policies. Policies to establish pacts between the regime and what are called civil society organizations were used to engage these social actors with the political and economic course of the government. As the government was faced with falling commodity prices and a decrease in the demand for its mineral resources, it began to relax environmental regulations and signed stability pacts with mining corporations in which the government committed itself to not alter the tax regime.

In June 2016, it was the turn to former banker and declared neoliberal Pedro Pablo Kuczynski. Kuczynski was one of the two Peruvians present at the famous meeting in Washington that led to the Washington Consensus 1989. As one might expect, no changes were made in the development model. This model is based on the export of the country's abundant mineral resources and a free and (relatively) unregulated functioning of the markets. It is accompanied by, among others, projects to provide infrastructure for a more efficient flow of these resources, and the fiscal redistribution of wealth to social layers that are affected the most by this model (Lust 2014, 208–16; 2016, 203–5).

## 2.2 THE EROSION OF THE POLITICAL AND SOCIAL BASES OF THE SOCIALIST LEFT

The current political, economic, and ideological dominance of neoliberalism in Peruvian society has been made possible by a radical change in the correlation of class forces brought about during the regime of

Fujimori. While in the 1980s the class struggle in Peru reached its highest levels, reflected in the spreading of the armed struggle organized by the *Partido Comunista del Perú—Por el luminoso sendero de José Carlos Mariátegui* (PCP-SL) and the *Movimiento Revolucionario Túpac Amaru* (MRTA), and the political (electoral) power of the legally functioning socialist political alliance *Izquierda Unida* (IU),<sup>14</sup> in the 1990s these organizations disappeared or weakened dramatically.

The presidential elections of 2016 returned the Peruvian Left to Congress. The social democratic alliance *Frente Amplio* (FA) obtained 18.7% of the valid vote. Although in previous years left-wing-oriented individuals have been able to obtain a seat in Congress through their participation in progressive and nationalist-oriented organizations or political alliances, we have to go back to the national elections of 1995 to find the last organizational presence of the Left in Peruvian Congress. In 1995, the IU obtained two seats in Congress.

The resurgence of the organized political presence of the Peruvian Left in Congress hides the political and organizational weakness of the socialist Left and the dominance of social democratic sectors in what we call the family of the Left.<sup>15</sup> Of course, socialist organizations are still active in Peru and some of these are incorporated in FA (or in *Movimiento Nuevo Peru*), however, since 2001 these organizations do not have any representative in local, regional, and/or national parliamentary organs.

The current weakness of the socialist Left might be attributed to the convergence of a variety of factors that can be traced back to the 1980s and the 1990s.<sup>16</sup> Political and military errors of the socialist Left in the 1980s and 1990s, state terror in the 1980s and 1990s, the economic and social disaster of state-led development between 1985 and 1990, the neoliberal attack on the proletariat, the peasantry, and, in particular, on the labor movement, in the 1990s, which pointed to the political, social, organizational, and military destruction of the socialist Left and the workers unions, the collapse of “actually existing socialism” in Eastern Europe at the end of the 1980s, the electoral defeat of the Nicaraguan Revolution (1990) and, above all, the widespread dissemination of the market ideology in the 1990s, all contributed to the current state of the Peruvian socialist Left.<sup>17</sup> However, the convergence of these factors cannot explain the virtual disappearance of the Peruvian socialist Left from politics.

We believe that the weakness of the socialist Left, and the hegemony of neoliberalism in Peruvian society since the 1990s, is, principally,

caused by the socialist Left's inability to politically and organizationally respond to the erosion of its traditional political bases, the result, in the last instance, by the changes in its traditional social bases, the accumulation of economic crises in the 1980s and the deregulation of the labor market in the 1990s. The implementation of neoliberalism in the 1990s strengthened the erosion of its traditional political bases as it changed the correlation of class forces in the country.

In her work *Violencia y autoritarismo en el Perú: bajo la sombra de Sendero y la dictadura de Fujimori*, Burt (2011, 153–54) argues, referring to Cameron's *Democracy and authoritarianism in Peru: Political coalitions and social change* (1994), that the persistent economic crisis and the increase of the informality of the economy “undermined the organizational base of the identities and class mobilizations”. The structural economic changes introduced in the 1990s weakened, in terms of their capacity to organize, the social bases of the IU. Roberts (1995, 99) holds that the devastating economic crises in the 1980s decimated organized labor. The structural changes in the Peruvian economy caused the fragmentation and atomization of the labor force. This helped to bring about a weakening of the labor movement and facilitated the class struggle from above. In his essay “Economic Crisis and the Demise of the Legal Left in Peru”, Roberts (1996, 69) discusses why the Left have had difficulties “to construct a compelling political and economic response to the collapse of state-led capitalist development in Latin America” and why it has been “unable to craft a ‘popular’ alternative to neoliberalism in societies with democratic political institutions and large social majorities from subaltern sectors”. Roberts (1996, 70) argues that the economic crisis in the 1980s “eroded the structural basis for class-based collective action by creating a more heterogeneous and informal work force” and “diminished the centrality and strength of organized labor, while fragmenting civil society”. Lynch (2014, 171) explains that the economic crises of 1982–1983 and 1987–1989 destroyed the “fundamental bases of the Left”, i.e., the urban industrial working class. Verdera (2000, 6, 26) writes that unemployment and the widespread introduction of subcontracting in the 1990s weakened the workers unions, although this weakening was already underway at the end of the 1970s. Lynch (2014, 167) adds that the defeat of the social movements in the 1990s coincided “with the change of the productive model” and led to the erosion of the “traditional bases of the Left” and the popular movement.

Portes and Hoffman (2003, 76) maintain that the return of democracy in the 1980s was accompanied by the expectation “of a recuperation of trade union strength. This expectation has been negated by an adversary which, though peaceful, has proven far more effective than outright military repression. Plant closures, the precarization of employment, subcontracting, and the creation of special export zones—all part of the new model—have severely weakened the formal proletariat and, in turn, its capacity to support class parties”. Starting from 1988, in the private sector the number of strikes and workers involved in labor struggle began to decline. According to the neoliberal journalist Althaus Guarderas (2009, 306), the economic model implemented by the government of Fujimori caused the unions to lose power as “the artificial protection of industry and state-owned companies” and absolute labor stability was eliminated.<sup>18</sup>

The changes in the Peruvian class structure, product of the country’s proper capitalist development process, are crucial for understanding the political and social difficulties the socialist Left encounters to establish the political and social bases for political action. These problems, however, do not tell us how and if the socialist Left has intended to provide political and organizational answers to the changes in the class structure. In other words, in order to understand the agony of the socialist Left and the strength of the Right, a structural analysis should be combined with a political analysis of the socialist Left.

## NOTES

1. “Class struggle modifies the objective conditions [...]. The results of class struggle alter the conditions of the “model”: they act upon the allocation of resources, the rates of productivity growth, etc.” (Amin 2010, 27).
2. It must be underlined that the socialist Left includes the legal and armed socialist Left.
3. The decision of the previous government of Alan García to use only 10% of the exports value for external debt payments had infuriated international financial institutions. This decisión, however, was not executed (Crabtree 2005, 66; Reyna 2000, 57).
4. See Chapter 4 on these structural reforms and economic liberalization.
5. Béjar (1993) states that the neoliberal program was supported by the population because it was considered as the “only possibility, the dark tunnel, at the end of which can be the way out”.

6. In most of the cases, the Spanish citations in this book have been translated by the author. Sometimes we also had an English version of the Spanish text and so, after reviewing this English version (and often changing it), we used this modified version, maintaining the Spanish reference.
7. According to Crabtree (2005, 270), as the population considered the political party that governed Peru before Fujimori to be a left-wing-oriented political organization (this party was the *Alianza Popular Revolucionaria Americana*, APRA for its acronym in Spanish, led by Alan García) and was “responsible” for the economic and social disaster in the years between 1987 and 1990, it was very difficult for the Left to capture the popular vote during the presidential elections of 1990. At the end of the 1980s and the beginning of the 1990s, the State seemed to be, according to Parodi Trece (2010, 271–72), discredited in the eyes of the population.
8. Source: <http://www.inei.gov.pe/biblioineipub/bancopub/Est/Lib0069/c1.htm>. Accessed July 23, 2013.
9. The EAP is composed of all individuals of 14 years and older, and (i) who were working in the period under investigation; (ii) who previously worked but are currently unemployed; or (iii) who were actively looking for work. Individuals that are not occupied are called the non-occupied EAP. It should be clarified here that while today (2016) the EAP “starts” at the age of 14, in the 1980s the EAP was calculated starting from the age of 15 years and sometimes even of 14 years. In addition, it should be mentioned that even individuals younger than 14 years old are employed. Hence they should also be considered part of the EAP (Verdera 1983, 47).
10. According to Parodi Trece (2014, 213, footnote 57), in Peru there are two forms to calculate underemployment. The first one is by calculating all those individuals who work less than 35 hours a week but who would like to labor more hours but cannot find employment. The second form consists in calculating individuals who work 35 hours or more a week but receive a wage below the real minimum wage level. The reference of 35 hours a week might be heavily criticized as officially the working week is set at 48 hours. However, many times the laborers work more than 48 hours (Lee, McCann and Messenger 2007, 27, 30, 32, 41, 80). In addition, during García’s second term (2006–2011) wages were allowed to be under the nominal minimum wage level.
11. It is safe to say that official unemployment rates in Peru do not tell much about real unemployment. In an economy such as Peru, with high rates of informal labor, in which it is difficult to survive when one is “openly” unemployed and wherein one frequently switches from one formal job to another, the official unemployment rates can only be considered as indicators of unemployment (FitzGerald 1981, 127–28).



12. “After a decade and more of such policies, Latin America today is a very different place from what it was in the 1970s and what it was becoming. In the process, a revolution—or rather a counterrevolution—has been wrought in the social structure of Latin American society”. (Veltmeyer and Petras 2005)
13. In phase one, the economic adjustment program was introduced and market-oriented reforms implemented (1990–1995). In phase two (1995–2000), social policies were put in place to increase the acceptance of the model. According to Wise (2010, 236), the reforms that were to be “institutionalized” by the Toledo regime should be considered as the second phase of the economic adjustment program.
14. According to McClintock and Vallas (2005, 71), in the 1980s the IU was considered the strongest Marxist-oriented electoral coalition in Latin America.
15. The social democratic Left fights for social change within the boundaries of the capitalist system. The objective of IU was to create a society based on socialist principles (Izquierda Unida 1989). The FA fights for the humanization and the regulation of capitalism (Frente Amplio 2016).
16. We do not disregard that more factors might have contributed to the weakness of the socialist Left, for instance the increasing power of the massive means of communication in society. However, we believe that the mentioned seven factors above are covering the most important ones. Most of these factors are frequently mentioned in the literature on the Peruvian Left and were brought up in our interviews.
17. According to Letts (2014, 289), the defeat of the legal Left in the 1990s has been caused by (i) the ambiguity of the legal Left regards the armed struggle of the PCP-SL and the MRTA; (ii) the division of the electoral front *Izquierda Unida* in 1989; (iii) the collapse of “actually existing socialism” in Eastern Europe and the dissolution of the Soviet Union; and, (iv) the campaign against the Left organized by the Fujimori regime.
18. See on the same, Thomas (1999, 278).

## REFERENCES

- Abugattas, Luís. 1999. “Estabilización, reforma estructural y desempeño industrial.” In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 115–50. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Althaus Guarderas, de, Jaime. 2009. *La revolución capitalista en el Perú*. Lima: El Comercio.
- Amin, Samir. 2010. *The Law of Worldwide Value*. New York: Monthly Review Press.

- Balbi Scarneo, Carmen Rosa, and Carlos Arámbulo Quiroz. 2009. "La recomposición de las clases medias y el voto en el Perú." In *Cambios sociales en el Perú, 1968–2000*, edited by Orlando Plaza, 287–316. Lima: Pontificia Universidad Católica del Perú/Facultad de Ciencias Sociales/Departamento de Ciencias Sociales/Centro de Investigaciones Sociológicas, Económicas y Antropológicas (CISEPA).
- Béjar, Héctor. 1993. "El neoliberalismo realmente existente." *Nueva Sociedad* 127, 13–18.
- Bowen, Sally. 2000. *El expediente Fujimori: El Perú y su presidente 1990–2000*. Lima: Perú Monitor S.A.
- Burt, Jo-Marie. 2011. *Violencia y autoritarismo en el Perú: bajo la sombra de Sendero y la dictadura*. Lima: Instituto de Estudios Peruanos/Asociación Servicios Educativos Rurales.
- Cameron, Maxwell A. 1994. *Democracy and Authoritarianism in Peru: Political Coalitions and Social Change*. New York: Palgrave Macmillan.
- Crabtree, John. 2005. *Alan García en el poder. Perú: 1985–1990*. Lima: Ediciones Peisa S.A.C.
- FitzGerald, E.V.K. 1981. *La economía política del Perú, 1956–1978. Desarrollo económico y reestructuración del capital*. Lima: Instituto de Estudios Peruanos.
- Frente Amplio. 2016. "Por la Justicia, la Vida y la Libertad. Plan de Gobierno." Accessed March 3, 2017. <http://aplicaciones007.jne.gob.pe/pecaoe/sipe/PlanGobiernoPDF.aspx?koznY8YcptP43Ose4J6sXEp7zp8dpHvRUaHy9cZM4BU=>.
- Gana Peru. 2010. "La gran transformación. Plan de Gobierno 2011–2016." Accessed November 9, 2012. [http://www.partidonacionalistaperuano.net/images/archivos/PlandeGobierno\\_GanaPeru\\_2011-2016.pdf](http://www.partidonacionalistaperuano.net/images/archivos/PlandeGobierno_GanaPeru_2011-2016.pdf).
- INEI. 2002. "La estimación del subempleo en el Perú: 1997–2001 (Documento metodológico)." Accessed April 15, 2014. [http://www.inei.gob.pe/media/MenuRecursivo/publicaciones\\_digitales/Est/Lib0511/Libro.pdf](http://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib0511/Libro.pdf).
- Izquierda Unida. 1989. *I Congreso Nacional de Izquierda Unida*. Lima: Izquierda Unida.
- Jiménez, Félix. 2000. "El modelo neoliberal peruano: Límites, consecuencias sociales y perspectivas." Documento de Trabajo 184. Accessed October 9, 2012. <http://departamento.pucp.edu.pe/economia/images/documentos/DDD184.pdf>.
- Kisic, Drago. 1999. "Privatizaciones, inversiones y sostenibilidad de la economía peruana." In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 75–113. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Lee, Sangheon, Deirdre McCann, and Jon C. Messenger. 2007. *Working Time Around the World. Trends in Working Hours, Laws and Policies in a Global Comparative Perspective*. Abingdon, Oxon: Routledge/Geneva: ILO.

- Letts, Ricardo. 2014. *La izquierda peruana. Organizaciones y tendencias*. Lima: Persistiremos E.I.R.L. Segunda Edición, Ampliada.
- Lust, Jan. 2014. "Peru: Mining Capital and Social Resistance." In *The New Extractivism. A Post-neoliberal Development Model or Imperialism of the Twenty-First Century?* edited by Henry Veltmeyer and James Petras, 192–221. London/New York: Zed Books.
- Lust, Jan. 2016. "Social Struggle and the Political Economy of Natural Resource Extraction in Peru." *Critical Sociology* 42 (2), 203–5.
- Lynch, Nicolás. 2014. *Cholificación, república y democracia. El destino negado del Perú*. Lima: Otra Mirada.
- McClintock, Cynthia, and Fabían Vallas. 2005. *La democracia negociada: las relaciones Perú – Estados Unidos (1980–2000)*. Lima: Instituto de Estudios Peruanos.
- Ministerio de Trabajo y Promoción del Empleo. 1993. "Anuario Estadístico". Accessed October 7, 2012. <http://www.mintra.gob.pe/mostrarContenido.php?id=86&tip=86>.
- Murakami, Yusuke. 2007. *Perú en la era del Chino. La política no institucionalizada y el pueblo en busca de un salvador*. Lima/Kyoto: Instituto de Estudios Peruanos and Center for Integrated Area Studies, Kyoto University.
- Parodi Trece, Carlos. 2010. *Perú 1960–2000. Políticas económicas y sociales en entornos cambiantes*. Lima: Centro de la Investigación de la Universidad del Pacífico.
- Parodi Trece, Carlos. 2014. *Perú 1995–2012. Cambios y continuidades*. Lima: Universidad del Pacífico.
- Petras, James, and Henry Veltmeyer. 2003. *La globalización desenmascarada. El imperialismo en el siglo XXI*. México: Universidad Autónoma de Zacatecas/Miguel Ángel Porrúa.
- Portes, Alejandro, and Kelly Hoffman. 2003. "Latin American Class Structures. Their Composition and Change During the Neoliberal Era." *Latin American Research Review* 38 (1): 41–82.
- Reyna, Carlos. 2000. *La anunciación de Fujimori. Alan García 1985–1990*. Lima: Desco.
- Roberts, Kenneth M. 1995. "Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case." *World Politics* 48 (1): 82–116.
- Roberts, Kenneth M. 1996. "Economic Crisis and the Demise of the Legal Left in Peru." *Comparative Politics* 29 (1): 69–92.
- Ruiz Caro, Ariela. 2002. "El proceso de privatizaciones en el Perú durante el periodo 1991–2002." Santiago de Chile, Instituto Latinoamericano y del Caribe de Planificación Económica y Social (ILPES), Serie de Gestión Pública, no. 22. Accessed October 9, 2012. <http://www.eclac.org/publicaciones/xml/2/10712/LCL1762PE.pdf>.

- Thomas, Jim. 1999. "El mercado laboral y el empleo." In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 255–96. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Veltmeyer, Henry, and James Petras. 2005. "Latin America's Social Structure and the Dynamics of Change." In *Latin America: Its Problems and Its Promise*, edited by Jan Knippers Black. Boulder, CO: Westview Press. Unedited version provided by the authors.
- Verdera, Francisco. 1983. *El empleo en el Perú: un nuevo enfoque*. Serie Análisis Económico no. 7. Lima: Instituto de Estudios Peruanos.
- Verdera, Francisco. 2000. "Cambio en el modelo de relaciones laborales en el Perú, 1970–1996." JCAS Occasional Paper no. 5, JCAS-IEP Series iii. Accessed November 16, 2014. <http://198.57.164.64/~ieporg/textos/DDT/jcas05.pdf>.
- Wise, Carol. 2010. *Reinventando el Estado: estrategia económica y cambio institucional en el Perú*. Lima: Universidad del Pacífico/Centro de Investigación.



## CHAPTER 3

---

# Class and Class Structure in Peru

In Chapter 2, we discussed the erosion of the political and social bases of the Peruvian socialist Left. It was stated that it did not politically and organizationally address the changes in the class structure that had been going on in the 1980s and 1990s. This political and organizational weakness has been one of the principal reasons why it was defeated in the 1990s, why it is still in an agonizing state and why neoliberalism is hegemonic in Peruvian society.

The lack of an analysis of the Peruvian class structure is not reduced to the socialist Left. Also Peruvian social sciences have not elaborated on empirical and analytical studies of the evolution of the class structure in the last thirty-six years. Although we must recognize that they have studied the bourgeoisie, the proletariat, the peasantry, and, especially, what is called the middle class, an analysis that encompasses all these classes in their proper evolution does not exist.

In this chapter, we present the theoretical framework on which our analysis of the evolving Peruvian class structure is based and we discuss the methodology that has been used to transmute occupations in classes. The transmutation of occupations in classes has enabled us to empirically determine how the country's class structure has changed over the years between 1980 and 2016.

This chapter is organized in six sections. Sections 3.1 and 3.2 are dedicated to our theoretical framework. It discusses the concepts of class, class structure, class consciousness, and class struggle. It also determines

our level of class analysis. In Sect. 3.3, we present a general definition of class and class fraction. These definitions have formed the basis for our proper definitions of the principal classes at the level of the economic structure of Peruvian society. Section 3.4 describes our data sources and their limitations. In Sect. 3.5, we outline the methodology we have used to transmute occupations into classes, the class criteria, and the four basic classes that can be distinguished in Peruvian society at the level of its economic structure. In Sect. 3.6, the bourgeoisie, the intermediate class, the proletariat, and the peasantry are defined.

### 3.1 CLASS AND CLASS STRUCTURE

In this book, we analyze the evolution of the Peruvian class structure on the basis of a Marxist concept of class. The Marxist concept of class is a relational concept. We consider the concept of class as described by Marx (1973, 855–56) in volume III of *Capital* and elaborated by Marxists such as Lenin (1961), Poulantzas (1973, 1976, 1980), Carchedi (1977, 1987a, b), and Wright (1985, 1989, 1993) the most effective tool for analyzing the evolution of the Peruvian class structure as in the Marxist concept of class the dynamics of the capitalist development of society are concentrated. In other words, the Marxist concept of class is grounded in a theoretical understanding of the capitalist development process—the development of society’s forces of production and corresponding social relations.

In general terms, the class structure of society is derived from the whole of the production relations (Harnecker 1970; Wright 1999; Dos Santos 1967). To conceive of the social structure in terms of occupations might be helpful in determining an individual’s position in the division of labor; however, as a multiple range of occupations are presented without establishing their relationship to the means of social production or labor-power, or to the reproduction of the system as a whole, it is difficult to determine the common and objectively defined social interests of individuals that through social struggle determine or shape the dynamics of social change.<sup>1</sup> Another limitation is the fact that occupational groups and categories only include individuals that form part of the EAP.<sup>2</sup> Furthermore, the problem of the functionalist form of analysis is that people do not behave or act according to their occupational status or class; nor is their social condition and their social consciousness, or their ideology and politics, rooted in occupational class. In addition,

a complete set of different kinds of social relations that are enclosed in occupational categories and occupational groups remain hidden.

To elaborate society's structure on the basis of an individual's relation to income might be useful when describing the differences that exist in the social conditions of different strata of the population, and perhaps in order to construct policies to alleviate social problems such as poverty, however, it does not enable us to get to the structural roots of these problems or eradicate their causes. A definition of class based on income categories does not help to understand the economic, political, and ideological role and functions of the different classes that make up capitalist society for the production and reproduction of the system.

To analyze society's social structure on the basis of the market and consumption has the disadvantage of what is presented as society's structure are the particularities or manifestations of a certain reality at a particular point in time in the history of a given social formation. Thus, we are not able to establish the social and economic fundamentals of these particularities. In general terms, the theory of social stratification is focused on the expressions of reality instead of what lies behind these expressions. In other words, this theory takes the differences between the various expressions of reality as given. In this way, categories of social stratification can make class to become completely invisible (Wood 2000, 110).

Classes<sup>3</sup> are formed within the structure of economic production and thus can, partially, be defined in economic terms.<sup>4</sup> Classes can be defined economically, on the basis of the production relations, at the highest level of abstraction, i.e., at the level of the mode of production (Dos Santos 1967, 27–31; Carchedi 1977, 50–53). At the level of the economic structure of a socioeconomic system, the definition should include political and ideological elements (Carchedi 1977, 82). However, according to Carchedi (1977, 167), “the economic definition [...] I call economic identification, is determinant. In turn, within the economic identification, the identification in terms of production relations is determinant”. Further down on the scale of abstraction, class analysis may introduce social stratification (Dos Santos 1967, 35–36). At the level of a social situation (or concrete society) as Dos Santos (1967, 35) explains, the analysis is “not purely empirical but scientific because it knows the determinations that explain this immediate or ‘apparent’ reality”. The analysis of class in the conjuncture is the most concrete level of analysis.

Our class analysis is executed at the level of the economic structure of Peruvian society. At some places, it passes, for a part, this frontier and discusses classes at the level of a concrete society, for instance, in the case of the Peruvian indigenous and peasants communities, and the urban and rural semi-proletariat.

We are aware that the analysis of class and class structure at the level of the country's economic structure has the limitation that it not delves into more concrete distinctions within class fractions, i.e., the identification of social strata<sup>5</sup> within these fractions (for instance, on the basis of income and culture), and does not elaborate on the class structure of the non-capitalist sections of the overall capitalist economy (Carchedi 1977, 22; Dos Santos 1967, 35–38). Hence, we would like to underline that the classes and class structure presented in this book are an approximation of classes in Peru and the Peruvian class structure.

For the purposes of this book, it has not been possible to go beyond the analysis of class at the level of the economic structure. As a matter of fact, we believe that it is almost impossible to reasonably compare the evolution of whole ranges of classes, class fractions, and social strata that appear, disappear, and change their political, economic, and social content, for a period of thirty-six years. This might only be possible for much shorter and politically, economically, and socially “closed” time lapses, i.e., for the analysis of, for instance, class and class structure that encompasses the 1980s or the 1990s separately.

The study of a capitalist socioeconomic system includes the economic structure, the superstructure, and the class struggle. The economic structure determines, in the last instance, the political and ideological structures (or the superstructure) within a capitalist socioeconomic system. The superstructure and the class struggle help to bring about changes in the economic structure.<sup>6</sup> This causes changes in the definition of class when we compare class in a pure capitalist mode of production with class at the level of the capitalist socioeconomic system (Carchedi 1977, 82).

### 3.2 CLASS CONSCIOUSNESS AND CLASS STRUGGLE

Class exists. This means that we can identify classes in the political and economic structure of society. Class struggle and class consciousness are crucial for class in itself to become class for itself, i.e., when individuals that pertain to a specific class act according to their objective political



and economic interests. As Marx (n.d., 134) argued, “economic conditions had first transformed the mass of the people of the country into workers. The combination of capital has created for this mass a common situation, common interests. This mass is thus already a class as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united, and constitutes itself as a class for itself”. In other words, it is only when classes act in class struggle, in class practices, that we are able to conceive classes politically. Wachtel (1974, 4) argues that class in itself and class for itself is class in an objective and subjective sense, respectively.

Class consciousness is a subjective process (Wright 2000, 195). It exists or does not exist. As Ollman (1993) explained, class consciousness is (1) “a group consciousness, a way of thinking and a thought content, that develops through the individuals in the group interacting with each other and with opposing groups in situations that are peculiar to the class; (2) a consciousness that has its main point of reference in the situation and objective interests of a class, viewed functionally, and not in the declared subjective interests of individual class members [...]; and (3) in its essence a process, a movement from wherever a group begins in its consciousness of itself to the consciousness appropriate to its situation”. A class conscious working class is conscious of “[...] one’s identity and interests (subjective and objective) as members of a class, something of the dynamics of capitalism uncovered by Marx (at least enough to grasp objective interests), the broad outlines of the class struggle and where one fits into it, feelings of solidarity toward one’s own class and of rational hostility toward opposition classes (in contrast to the feelings of mutual indifference and inner-class competition that accompany alienation), and the vision of a more democratic and egalitarian society that is not only possible but that one can help bring about” (Ollman 1993).

Class consciousness emerges in class struggle, on the basis of experiences in the struggle for direct social and economic interests. Second, class consciousness can be attained by intellectual labor or political clarification by workers organizations and the socialist Left. The difference between these two moments in the emergence of class consciousness lies in the level of class consciousness attained. While the first level might be considered as an economic class consciousness, the second is political class consciousness. In short, a class in itself exists as an objective entity and might become a class for itself. However, this process (of

class formation) is very complicated and we cannot disregard a variety of factors that offset the emergence of, for instance, a proletarian class consciousness. These factors can be found in the sphere of production and distribution, nationally and internationally. The state apparatus and ideology also influence this process (Callinicos 2004, 176; Wachtel 1974, 12; Giddens 2000, 134; Wolpe 1970, 260).<sup>7</sup>

Class struggle is the struggle between objectively defined classes although its concrete political expression may not be a struggle between class interests, considered as “hypotheses about the objectives of struggles which would occur if the actors in the struggle had a scientifically correct understanding of their situations” (Wright 1993, 89). Ollman (1993) considered class struggle not a “consciously chosen form of class behavior”. Everything a class does that might “affect its power vis-à-vis other classes is class struggle [...] What makes the interaction of classes a ‘struggle’, however, is not the consciousness of the actors, nor even the intensity or undisguised nature of the clash, but the incompatibility of their objective interests and paths of development, both of which are inherent in the structure of capitalism itself”. Wright (2000, 192) described class struggle as the “organized forms of antagonistic class practices, i.e., practices that are directed against each other. While in the limiting case one might refer to a class struggle involving a single worker and a single capitalist, more generally class struggles involve collectivities of various sorts”.

The concept of class struggle can be theorized abstractly or can be applied on concrete struggles in order to get a full understanding of these struggles. To dismiss the struggle for higher wages because it is not a class struggle in the sense of how Marx and Lenin defined it (Marx 1871; Marx, n.d., 134; Lenin 1899, 1917), does not help to bring it at the level of a struggle for class interests. Class struggle can be conceptualized at two levels: the economic and political level. While at the economic level the struggle is mainly about direct interests, at the political level it is a struggle for advancing class interests and, in the process, for power. To conceptualize the class struggle at two different levels makes it on the one hand understandable that classes can only be politically visualized when the class struggle becomes political, and on the other hand, it enables us to understand the possible development track of class consciousness from an economic class consciousness to a political class consciousness.

### 3.3 DEFINITION OF CLASS

Class is a relational concept. As a guideline for the concrete elaboration of our general definition of class, we have used the work of Van Parijs (1989, 215–16). A definition of class should: (i) be relevant for the explanation of consciousness and action; (ii) be hierarchical, in the sense that one class is ‘superior’ to another; (iii) be discrete, in the sense that “belonging to a class is not just a matter of degree”, i.e., there should exist a “non-arbitrary border”; (iv) it should be concerned with the distribution of material advantages and burdens (income, work, exercise, and submission to power); and (v) it should be rooted in the property relations that characterize the particular mode of production.

The definition we use is composed of elements of different existing class definitions, principally the one advanced by Lenin (1961, 228). Our definition has the advantage that it allows us not only to distinguish between the owners and non-owners of the means of social production, but also to determine the place of managers, individuals that work in state apparatuses and the own-account workers in the class structure, among others. The possibility to determine the place of this last group in the class structure, an important feature of the Peruvian broader social structure, has been one of the main reasons to elaborate our own definition of class. We define class in the following way: Classes are groups of people differing from each other by their relationship to the means of social production and labor-power and by their political, ideological, economic, and social role in the production and the reproduction of a historically political, economic, and social system.

On the basis of our definition of class, it is possible to establish class criteria that enable us to determine the class composition of society at the level of its economic structure. Although our definition of class helps to locate and place individuals in the overall class structure, it does not allow us to conceive the social heterogeneity of every class in particular. This brings us to the question of class fractions.

We consider the concept of class fractions enormously useful for the purpose to clearly visualize class as a social relation which concrete composition, and even its proper existence, is dynamic and changes as a result of the laws of capitalist development and the class struggle. Class fractions are subdivisions of classes and can be distinguished on the basis of the political and/or economic role individuals play in society and by the

role they play and the place they have in the social organization of labor, i.e., the social division of labor. Class fractions enable us to understand intra-class contradictions and to determine the concrete level of inter-class contradictions, a prerequisite for whatever political project of class alliances.

### 3.4 DATA ON THE PERUVIAN CLASS STRUCTURE

An analysis of the Peruvian class structure is only possible when we have data on this class structure. The principal Peruvian state organisms that might provide data on the class structure are the Ministry of Labor and the Promotion of Employment, and the National Institute for Statistics and Informatics (*Instituto Nacional de Estadística e Informática*; INEI for its acronym in Spanish). However, these organisms do not gather information with the objective to establish society's class structure, but rather they collect data to analyze the country's occupational structure.<sup>8</sup> This makes it very difficult to determine the country's class composition at the level of the economic structure.

We primarily use household surveys to estimate the different classes and class fractions of Peru. Until 1995, household surveys formed the basis for the Ministry of Labor and the Promotion of Employment to determine the country's occupational structure. Since 1997, the INEI is in charge of this work.

The household surveys use the International Standard Classification of Occupations to determine the Peruvian occupational structure. This standard has changed over time. In the case of Peru, the classification of occupations in the period 1981–1992 is different from the years 1993 to 2007 and from 2008 to date.<sup>9</sup>

One of the main limitations of household surveys is that it is based on questionnaires. This means that, in the end, their results depend on how the respondents have answered or, maybe more important, what the respondents did not tell. This limitation does not withhold us to use these surveys. As a matter of fact, it is the principal source on which the Ministry of Labor and the Promotion of Employment and the INEI provide information on a range of questions regarding occupations, employment, and labor conditions, among others.<sup>10</sup> Another limitation of the use of household surveys is its estimative character.

### 3.5 OCCUPATION AND CLASS

The possessors of the means of social production might be not only proprietaries of transnational corporations whose income is a multiple of the income of their workers, but also owners of micro-businesses who might earn an income below the average salary of a mine worker. The proletariat, broadly defined as individuals who are dispossessed from any means of social production and, hence, are forced to sell their labor-power, might be employed as salaried and/or non-salaried workers, and they might even not receive any monetary payment at all for providing labor-power. Peasants may be organized in peasants and/or indigenous communities, own a very small plot of land, and only exploit their non-remunerated family members. They also might be working as agricultural laborers and be exploited by Capital. The mix of small landownership and working in urban areas is an important characteristic of the Peruvian peasantry.

The data of the household surveys make it possible to go beyond the classification of individuals on the basis of occupations. For this, it is necessary to make a cross-comparison between the data on occupations and occupational categories as, for instance, individuals with a proletarian occupation do not always pertain to the proletariat. Some individuals declare that they are also independents or even tell that they are employers. As explained by Carchedi (1977, 6, 60), the capitalist production process “is always both a technical process and a process which rests on definite production relations”. Therefore, “a function has always a double content, i.e., a technical and a social content”. The social function is given by performing of either the function of Capital or of the collective worker. Some functions include, at the same time, the function of the worker and the function of the capitalist, i.e., an individual can perform both functions (within an occupation), however, not at the same time.<sup>11</sup> This obliges us to find out which element is dominant in order to correctly place individuals with these functions in their corresponding class.

It might be argued that by using data on occupational categories as provided by the Ministry of Labor and the Promotion of Employment and the INEI one could elaborate a fine class structure. Although one would definitively get an impression of the class structure, occupational categories eliminate all particularities of the class structure. Some examples:

- The Peruvian occupational categories do not include the category peasant.
- Individuals that mainly perform mental labor or “intellectual functions” and who are not independent or employers are not considered part of the working class.
- The occupational category white-collar worker does not make a distinction between those who control the means of social production and those who do not.
- The occupational categories do not differentiate between white-collar workers who have a certain control over his or her labor-process and those who do not.

In order to find the essence behind the heterogeneity of appearances or expressions of the Peruvian class structure, we defined the common denominators that characterize the interrelations, determinations, and contradictions between and within the different classes that make up Peruvian society. We have distinguished eleven class criteria. These criteria enable us to identify the different classes in Peruvian society on the basis of the three elements of capitalist production relations, i.e., ownership, the expropriation of labor, and the function performed (Carchedi 1977, 161–63, 171). The following criteria have been defined:

1. Ownership or non-ownership of the means of social production.
2. Control or no control over the means of social production.
3. Selling or not selling of labor-power.
4. Hiring or not hiring of labor-power.
5. Control or no control over labor-power, i.e., the faculty to assign or not assign labor functions to other individuals.
6. Control or no control over the labor-process (of others or one’s own), i.e., the faculty to determine or not determine how, what, and when labor has to be performed by others and/or oneself.<sup>12</sup>
7. Exploiting or not exploiting of labor-power.
8. Exploited or not exploited.
9. Economically oppress or not economically oppress. Economic oppression takes place when surplus labor is extracted.<sup>13</sup>
10. Economically oppressed or not economically oppressed.
11. Location of main economic activities.

The Peruvian versions of the International Standard Classification of Occupations are not the only tools we have used to elaborate on the Peruvian class structure. In the case of the urban bourgeoisie and the rural bourgeoisie, we have also used data on sales and landownership to determine class fractions. Other studies have been reviewed to support a discussion related to the hegemonic fraction of the bourgeoisie, the reemergence of a rural bourgeoisie, the peasantry, and indigenous communities, and the question of informal workers.

The analysis of the Peruvian occupational structure coupled with data on sales and landownership and a review of the literature regarding the country's class and social structure enabled us to make a first rough outline of the Peruvian class structure. We distinguished four classes:

Class 1: Exploits and economically oppresses.

Class 2: Is economically oppressed.

Class 3: Is exploited, is economically oppressed and works in urban areas (in the cities, villages).

Class 4: Is exploited and works in the rural areas (on the land).

This rough outline is not a full expression of the eleven class criteria mentioned above. This was also not our intention. This first panorama of the class structure was succeeded by a second step. The idea was to find out if it was possible to include all eleven criteria within this rough structure of four classes. In Table 3.1, we present the results of this endeavor.

A review of this table shows that the four classes have not only a lot in common but also a lot of differences. The differences between the classes make it possible to clearly distinguish one class from the other and to set class boundaries. The feature that distinguishes class 1 from all the other classes is the hiring of labor-power. Class 2 differs from class 3 regards its control over the labor-process. It distinguishes from class 4 as individuals pertaining to class 2 are economically oppressed and work in urban areas. Class 3 differentiates from class 4 in the sense that it labors in urban areas and might be oppressed economically.

Classes 1 and 3 are clearly characterized by the eleven class criteria. Classes 2 and 4 contain important ambiguities. They own and do not own the means of social production; they control and do not control the means of social production; they sell and do not sell labor-power; they control and do not control labor-power; they control and do not control the labor-process; and they are exploited and they are not exploited.

**Table 3.1** The distribution of eleven class criteria according to class

<i>Class criteria</i>	<i>Class 1</i>	<i>Class 2</i>	<i>Class 3</i>	<i>Class 4</i>
Ownership or non-ownership of the means of social production	Ownership	Ownership and non-ownership	Non-ownership	Ownership and non-ownership
Control or no control over the means of social production	Control	Control and no control	No control	Control and no control
Selling or not selling of labor-power	Not selling	Selling and not selling	Selling	Selling and not selling
Hiring or not hiring of labor-power	Hiring	Not hiring	Not hiring	Not hiring
Control or no control over labor-power	Control	Control and no control	No control	Control and no control
Control or no control over the labor process	Control	Control	No control	Control and no control
Exploiting or not exploiting of labor-power	Exploiting	Not exploiting	Not exploiting	Not exploiting
Exploited or not exploited	Not exploited	Exploited and not exploited	Exploited	Exploited and not exploited
Economically oppress or not economically oppress	Economically oppress	Not economically oppress	Not economically oppress	Not economically oppress
Economically oppressed or not economically oppressed	Not economically oppressed	Economically oppressed and not economically oppressed	Economically oppressed	Not economically oppressed
Location of main economic activities	Urban/rural area	Urban area	Urban area	Rural area

The ambiguities of classes 2 and 4 are demonstrations of the particularity of the Peruvian class structure. A major part of the Peruvian working population is independent and does not perform wage labor.



These individuals might possess some means of social production, but they do not exploit or economically oppress other individuals. As they work for “themselves”, they have control over their own labor-power. Of course, they might exploit or economically oppress their non-remunerated family members, but that cannot be officially determined (and calculated) as it is hidden. Although independents do not sell labor-power, it does not mean that they do not sell the results of their ability to use their own labor-power, i.e., use values. Independents are strictly speaking not exploited as they do not sell labor-power; however, curiously, they might be super-oppressed in the sense that the exchange-value of the use values produced by the independents might not be sufficient to reproduce their labor-power. As pointed out by Poulantzas (1973), “like others, they sell their labor-power and their wage is determined by the price of reproducing their labor-power, but they are exploited by the direct extortion of surplus labor, not by the production of surplus value”.

The third step of the process to elaborate on the evolution of the Peruvian class structure consisted in first to distribute the classification codes of occupations according to the class criteria and second to clean this distribution in order to eliminate the duplication of these classification codes. An example of this cleaning procedure is described as follows.

A classification code might indicate that an individual with this code sells his or her labor-power (classes 2, 3, and 4). To distinguish class 2 from class 3, we looked if this code also included the control over the labor-process and the control over labor-power. If this code pointed to control over the labor-process, the individual corresponding to this code would definitively pertain to class 2 or class 4. The area of economic activities of the individual’s companies, urban or rural, determined if this person pertained to class 2 or class 4.

In general terms, the cleaning procedure encompassed the process described above. However, in a few cases, this was not possible. Some classification codes were not sufficiently clear to classify individuals right away. As a matter of fact, every particular classification code embraces more than just one specific occupation. It may even occur that the differences between these occupations are such that, taking our class criteria into consideration, do not permit to classify these codes directly in one specific class. Hence, we had to find other methods, with all their limitations, to correctly determine to which class individuals with what we might call ambiguous classification codes pertained. The following methods were used:

- A classification code that had been specified in the majority of the cases as a class 1 occupation, although it was mixed up with some specific class 2 occupations, was classified as a class 1 occupation.
- Individuals that according to their classification code should be part of class 1 but had not indicated how many individuals worked in their companies were classified in class 2. Individuals who did not tell how many persons worked in their companies and also did not indicate that they were independents were classified in class 2. Individuals who did say how many individuals were employed were classified in class 1.

Together with the cleaning procedure, we started with a yearly calculation of individuals pertaining to one of the four classes. However, before doing this, we first created what we call social category. According to Poulantzas (1973), individuals that pertain to a social category “do not, in fact, belong to one single class: their members generally belong to various classes. [...] These social categories belong to classes and do not in themselves constitute classes: they have no specific role of their own in production”. In “our” social category, we locate all individuals working in the oppressive state apparatuses but perform a subordinated role in these apparatuses. Also, individuals are included that work in private security companies or in firefighting organizations. In Peru, a fireman or woman is not a remunerated occupation. Individuals that work in firefighting organizations are volunteers. Some individuals responded that firefighting was their principal occupation.

The International Standard Classification of Occupations does not provide information on who owns the means of social production or who are independents. The household surveys of the Ministry of Labor and the Promotion of Employment and the INEI provide this valuable information. This information has been very important and useful to us as individuals that seem to belong to class 3, for instance, sometimes also indicate that they are independents and even employers. This brings us to step four.

All individuals that according to their classification codes pertained to class 2, 3, or 4 and indicated that they were employers were eliminated from these classes and transferred to class 1. A different procedure was followed for individuals who declared that they were independents.

Persons who tell that they are independents are not necessarily informal workers. For different reasons, personal or depending on the

decisions of the companies to which these individuals provide their services, these individuals do not perform wage labor. They receive another type of compensation, for instance, a commission.

Our eleven class criteria have enabled us to distinguish independents according to class 1, class 2, class 3, and class 4 occupations. Only in the case of class 3, it was necessary to diminish these independents from the yearly totals of class 3 and to transfer them to class 2. Independents with the class characteristics of classes 1, 2, and 4 could maintain their class location. These independents form a specific class fraction within their class.<sup>14</sup>

### 3.6 CLASSES IN PERU

The final phase of the process to elaborate on the evolution of the Peruvian class structure comprised the denomination and definition of classes 1, 2, 3, and 4. Before we present these classes, we should mention that to pertain to a particular class it is not necessary for an individual to comply with all the eleven class criteria above but rather to what makes each individual exactly differing from others in his or her relationship to the means of social production and labor-power.

- Class 1: the bourgeoisie.<sup>15</sup> Individuals that pertain to this class own or control the means of social production and hire labor-power.<sup>16</sup> Although, in general terms, capitalists do not sell their labor-power, there are individuals that pertain to the bourgeoisie and sell their labor-power. However, as they perform the function of Capital, they are incorporated in the bourgeoisie.<sup>17</sup> Class fractions may be distinguished on the basis of the size of the companies and if individuals are employed in the public or private sector.<sup>18</sup> One can also make a distinction between an urban and a rural bourgeoisie.
- Class 2: the intermediate class. Individuals of this class sell their labor-power and/or the products of the use of their own labor-power, have control over their own labor-process, might have control over labor-power, and may be economically oppressed and/or exploited. A part of this class may own or control the means of social production but does not exploit or economically oppress other individuals, apart from their non-remunerated family members. This class can be fractioned in independents and dependents. On the basis of the classification codes of occupations, independent members of the intermediate class can be divided into individuals with proletarian characteristics and

middle-class characteristics. In the case these individuals would be dependents, some of these persons would pertain to the proletariat and others to the dependent intermediate class. The proletarian fraction of the independent intermediate class might be considered an urban semi-proletariat.<sup>19</sup> The urban semi-proletariat is composed of individuals obliged to work on their own account (but not necessarily own means of social production) rather than forced into the capital-labor relation.

- Class 3: the proletariat. Members of the proletariat sell their labor-power, do not own any means of social production, have no control over their own labor-process, and are exploited and/or are economically oppressed. It does not depend on the particular payment of labor-power expended if an individual belongs to this class or not. Non-remunerated family members form part of this class, although they are not paid. This class can be divided in individuals that perform, mainly, manual or mental labor.
- Class 4: the peasantry. Individuals that pertain to the peasantry can be divided into peasants and rural proletariat. Peasants are individuals that are occupied in farming (agriculture and livestock breeding) and located in the countryside. They do not have a direct relationship to the capitalist mode of production. That is, their relations of production are fundamentally pre-capitalist, although many peasants are forced into an indirect relationship to the capitalist mode of production, which allows their labor to be exploited. Peasants own some means of social production but do not exploit or economically oppress other individuals, apart from their non-remunerated family members.<sup>20</sup> Individuals that pertain to the rural proletariat are occupied in farming but do not own the means of social production. Hence, they are forced to sell their labor-power. A part of the peasants might be called a rural semi-proletariat. These individuals have one foot in labor (forced into a relation of wage labor or to work on their own account) and one foot in the countryside, retaining access to agriculture.

## NOTES

1. Occupations can be considered as positions “within the technical division of labor and classes as positions within the social division of labor” (Burriss 1980, 21).

2. Crompton (1993, 51) argues that basing society's social structure on occupational categories "does not give any indication of capital or wealth holdings".
3. It must be underlined that we do not use the concept of social class but class. The concept of social class implies the existence of economic class. According to Ossowski (1969, 62), the difference between economic and social class lies in the fact that in the scheme of gradation the social position of individuals is determined by various (social) factors instead of only economic factors. Although it might seem that our concept of class resembles the concept of social class, we use the concept of class as in the concept of social class the factors that determine one's social position are not "weighted". We consider both economic and social factors to influence the social position of individuals. However, we attribute to economic factors decisive "weight".
4. According to Carchedi (1977, 43), it is only possible to define classes in "pure economic terms" at the highest level of abstraction, i.e., at the level of a pure capitalist mode of production (capitalists and working class).
5. Social strata are politically and ideologically determined (Poulantzas 1973). Wright (1989, 333) differentiates social strata within classes "by varying degrees of exploitation within a common location in the social relations of production. Strata within the bourgeoisie, accordingly, depend upon the amount of surplus they appropriate; strata in the working class, by the amount of discretionary income they earn through various kinds of credential rents". An example of a social stratum within the working class is the "labor aristocracy". While economically the labor aristocracy forms part of the proletariat, politically and ideologically they perform some of the functions of Capital. It is exactly the new middle class (see Chapter 5) that performs the global function of Capital and the function of the collective worker (Carchedi 1977, 94, 118, endnote 70).
6. Poulantzas (1973) argues that although the "economic place of the social agents has a *principal* role in determining social classes", it is not sufficient to determine class. Also, the political and the ideological (the superstructure) have important roles to play.
7. We agree with Callinicos (2004, 176) who says that "the 'means of mental production'—the education system, the mass media etc.—do not so much induce in workers a systematically false consciousness as prevent the formation of a coherent revolutionary class-consciousness, in particular by impeding the kind of theoretical reflection which would be necessary to remove inconsistencies and to arrive at a coherent analysis of existing society".
8. According to Portes and Hoffman (2003, 42, 51), "the concept of class is commonly excluded from these official publications because of its Marxist

origin and consequent evocation of notions of conflict, privilege, and exploitation. [...] official statistics neither use the term *social class*, nor report figures based on it. For this reason, it is not possible to arrive at precise estimates of the size and evolution of the different classes on the basis of census figures”.

9. The differences between the classification standard used in the period 1993–2007 and the one in use since 2008 are very small. Big differences can be found when we compare the version of 1981–1992 with the standard classification of occupations that came in use afterward. For the period 1981–1992, we have used INE (1984, b–h). For the years between 1993 and 2007, we have made use of INEI (1994, 4139–45), and for the years after 2007, we have used the *Clasificación Internacional Uniforme de Ocupaciones 88* (CIUO-88). This Peruvian version of the International Standard Classification of Occupations can be found at <http://inei.inei.gob.pe/microdatos/> (consulted 18/08/2015).
10. See Giddens (2010, 507) and Crompton (1993, 51) for a discussion on the limitations of the use of occupations for class analysis.
11. See, for example, for a discussion on the figure of the foreman, Carchedi (1977, 115–16, footnote 67).
12. The faculty to determine one’s own labor-process can also be described as the level of liberty one has to shape one’s own labor-process within the context of predetermined labor functions. It might be expected that engineers and architects, for instance, have a certain level of liberty to determine their own labor-process. On the contrary, mine workers do not have this liberty. When one is able to determine what and when labor is performed, one is coordinating the labor-process.
13. Carchedi (1987a, 196): “Consider the formal material labour process. To begin with, we should recall that, if the unproductive enterprise does not produce value, it can appropriate its share of value and surplus value only through the redistribution of the value produced in the productive branches of the economy, i.e., where real (both material and mental) transformations determine the nature of the labour process and thus of the capitalist production process. This transfer of value to the unproductive enterprise is performed by forcing the unproductive labourers to work for longer than the time socially necessary to reproduce their labour power. Since they are expropriated of surplus labour in the form of surplus value, they cannot be said to be exploited: I refer to this type of expropriation of surplus labour as economic oppression. If the ratio between the surplus labour and the necessary labour is called the rate of economic oppression, then, other things being equal, the higher this rate the greater the value appropriated by the capitalist. In fact, the unproductive labourer in the commercial enterprise buys the commodities (at

less than their value) and sells them (at their value) and thus allows the capitalist to appropriate the difference. Clearly, the longer, or the more intensively, the unproductive labourer has to work, the more transactions he or she will carry out and the more will be appropriated by the capitalist". Marx (1973, 315): "The commercial worker does not produce surplus value directly. But the price of his labor is determined by the value of his labor-power, hence by the costs of its production. While the application of this labor-power, its exertion, expenditure of energy, and wear and tear, is as in the case of every other wage-laborer by no means limited by its value. His wage, therefore, is not necessarily proportionate to the mass of profit which he helps the capitalist to realize. What he costs the capitalist and what he brings in for him are two different things. He creates no direct surplus value, but adds to the capitalist's income by helping him to reduce the cost of realizing surplus value, inasmuch as he performs partly unpaid labour".

14. Independents that according to our class criteria pertain to class I are only a very small proportion of this class.
15. According to Carchedi (1977, 82), as class at the level of the socioeconomic system is determined by the economic structure, the superstructure, and the class struggle, the capitalist class should be called bourgeoisie and the working class proletariat. At the level of the capitalist socioeconomic system, the figure of the worker changes in a collective worker. Managers are not capitalists, but do form part of the bourgeoisie.
16. It is not necessary for a capitalist to exploit in order to be a capitalist (pointed out by Guillermo Foladori, faculty member of the Doctoral Program in Development Studies at the Autonomous University of Zacatecas).
17. According to Baran and Sweezy (1969, 34–35), "managers are among the biggest owners; and because of the strategic positions they occupy, they function as the protectors and spokesmen for all large-scale property. Far from being a separate class, they constitute in reality the leading echelon of the property-owning class". Braverman (1984, 298) argues that "capital and professional management—at its top levels—are drawn, by and large, from the same class [...] It is true that ownership of capital and the management of enterprises are never totally divorced from each other in the individuals of the class, since both remain concentrated in a social grouping of extremely limited size: therefore, as a rule, top managers are not capital-less individuals, nor are owners of capital necessarily inactive in management".
18. In order to determine the composition of the class fractions of the bourgeoisie, it would have been very helpful if, among others, we would have had access to information regarding profits, assets, and the market

orientation (internationally, nationally, locally, etc.) of the businesses that operate in the country. However, as these data are not on hand or are very complicated to obtain, it is only possible to make an estimation of the different class fractions of the bourgeoisie.

19. The capitalist development of the forces production advances on the basis of a process of primitive accumulation in which individuals are proletarianized, i.e., separated from their means of social production and incorporated into the capitalist labor market, forced to exchange their labor-power for a living wage. However, especially on the periphery of the world capitalist system, this proletarianization process was not completed.
20. “According to Marx, the independent farmer and handicraftsman possess a twofold productive character in capitalist society. As the owners of their means of production, they are capitalists. As the owners of their labor power, they are wage-earners. Thus, they pay themselves wages as capitalists and derive profit from their capital. They, in other words, exploit themselves as wage-laborers and pay themselves the tribute in surplus product which capital customarily appropriates from labor” (Harris 1939, 340; see also Marx 1965, 382–83).

## REFERENCES

- Baran, Paul A., and Paul M. Sweezy. 1969. *Monopoly Capital. An Essay on the American Economic and Social Order*. New York/London: Modern Reader Paperbacks.
- Braverman, Harry. 1984. *Trabajo y capital monopolista*. Mexico: Editorial Nuestro Tiempo S.A.
- Burris, Val. 1980. “Capital Accumulation and the Rise of the New Middle Class.” *Review of Radical Political Economics* 12 (1): 17–34.
- Callinicos, Alex. 2004. *Making History. Agency, Structure and Change in Social Theory*. Leiden/Boston: Brill.
- Carchedi, Guglielmo. 1987a. *Class Analysis and Social Research*. Oxford: Basil Blackwell.
- Carchedi, Guglielmo. 1987b. “Class Politics, Class Consciousness and the New Middle Class.” *The Insurgent Sociologist* 14: 111–30.
- Carchedi, Guglielmo. 1977. *On the Economic Identification of Social Classes*. London/Boston: Routledge/Kegan Paul.
- Crompton, Rosemary. 1993. *Class and Stratification. An Introduction to Current Debates*. Cambridge, UK: Polity Press.
- Dos Santos, Theotonio. 1967. *Concepto de clases sociales*. Santiago de Chile: Ediciones Quinto Sol S.A.



- Giddens, Anthony. 2000. *La estructura de clases en las sociedades avanzadas*. Madrid: Alianza Editorial S.A.
- Giddens, Anthony. 2010. *La globalización y el mundo en proceso de cambio*. Madrid: Alianza Editorial S.A.
- Harnecker, Marta. 1970. *Los conceptos elementales del materialismo histórico*. Mexico: Siglo Veintiuno Editores S.A.
- Harris, Abram L. 1939. "Pure Capitalism and the Disappearance of the Middle Class." *Journal of Political Economy* 47 (3): 328–56.
- INEI. 1984. *Censos Nacionales VII de Población III de Vivienda 12 de julio 1981. Resultados definitivos de las variables investigados por muestreo. Tomo II. Nivel Nacional*. Lima: INE.
- INEI. 1994. *Resultados Definitivos. Perú, Tomo V, Vivienda, Características de Hogares*. Lima: INEI.
- Lenin, V.I. 1899. "Our Immediate Tasks." Accessed September 21, 2013. <http://www.marxists.org/archive/lenin/works/1899/articles/arg3oit.htm>.
- Lenin, V.I. 1917. "The Tasks of the Proletariat in Our Revolution." Accessed March 7, 2016. <https://www.marxists.org/archive/lenin/works/1917/tasks/>.
- Lenin, V.I. 1961. "Una gran iniciativa." In *Obras Escogidas en tres tomas, 3*, edited by V.I. Lenin, 217–39. Moscow: Editorial Progreso.
- Marx, Carlos. 1973. *El Capital, Crítica de la Economía Política, Libro tercero*. Buenos Aires: Editorial Cartago, SRL.
- Marx, Karl. 1871. "Marx to Friedrich Bolte. In New York." Accessed May 7, 2014. [http://www.marxists.org/archive/marx/works/1871/letters/71\\_11\\_23.htm](http://www.marxists.org/archive/marx/works/1871/letters/71_11_23.htm).
- Marx, Karl. 1965. "Theorien über den Mehrwert. Erster Teil." In *Werke, Band 26, Erster Teil*, edited by Karl Marx and Friedrich Engels. Berlin: Dietz Verlag.
- Marx, Karl. n.d. *Miseria de la filosofía*. Santiago de Chile: Cultura.
- Ollman, Bertell. 1993. "How to Study Class Consciousness...and Why We Should." In *Dialectical Investigations*, edited by Bertell Ollman. Accessed April 26, 2014. [http://www.nyu.edu/projects/ollman/docs/di\\_ch09\\_content.php](http://www.nyu.edu/projects/ollman/docs/di_ch09_content.php).
- Ossowski, Stanislaw. 1969. *Estructura de clases y conciencia social*. Barcelona: Ediciones Península.
- Portes, Alejandro, and Kelly Hoffman. 2003. "Latin American Class Structures. Their Composition and Change During the Neoliberal Era." *Latin American Research Review* 38 (1): 41–82.
- Poulantzas, Nicos. 1973. "On Social Classes." *New Left Review* 78: 27–54.
- Poulantzas, Nicos. 1976. *Las clases sociales en el capitalismo actual*. Mexico: Siglo Veintiuno Editores S.A.
- Poulantzas, Nicos. 1980. *Poder político y clases sociales en el estado capitalista*. Mexico: Siglo Veintiuno Editores S.A.

- Van Parijs, Phillipe. 1989. "A Revolution in Class Theory." In *The Debate on Classes*, edited by Erik Olin Wright, 213–41. London/New York: Verso.
- Wachtel, Howard M. 1974. "Class Consciousness and Stratification in the Labor Process." *Review of Radical Economics* 6 (1): 1–31.
- Wolpe, H. 1970. "Some Problems Concerning Revolutionary Consciousness." *The Socialist Register* 7: 251–80. Accessed March 17, 2018. [http://www.socialistregister.com/index.php/srv/article/view/5301/2202#.Wq\\_M9ejOXIU](http://www.socialistregister.com/index.php/srv/article/view/5301/2202#.Wq_M9ejOXIU).
- Wood, Ellen Meiksins. 2000. *Democracia contra capitalism. La renovación del materialismo histórico*. Mexico: Siglo Veintiuno Editores S.A. de C.V.
- Wright, Erik Olin. 1985. *Classes*. London: Verso.
- Wright, Erik Olin. 1989. *The Debate on Classes*. London/New York: Verso.
- Wright, Erik Olin. 1993. *Class, Crisis and the State*. London/New York: Verso.
- Wright, Erik Olin. 1999. "Foundations of Class Analysis: A Marxist Perspective." Accessed February 12, 2013. <http://www.ssc.wisc.edu/~wright/Foundations.pdf>.
- Wright, Erik Olin. 2000. *Class Counts: Comparative Studies in Class Analysis*. Cambridge: Cambridge University Press, Student Edition.



## CHAPTER 4

---

# Capitalist Economic Development in Peru: 1980–2016

Peru is a country on the periphery of world capitalism. Its development is conditioned by the development of capitalism in the global North.<sup>1</sup>

Capitalist development in Peru is a particular capitalist development. Although, in general, the general laws and contradictions of capitalist development as described by Marx apply to Peru, the particular development of the country in the last thirty-six years and its role in the international division of labor show that these laws and contradictions cannot be used as a mechanical explanatory framework for understanding Peruvian political, economic, and social reality. Hence, we believe that Marxist political economy should be combined with a dependency theory perspective on peripheral capitalist development as this theory helps not only to explain the relations of domination and oppression between Peru and the global North, but also to answer the question why the Peruvian economy is divided into an economy at the service of the major private corporations—especially the transnational corporations in the extractive sector—and an economy of small businesses and micro-enterprises.

In this chapter, Peruvian capitalist economic development over the years 1980–2016 is analyzed. Although it includes a chronological account of the main economic developments and economic policies implemented by the different regimes, it concentrates on the principal characteristics of the Peruvian economy.

This chapter is organized in seven parts. Sections 4.1 and 4.2 are dedicated to our theoretical framework. While Sect. 4.1 defines the general

laws and contradictions of capitalist development, Sect. 4.2 outlines the main features of a dependency theory perspective on peripheral capitalist development. In Sect. 4.3, we present a chronological account of the main economic developments and economic policy decisions in the period 1980–2016. Section 4.4 describes the country’s role in the international division of labor and, related to this role, its economic development model. In Sect. 4.5, we delve into Peru’s economic and business structure and Sect. 4.6 analyzes the development of the country’s profit rate in the years between 1980 and 2014. In Sect. 4.7, we present what we call the Peruvian capitalist subsistence economy (CSE).

#### 4.1 THE DYNAMICS OF CAPITALIST DEVELOPMENT AND ITS PRINCIPAL CONTRADICTIONS

The objective of Capital is accumulation.<sup>2</sup> Capital is accumulated in order to create new surplus value (Mandel 1969, 92).<sup>3</sup> In the case, no surplus value is engendered, no capital can be created and capitalism enters in crisis. The accumulation of capital is the motor of capitalist development (Sweezy 1977, 92). It is the cause of economic progress and economic crisis.

The tendency of capital to accumulate “to drive to expand”, as Marx (1973c, 264) writes, “and to produce surplus value on an extended scale [...] is law for capitalist production, imposed by incessant revolutions in the methods of production themselves, by the depreciation of existing capital always bound up with them, by the general competitive struggle and the need to improve production and expand its scale merely as a means of self-preservation and under penalty of ruin. The market must, therefore, be continually extended, so that its interrelations and the conditions regulating them assume more and more the form of a natural law working independently of the producer, and become ever more uncontrollable. The internal contradiction seeks to resolve itself through expansion of the outlying field of production. But the more productivity develops, the more it finds itself at variance with the narrow basis on which the conditions of consumption rest”.

For accumulation to occur, Capital needs to appropriate the surplus value that is embodied in the commodities.<sup>4</sup> The accumulation of capital increases the demand for labor-power and increases the organic composition of capital (OCC).<sup>5</sup> In the case, this demand is higher than its

reduction caused by the rise in the OCC, wages increase. These wage increases induce Capital to accelerate the mechanization of the production process, leading to a diminution of the wages (Shaikh 1990, 358).<sup>6</sup>

Competition between capitalists forces every individual capitalist to continuously improve the modes of appropriation of the surplus value (Harvey 2006, 29). More surplus value appropriated means that more resources are available to turn into variable and/or constant capital, i.e., in labor and/or in equipment and supplies, among others.

Marx characterized capitalist development by three general laws. These laws “arise out of the process of capital accumulation” (Mandel 1967) and “must be realized in their specific form (tendential) and nature (antagonistic)” (Carchedi 1987, 108).

The first general law of capitalist development is the tendency of the OCC to rise (Mandel 1969, 321–22).<sup>7</sup> The OCC can be defined technically and in value terms. The value composition is determined by the relation between the value of constant and variable capital. The technical composition is the relation between the mass of the means of production and the necessary labor-power to put these means in movement (Marx 1973a, 587). The introduction of new machineries has not the objective to increase the productivity of labor-power, but to reduce unit costs (Mandel 1969, 127). In this book, we only refer to the OCC in value terms.

The rise of the OCC can be the result of the reduction of the value of variable capital, an increase of the value of constant capital or a mix of both. In general, the OCC has a tendency to rise as a consequence of the introduction of new technologies. In addition to the use of new technologies, it is important to underline that constant capital tends to replace variable capital.

The second general law of capitalist development is the tendency of the average rate of profit to fall due to an increase of the average OCC.<sup>8</sup> The average rate of profit and the average OCC are society’s averages. The average rate of profit tends to fall because an increase of the average OCC brings about a relative reduction of the production of value and surplus value.<sup>9</sup> Although, in absolute terms, more value and surplus value may be produced because more commodities are produced, less value is embodied in every commodity because the increase of productivity caused by the implementation of new technologies reduced the labor component in every individual commodity.

The third general law of the capitalist development is its tendency toward overproduction. The overproduction crisis is the manifestation of the fall of the average rate of profit, caused by the increase of the average OCC. This law is directly related to the principal contradiction of capitalist development, i.e., the contradiction between the increase of productivity and the decrease of value embodied in the commodities.<sup>10</sup>

Competition between capitalists forces every capitalist to improve the production process with the objective to obtain more surplus value. These improvements might be the implementation of new technologies or techniques that help to increase the rate of exploitation, among others.

The generalized practice of capitalists to increase productivity in order to be more competitive is the structural basis for overproduction to occur. The reduction of surplus value embodied in every individual commodity caused by the increase of productivity obliges every individual capitalist to increase production. However, at a certain moment in the process of social production, the increase of production leads to overproduction, i.e., the supply of commodities structurally exceeds the demand for commodities.

It might seem that the overproduction crisis is caused by the lack of effective demand. However, the overproduction crisis does not break out “because relatively *too little* had been produced of the commodities consumed by the workers or too little of those consumed by the capitalists, but because too much of *both* had been produced – *not too much for consumption*, but too much to retain *the correct relation between consumption and realization; too much for realization*” (Marx, n.d., 346–47).

The overproduction crisis may not be confused with the under-consumption theory. This theory upholds that crises are caused by problems to realize the value embedded in the commodities. As a matter of fact, Sweezy (1977, 239), one of the adherents to this theory, considers the tendency toward overproduction the same as the tendency toward under-consumption.<sup>11</sup> However, under-consumption is rooted in the circulation process and overproduction in the production process.<sup>12</sup> According to Sweezy (1977, 159, 163), the overproduction crisis is the result of the rate of profit to fall, in all branches, below a “normal” rate that makes investments “profitable”.<sup>13</sup> As consequence, capital is not reinvested anymore and this originates an interruption in the circulation process and creates a realization crisis.

The theory of under-consumption is heavily criticized within Marxist circles (Carchedi 2011, 136–37; Dunayevskaya 1946). Even Marx did not agree with this theory. Marx (1973b, 374–75): “It is sheer tautology to say that crises are caused by the scarcity of effective consumption, or of effective consumers. The capitalist system does not know any other modes of consumption than effective ones, except that of *sub forma pauperis* or of the swindler. That commodities are unsaleable means only that no effective purchasers have been found for them, i.e., consumers (since commodities are bought in the final analysis for productive or individual consumption). But if one were to attempt to give this tautology the semblance of a pro-founder justification by saying that the working-class receives too small a portion of its own product and the evil would be remedied as soon as it receives a larger share of it and its wages increase in consequence, one could only remark that crises are always prepared by precisely a period in which wages rise generally and the working-class actually gets a larger share of that part of the annual product which is intended for consumption. From the point of view of these advocates of sound and ‘simple’ (!) common sense, such a period should rather remove the crisis”. The radical economist Shaikh (1990, 279, endnote 35) explains that what has been denominated as under-consumption is not the cause of the crisis but a symptom. As the profit rate falls, capitalists diminish their investments and, as a consequence, a part of what has been produced is not being sold. This makes it seem if the crisis is caused by a lack of effective demand.<sup>14</sup>

The tendency of the average rate of profit to fall means that it is not always and at all times falling. There are various counteracting forces that hinder the fall of the rate of profit. The following counter-tendencies can be identified:

1. The reduction of the costs of constant capital. The import of cheap raw materials from abroad helps to diminish its costs.
2. The devaluation of a part of existing capital.
3. The transformation of a part of capital into fixed capital that does not serve for direct production.
4. The increase of the rate of exploitation
5. The reduction of the wages below the value of labor-power.<sup>15</sup>
6. A general reduction of the costs of variable capital as a consequence of an increase of the reserve army of labor (Sweezy 1977, 110–13; Harvey 2006, 178).

## 4.2 A DEPENDENCY THEORY PERSPECTIVE ON PERIPHERAL CAPITALIST DEVELOPMENT

Marxist elaborations of dependency theory consider development in the countries at the periphery of world capitalist development conditioned by the development of the countries in the global North. These conditions create a particular capitalist development in the periphery that sustains the relations of dependency. In other words, it is not only the historically grown relation of dependency that defines and determines the relation between the global North and the periphery and what Frank (1966) has called the development of underdevelopment, but also the particularity of the capitalist development process in the periphery helps to maintain the relations of dependency.

The development of underdeveloped countries, as argued by Frank (1966, 23), is limited by the satellite status of the underdeveloped countries, i.e., by the functionality of these countries for the global accumulation of capital.<sup>16</sup> The source of a region's underdevelopment is not its isolation, its pre-capitalist institutions or its capital shortage, but its past and actual relations with the developed countries (Frank 1966, 15, 23, 27).

Dependency is founded on the international division of labor that permits the industrial development of some countries and limits this for others. The countries that are not industrialized are subjugated to the conditions of growth imposed by the advanced capitalist countries. Hence, economic expansion of the dependent countries can only occur as a reflection of the expansion of the countries in the global North (Dos Santos 1986, 305–7).<sup>17</sup> However, it must be underlined, the dependent economy does not respond mechanically and automatically to world economy cycles. It is the internal structure of the dependent economy in combination with internal factors that define how the dependent economy responds to the fluctuations in the world economy (Dos Santos 1986, 381).

The relations of dependency between the advanced capitalist countries and the nations in the periphery delimit the possibilities for the expansion of the dependent country. The internal structure of the dependent economy is product of the relations of dependency (Dos Santos 1986, 307). The “internal face”, as Dos Santos (1978, 49) puts it, of domination by “one or more dominant centers” is, however, “not a consequence of external factors, but it is its own way –*the dependent mode*– to participate in this process of development of the capitalist world economy”.<sup>18</sup>



The structurality of the relations of dependency is translated to the “articulation between the dominant interests in the hegemonic centers and the dominant interests in dependent societies”. Although the dominant interests in both societies are common, internal conflicts between these interests do exist (Dos Santos 1986, 308–9).<sup>19</sup>

Capitalist countries at the periphery of world capitalist development are functional for accumulation in the advanced capitalist countries as they help to counteract the tendency of the profit rate to fall. Cheap raw materials can reduce the value of constant capital and cheap commodities can reduce the value of variable capital. In other words, the internal markets of the capitalist countries in the periphery are of no real interest to international Capital.

Capitalist development in the periphery is a backward capitalist development. This means that the extraction of absolute surplus value dominates over the extraction of relative surplus value. Capital in the periphery is able to compete with Capital in the global North by paying their laborers below the value of their labor-power. Furthermore, as the terms of trade of the countries in the global South<sup>20</sup> tend to diminish, capitalist enterprises in these countries do not seek to correct the imbalance between prices and the value of their exported commodities, but rather intend to offset the loss of revenue generated by international trade through increased exploitation of their own workers (Marini 1985, 36–38).

Super-exploitation does not cause difficulties for the realization of value and surplus value in the countries at the periphery of the world capitalist system because their capitalists do not depend for this realization “on the internal capacity to consume” (Marini 1985, 50). Circulation is separated from production and basically takes place in the external market. Hence “the individual worker’s consumption does not interfere with the realization of the product, although determines the rate of surplus value” (Marini 1985, 52). This particularity of capitalist development in the periphery, as we will see in the course of this chapter, helps to produce what we call a CSE.

### 4.3 A CHRONOLOGICAL ACCOUNT OF THE MAIN ECONOMIC DEVELOPMENTS AND ECONOMIC POLICY DECISIONS: 1980–2016

In 1980, Fernando Belaúnde became President after 12 years of military dictatorship. Curiously, Belaúnde was the same President whose government was overthrown by the military in 1968. With Belaúnde returned

the same persons that managed the Peruvian State before the military coup (Gorriti 2008, 37, 75–76; Wise 1986, 25).

The economic model implemented by the Belaúnde regime (1980–1985) was based on the liberalization of the economy and the export of the country's commodities. The role of the State in the economy was to be changed from a producer to a regulator of economic activities (Wise 2010, 173, 185; Burt 2011, 70; Crabtree 2005, 49, 80; Parodi Trece 2010, 157, 161; Petras et al. 1983, 30).

The liberalization of the economy implied that local interest rates were determined by market forces and that import tariffs were reduced. A privatization plan of state-owned companies was developed and public investments in industry radically decreased (Wise 2010, 81).

FDI and infrastructural projects played a fundamental role in the economic orientation of the regime. Policies were implemented to increase the attractiveness of Peru for international Capital (Wise 2010, 179), and projects were developed that had to strengthen the physical infrastructure of the country (World Bank 1985, 30).

Development based on the liberalization of the markets and the export of the country's mineral resources was not successful. The liberalization of trade caused an avalanche of imports, heavily affecting local industry. In 1985, industry operated at 40% of its capacity (Wise 1986, 27).

The fall of the country's commodity prices in 1981 and 1982 and the increase of imports caused a tremendous deficit on the current account balance.<sup>21</sup> As a consequence, new tariff walls were raised in order to reduce imports (World Bank 1985, 10). The international debt crisis of 1982 also considerably diminished FDI flows. Table 4.1 shows the evolution of FDI flows in the years between 1980 and 1985.

**Table 4.1** FDI flows: 1980–1985 (in millions of US\$)

<i>Year</i>	<i>FDI</i>
1980	27
1981	125
1982	48
1983	38
1984	–89
1985	1

*Source* Wise (2010, 180) and Cuadernos Estadísticos de CEPAL, América Latina y el Caribe: Balance de Pagos 1950–1984. Accessed October 5, 2014. <http://archivo.cepal.org/pdfs/cuadernosEstadisticos/S1986010.pdf> (consulted 05/10/2014)

The external shocks not only led to difficulties on the current account balance, but also made the financing of the external deficit more expensive as the international interest rates had increased. In the period 1980–1985, total external debt increased with 51% (Wise 2010, 180).

The increase of the international interest rates caused a rise of local interest rates. Rising interest costs coupled with a decreasing internal demand discouraged local investors (Crabtree 2005, 55). In the years between 1981 and 1985, private investments as a percentage of GDP decreased. While in 1981 it amounted to 21.5%, in 1982, 1983, 1984 and 1985, the percentages were 20.8, 15.1, 12.1, and 12.0% (Wise 2010, 180). Real GDP growth rates diminished and even turned negative. In 1982 and 1983, real GDP growth rates were, respectively,  $-0.2$  and  $-10.4\%$ .<sup>22</sup>

The first APRA (*Alianza Popular Revolucionaria Americana*) government in Peruvian history (1985–1990) returned the State its principal role in the economy. However, as Paus (1991, 425) explains, “the economic role of the government was explicitly limited to influencing private sector allocative decisions by providing differential incentives through tax, subsidy, and selective price control policies”. The State meant to protect local industry against foreign competition and policies were implemented that increased the size of the internal market (Parodi Trece 2010, 195).

The economic policies pursued by the APRA regime of Alan García were, in some sense, a reaction to the market-oriented policies of the previous government of Belaúnde and the generalized left-wing oriented popular atmosphere in Peru. The APRA government considered that the State should not only assume a leading role in the elaboration and implementation of policies that pointed to stabilization, but also had to stimulate economic growth (Reyna 2000, 34). According to Pastor Jr. and Wise (1992, 103–4), the policies that were being implemented “was a complicated social-democratic balancing act that attempted to incorporate workers, *campesinos*, and informal-sector participants via higher incomes while leaving investment decisions in the hands of private capital”.

Directly at the outset of his government, García presented a political program that meant to stimulate internal demand and to reduce external debt payments. A reduction of these payments would enable the country to finance the import of raw materials and supplies, necessary for local industrial production (Crabtree 2005, 57–59; Wise 2010, 211; Parodi Trece 2010, 207–8).

At the start of the García government, Peru had a massive unutilized production capacity (Crabtree 2005, 59; Parodi Trece 2010, 206; Wise 2010, 11; Thorp 1987, 165; Abugattas 1999, 127). For this reason, it was believed that a reactivation of the economy through an increase of internal demand might not have to lead to inflation (Parodi Trece 2010, 206), as was supposed in circles around the IMF (Paus 1991, 414). Furthermore, inflation was considered to be the result of increased costs such as interest costs (Parodi Trece 2010, 207; Cáceres and Paredes 1991, 113; Paus 1991, 415). It was believed that an augmentation production triggered by rising demand might even reduce inflation because of economies of scale (Crabtree 2005, 59; Parodi Trece 2010, 206).

The measures taken by the government resulted immediately effective. GDP started to grow again and inflation reduced. However, private investments only increased in the first 2.5 years of the García government and never passed the levels of the previous regime of Belaúnde.<sup>23</sup> It can be argued that economic growth was mainly the consequence of the use of unutilized production capacity.

Economic growth only lasted for a very short time. In the years 1988, 1989, and 1990, Peru faced one of the most severe economic crises in its contemporary history. Data on underemployment, inflation, and real GDP growth might tell us the whole story. While in the period 1986–1987 the rate of underemployment in Lima reduced from 42.9 to 41.4%, in 1989 it had increased to 73.5% (INEI 1995, 448). In 1998, inflation stood at 666.7%. In 1989, it was 3398.6%, and in 1990, it had grown to 7481.7%.<sup>24</sup> In the years between 1985 and 1990, real GDP growth rates were, respectively, 2.1, 9.4, 9.7, –9.4, –12.3, and –5.0%.<sup>25</sup>

The crisis was principally the result of the government's incapacity to persuade private capital to increase its investments. Gross private investment negative growth rates contributed to negative real GDP growth rates. As diminishing production led to a reduction of income, internal demand decreased and tax income contracted. The reduction of tax income forced the regime to cut expenditures causing a further decrease of income growth and made it impossible for the administration to finance a possible increase of gross public investments to compensate for the decrease of gross private fixed investments. In 1988, public investments growth even decreased with 32% (Parodi Trece 2010, 205).

The presidential elections in 1990 marked a turning point in the political, economic, and social history of Peru. After ten years of being attacked by the working population (proletariat, peasants, semi-proletariat,

and exploited and/or oppressed sectors of the intermediate class) and their left-wing representatives, armed and unarmed, electoral and non-electoral, a ferocious class struggle from above was initiated.<sup>26</sup> It was during the government of Alberto Fujimori (1990–2000) that a neoliberal development model was introduced. This model was based on the export of the country's commodities and a free and (relatively) unregulated functioning of the markets.

The regime considered private national and foreign investments the motors for economic development (Parodi Trece 2010, 298; Ruiz Caro 2002, 22). The markets were liberalized, state-owned corporations were privatized, and a new constitution was implemented that radically reduced the role of the State in productive activities (Parodi Trece 2010, 276–77; Murakami 2007, 245, 254; Kisić 1999, 88; Bowen 2000, 84–85; McClintock and Vallas 2005, 164–65). With the exception of the years 1987, 1988, and 1989, public investments were never that low as during the Fujimori government. On the other hand, only in the first three years of the regime, gross private fixed investments were lower than in the first three years of the Belaúnde government.

The liberalization of the markets by the Fujimori regime shows similarities with the declared intentions of the Belaúnde government at the beginning of the 1980s. However, in contrast to Belaúnde, Fujimori pursued this objective with strength and complete dedication. In addition, the government counted on the support of the population (Murakami 2007, 252–53, 267, 455, 524) and multilateral institutions such as the World Bank and the IMF. The economic crisis at the end of the 1980s had demonstrated that state intervention in the economy did not lead to economic progress (Iguñiz 1999, 21–22; Crabtree 2002, 139).

The focus on the export of the country's commodities was translated into policies that benefitted large-scale agricultural producers that were oriented toward agro-industry and foreign markets (Crabtree 2002, 143). The deregulation of the land market and the promotion of private investments in rural areas were key elements of Fujimori's agricultural policy. The Land Law that was implemented in 1995 “provided property guarantees to titleholders, abolished the previous upper limits on personal landholding and allowed the State to sell land currently in public ownership” (Crabtree 2002, 142).<sup>27</sup> As a consequence of these policies, land was re-concentrated in the hands of a few (Eguren 2014, 177–78).

Mining Capital was benefitted through the implementation of laws that enabled it to appropriate the land of the communities. The General Mining Law of 1992 made the reassignment or the forced displacement of communities and populations for mining purposes possible and legal (Dominguez 2010, 24). The liberalization of the land market in 1995 provided, among others, the legal conditions for the division of the lands of the indigenous and peasant communities in individual plots.<sup>28</sup> Also, a law was implemented that provided fiscal stability to international Capital.

The corporations that signed fiscal stability pacts with the Peruvian State were for the next 10–15 years shielded from fiscal changes. Also special legal mechanisms were introduced such as accelerated depreciation, the possibility of deducting investment in public infrastructure of tax payments, the exemption from taxation until the initial investment had been recovered or if income generated was used to do reinvestments in order to increase production with more than 10%, and the deduction of the costs of research and mining exploration of tax payments (Campodónico Sánchez 1999, 17–24). Legal regulations that needed to safeguard the natural environment were subjugated to economic policies and to be implemented by a non-defined office within the Ministry of Energy and Mining (Pinto 2009, 93–95). Mining concessions were granted for an indefinite period and the mining corporations only had to pay US\$2 a year to maintain their concession rights (Campodónico Sánchez 1999, 57, endnote 10).

One of the key elements of the neoliberal program was the privatization of state-owned companies. During the Fujimori, regime privatization was the principal motor behind the general increase of FDI. Between 1990 and 1998, more than 180 state-owned companies were privatized. Before putting these companies on the auction market, their debts were assumed by the State (Glave and Kuramoto 2007, 139; Campodónico Sánchez 1999, 25; Ruiz Caro 2002, 32). In Table 4.2, data are presented on FDI flows in the period 1990–2000.

The liberalization of the exchange rate, the increase of the interest rates, the abolition of price controls on supplies for the industrial sector, the reduction of import tariffs, and the elimination of quantitative import restrictions caused a significant weakening of Peruvian industry.<sup>29</sup> While in 1990 the imports of consumer goods valued US\$338.3 million, in 1996 it had increased to US\$1.850 million, an annual increase of 27.4%. This increase was considerably higher than the increase of local

**Table 4.2** FDI flows: 1990–2000 (in millions of US\$)

<i>Year</i>	<i>FDI</i>
1990	41.0
1991	-7.0
1992	-79.0
1993	760.6
1994	3289.2
1995	2557.0
1996	3471.2
1997	2139.3
1998	1644.0
1999	1940.0
2000	809.7

*Source* <http://www.cepal.org/deype/cuaderno33/esp/index.htm>.  
 Accessed October 21, 2014

production (Abugattas 1999, 121). It should be mentioned that the unutilized installed capacity in the manufacturing sector maintained at levels comparable to the first and last two years of the previous García government (Thomas 1999, 127).

The development of agriculture was also negatively influenced by trade liberalization. Coupled with an over-valuation of the Peruvian currency, Crabtree (2002, 143) explains that “although agricultural exports have increased in value terms since the mid-1980s, they have been overtaken by the increase in imports. Imports of agricultural goods averaged US\$488 million in the period between 1986 and 1990, rising to US\$687 million in 1991–1995, and reaching US\$1035 million in 1996–1999. In volume terms (eliminating the effect of price variations) food imports rose from 1.6 million tonnes (1986–1990) to 2.1 million tonnes (1991–1995) and 2.8 million tonnes (1996–1999). Peru’s average annual agricultural trade balance, which until 1980 had been consistently in surplus, registered deficits of US\$216 million in 1986–1990, US\$383 million in 1991–1995 and US\$346 million in 1996–1999” (Crabtree 2002, 143–44).

The economic results of the neoliberal policies implemented in the 1990s seem to stand the test when these are compared with the 1980s. In general, real GDP growth rates were higher, and inflation was dramatically reduced.<sup>30</sup>

The counterpart of the model’s economic success was social disaster. Data of the Ministerio de Trabajo y Promoción del Empleo (2004, 38)

show that in the decade of the 1990s around 60% of the occupied EAP in Metropolitan Lima was informal.<sup>31</sup> In the years between 1992 and 2000, unemployment was higher than in 1991. After a considerable reduction in 1995, the rates of underemployment did not further diminish.<sup>32</sup> In Table 4.3, data are presented on the evolution of unemployment and underemployment in the period 1990–2000.

In November 2000, Fujimori fled the country, a few months after having won the presidential elections. It can be argued that the “fall” of Fujimori has been orchestrated by the ruling class itself instead of caused by the accumulation of popular struggles during the 1990s as Lynch (2014, 193–94) argues. Fujimori had to leave office for the following six reasons. First, starting from 1998, the regime was not able anymore to increase profitability.<sup>33</sup> Second, in 1997, the privatization processes came to a halt, in part the result of the financial crisis in Southeast Asia (Ruiz Caro 2002, 14). Third, the mechanism of concessions, implemented in 1996, did not start working as a replacement of the privatization processes of the years before. According to Ruiz Caro (2002, 24), the international context of 1998 and 1999 did not provide the conditions to fulfill the previously established plan of concessions. Fourth, at the end of the 1990s, the government started to prefer intervening directly in the markets instead of using regulatory mechanisms. Some privatizations and concessions were suspended (Ruiz Caro 2002, 38–39). Fifth, political insecurity caused by the electoral process of 2000 negatively

**Table 4.3** Unemployment and underemployment: 1990–2000 (as a percentage of EAP)

<i>Year</i>	<i>Unemployment (%)</i>	<i>Underemployment (%)</i>
1990	8.3	73.1
1991	5.9	78.5
1992	9.4	75.9
1993	9.9	77.4
1994	8.8	74.3
1995	7.6	42.4
1996	7.0	42.7
1997	7.7	41.8
1998	7.8	44.3
1999	8.0	43.5
2000	7.4	42.9

*Source* INEI (2001, 235), Murakami (2007, 374, 430)



influenced private investments (Parodi Trece 2014, 140). Sixth, Fujimori was not able to deepen the capitalist development process in Peru, i.e., to institutionalize the reforms he himself had implemented (the so-called second generation reforms). His authoritarian style of government and corruption made this impossible. The president that was elected in 2001 was “assigned” the task (i) to reinstate the privatization processes; (ii) to elaborate a legal framework for future concessions; (iii) to restart the concession processes; and (iv) to institutionalize the reforms of the 1990s.

The three governments that came after Fujimori did not fundamentally alter the development model in place. The regime of Alejandro Toledo (2001–2006) had the declared intention to combine market-oriented policies with projects that pointed to social inclusion that should increase the welfare of the least benefitted such as poverty reduction programs and the improvement of the healthcare system. However, the appointment of neoliberals as Premier, Minister of Economics and Finance and President of the Central Bank of Peru was a strong signal that social projects would be of secondary importance. It depended on economic development and the fiscal situation if these projects would be implemented (Gonzales de Olarte 2007, 21).

The Toledo regime considered it more important to comply with the rules of the IMF, i.e., the rules regarding the deficits of the public sector, than to fulfill its social promises.<sup>34</sup> According to Parodi Trece (2014, 194) and Gonzales de Olarte (2007, 13), the government applied fiscal restrictive policies and did not support economic reactivation. It did not implement projects of social inclusion and did not improve the social and economic situation of the population in general.<sup>35</sup> In 2005, Toledo’s last full year as President of Peru, the weight of public investments in GDP stood at the same level as in 2001. In comparison with 2000, it had reduced from 4 to 3.1% (Banco Central de Reserva del Perú 2015, 196; Banco Central de Reserva del Perú 2007, 195). And although the unemployment rate reduced a little bit (from 5.0% in 2001 to 4.7% in 2006), the rates of underemployment increased. Data of the Peruvian National Institute of Statistics and Informatics (*Instituto Nacional de Estadística e Informática*, INEI for its acronym in Spanish) show that while in 2001 the underemployment rate stood at 65.2%, in 2005 it had increased to 73.3%. In 2006, it had reduced to 67.9%.<sup>36</sup>

The focus on export-led growth induced the government to increase its efforts to sign free trade agreements with as much countries and/or

economic and trade blocks as possible. In November 2005, a free trade agreement was signed with the Southern Common Market, Mercosur (*Mercado Común del Sur*) and in April 2006 with the United States. Peruvian export growth in the period 2001–2006 has been led by traditional products, mainly mining products. Another success of the regime was having successfully reinitiated processes of privatization and concession.

The Toledo regime has only for a small part benefitted from the commodities boom that started to unfold in 2004 and ended in 2011. It was the second term of García (2006–2011) that reaped all the benefits. However, economic growth caused by the commodities boom had no structural effect on the welfare of the majority of the population. As a matter of fact, the weight of the wages and salaries in GDP even diminished a bit. In Table 4.4, data are presented on (i) the annual growth of the export value of traditional products; (ii) the annual growth of the export value of non-traditional products; (iii) the annual growth of the export value of mining products; (iv) the annual growth of total export value; (v) the contribution of the export value of mining products to the value of total exports; and (vi) the terms of trade for the years between 2000 and 2016.

The commodities boom was principally caused by economic growth in China and India, and the credit boom in Europe and the USA (Parodi Trece 2014, 221, 255–56).<sup>37</sup> The prices and export volumes of Peruvian minerals increased. As the mining sector is the principal export sector of Peru, it had a considerable influence on the development of real GDP growth rates and a positive influence on the country's terms of trade.

García's second term cannot be compared with his first government. While in the period 1985–1990 the APRA regime intended to follow an independent capitalist development path, in the years between 2006 and 2011 the government continued the policies of the former Toledo regime. García appointed the neoliberals Luis Carranza as his Minister of Economics and Finance and Julio Velarde as the President of the Peruvian Central Bank (Parodi Trece 2014, 247).

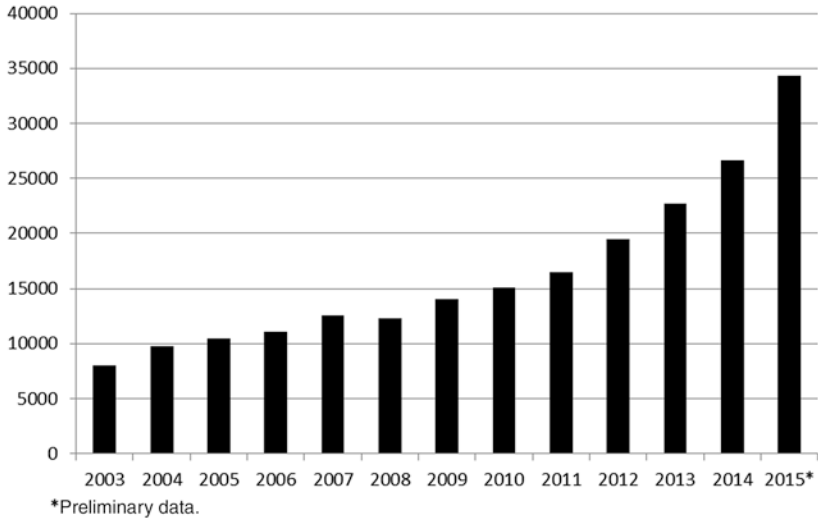
The regime can be characterized by its policies that stimulated the development of the mining and hydrocarbon sectors of the economy and that attacked the land rights of the indigenous and peasant communities. Furthermore, following the example of the Toledo government, it increased the efforts to sign free trade agreements.

The nationalist regime of Ollanta Humala that governed the country in the period 2011–2016 modified the economic development

**Table 4.4** Annual growth of the export value of traditional, non-traditional products, and mining products; annual growth of total export value, the contribution of the export value of mining products to total exports and the terms of trade

<i>Year</i>	<i>Annual growth of the export value of traditional products (%)</i>	<i>Annual growth of the export value of non-traditional products (%)</i>	<i>Annual growth of the export value of mining products (%)</i>	<i>Annual growth of total export value (%)</i>	<i>Contribution of the export value of mining products to the value total exports (%)</i>	<i>Terms of trade</i>
2000	16.0	9.0	7.0	14.2	46.3	57.6
2001	-1.5	6.8	-0.5	1.0	45.6	57.1
2002	13.5	3.3	18.8	9.8	49.4	61.0
2003	18.4	16.1	23.1	17.9	51.6	62.0
2004	44.7	32.8	51.9	40.9	55.6	70.6
2005	40.8	22.9	37.4	35.6	56.4	74.9
2006	42.6	23.4	50.5	37.2	61.8	95.9
2007	17.4	19.6	18.4	17.9	62.1	100.0
2008	7.4	19.8	3.8	10.4	58.4	89.1
2009	-10.9	-18.1	-8.9	-12.60	60.9	86.9
2010	34.4	24.3	32.9	32.3	61.2	105.2
2011	28.9	32.2	25.7	29.5	59.4	112.8
2012	0.0	10.0	-0.2	2.2	57.9	110.5
2013	-12.0	-1.1	-13.4	-9.60	55.5	104.2
2014	-12.3	5.5	-13.6	-7.8	52.0	98.5
2015	-15.9	-7.0	-8.3	-13.4	55.0	92.3
2016	11.6	-1.2	15.0	7.6	58.8	91.6

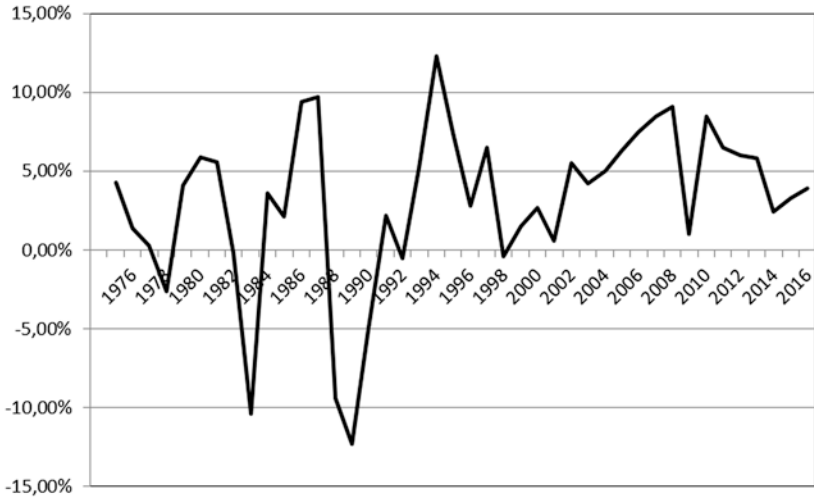
Source <http://www.bcrp.gob.pe/estadisticas/cuadros-anales-historicos.html>. Accessed July 28, 2017



**Graph 4.1** Social expenditures of prioritized social programs: 2003–2015 (in millions of nuevos soles) (These programs are pre-school education, primary education, secondary education, promotion and social and community care, collective health, and individual health) (*Source* <http://www.inei.gob.pe/estadisticas/indice-tematico/sociales/>. Accessed April 18, 2016 and August 31, 2017)

model of the 1990s. It added to the export of the country's commodities, especially its abundant mineral resources, and a free and (relatively) unregulated functioning of the markets, projects that had to provide an adequate infrastructure for a more efficient flow of the mineral resources,<sup>38</sup> and the fiscal redistribution of wealth to social layers that are affected the most by this model. As such, the political practice of the Humala government can be situated within the framework of what is called the Post Washington Consensus (Petras and Veltmeyer 2011, 54).<sup>39</sup> In Graph 4.1, data are presented on social expenditures of prioritized social programs.

The Humala regime has principally been occupied with trying to find answers to the economic consequences of the end of the commodities boom. Since 2011, commodity prices declined and the export volumes of the country's minerals diminished. This is expressed in the worsening of the country's terms of trade, the negative growth rates of the export value of the mining products, stagnating FDI growth rates in mining operations (see Table 4.4) and economic slowdown (see Graph 4.2).



**Graph 4.2** Real GDP growth rates: 1975–2016 (Source [http://www.bcrp.gob.pe/docs/Estadisticas/Cuadros-Anuales/ACuadro\\_02.xls](http://www.bcrp.gob.pe/docs/Estadisticas/Cuadros-Anuales/ACuadro_02.xls). Accessed July 31, 2017)

Policies were implemented that should stimulate investments by national and transnational mining Capital.

The government's objective to attract new investments by mining Capital is fully understandable as it inserted the fiscal contribution of extractive industries into the cornerstone of its social policies. In the context of diminishing export values for the country's minerals and economic slowdown, the financing of the country's social programs has become very complicated as the contribution of mining Capital to total tax incomes started to reduce. While in 2011 the mining sector's contribution to total income tax was 33.3%, in 2016 this had reduced to 4.5% (Cooperación 2017, 17).<sup>40</sup>

#### 4.4 PERU'S ROLE IN THE INTERNATIONAL DIVISION OF LABOR AND ITS ECONOMIC DEVELOPMENT MODEL

Peru is one of those countries that possess abundant mineral resources. The country's role in the international division of labor is to provide the raw materials for capitalist economic development in the advanced

capitalist countries and China, among others. Hence, it is not surprising that, for instance, Peru's mining business has been historically a foreign affair (FitzGerald 1981, 154, 157; Torres Cuzcano 2013, 38; Grupo Propuesta Ciudadana 2014, 10). In Table 4.5, data are presented on the country's export structure in the period 1980–2016.

The data in Table 4.5 show the country's dependency on the extractive sectors. The increased contribution of mining products to total exports in the years between 2005 and 2016 has been caused by the rise of the commodity prices and/or the increased demand of China, Peru's principal trade partner.

Peru's role in the international division of labor is not the consequence of its possession of abundant natural resources necessary for

**Table 4.5** Peruvian export structure: 1980–2016 (in percentages of total exports, in current prices)

	1980 (%)	1985 (%)	1990 (%)	1995 (%)
Traditional products	77.2	74.8	68.8	72.5
Fishing	4.9	4.2	10.5	14.3
Agriculture	5.8	7.6	5.3	6.3
Mining	46.9	41.9	45.1	47.6
Petroleum and derivatives	19.6	21.1	7.9	4.3
Non-traditional products	21.4	24.4	30.1	26.3
Other	1.4	1.1	1.1	1.2
Total	100	100	100	100
	2000	2005	2010	2016
Traditional products	69.1	74.6	77.8	70.6
Fishing	13.7	7.5	5.3	3.4
Agriculture	3.6	1.9	2.7	2.4
Mining	46.3	56.4	61.2	58.8
Petroleum and derivatives	5.5	8.8	8.6	6.0
Non-traditional products	29.4	24.6	21.5	29.1
Other	1.5	0.8	0.7	0.3
Total	100	100	100	100

Source <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed February 1, 2018

capitalist development in the global North (and the global South), but the historical result of having its proper (capitalist) development been cut off by colonial exploitation and oppression. The country entered the world capitalist arena without having capitalistically developed its own productive processes and became subjected to the necessities of Capital in the global North (Frank 1971; Mandel 1975, 76, 90; Yepes del Castillo 1972, 32–33; Emmanuel 1976, 24). One of the reasons for Capital to pass the borders of its native country is because it needs to assure the free flow of natural resources (Magdoff 1969, 39–40). Another motive for investments in underdeveloped countries is the availability of an abundant cheap labor force.

The country's function in the globalized capitalist world is translated into an economic model based on the export of the country's mineral resources. This model was introduced in the 1990s during the regime of Fujimori

The extractive economic development model was implemented through a whole range of measures and laws that were accompanied by the privatization of public enterprises, many of them dedicated to mining. In the period 1992–2000, more than 200 mining operations were privatized (Bury 2011, 90). According to Campodónico (1999, 25, 27), practically all state-owned mining companies were transferred to private foreign hands, predominantly to USA, Chinese, Canadian, and Australian Capital (Ruiz Caro 2002, 70). As a consequence of the privatization policy, investments in the mining sector started to rise dramatically. While in 1992 total investments in mining projects amounted to US\$20.9 million, in 1998 this had already increased to US\$1.1 billion (Campodónico Sánchez 1999, 30). And whereas in 1990, private companies produced 55% of all minerals in Peru, in 1999 this had augmented to 95% (Bury 2011, 90).

Since the implementation of Fujimori's economic model, the country has not left the investment agenda of transnational mining Capital. In the period 1990–1997, investment in mining exploration and exploitation grew by 2000% (World Bank 2005, 20). In 2010, of all Latin-American countries, Peru received the most investments in mining exploration and was third worldwide, after Canada and Australia (Panfichi and Coronel 2011, 395). In Table 4.6, data are presented on the contribution of the FDI in mining to total FDI and the FDI mining stock in the years 2005–2015.

**Table 4.6** Contribution of the FDI in mining to total FDI and the FDI mining stock: 2005–2015 (in millions of US\$)

<i>Year</i>	<i>Contribution to total FDI (%)</i>	<i>FDI mining stock</i>
2005	15.0	2069.2
2006	17.4	2650.8
2007	17.6	2747.7
2008	18.2	3204.0
2009	21.3	4126.3
2010	23.6	5028.4
2011	24.5	5391.0
2012	24.7	5611.7
2013	23.4	5592.0
2014	23.2	5637.7
2015	22.5	5648.1

*Source* Proinversión, “Inversión extranjera”. Accessed February 1, 2018. <http://www.investinperu.pe/default.aspx> (consulted 01/02/2018)

As the governments of Toledo, García, and Humala did not fundamentally alter the economic development model or the political economy framework introduced by Fujimori, it can be understood that, principally, policies were developed and implemented that furthered the same model. Toledo’s regime, for instance, enacted a Supreme Decree Law to reduce the import duties paid on those capital goods that were going to be used in the exploration and the production of certain minerals such as oil and gas in the Amazon region, and a law that eliminated the 18% sales tax on capital goods and services for mineral exploration (Gurmendi 2012, 17.3).

García’s policies to deepen the model and to graphically broaden its scope can be resumed in the regime’s efforts to speed up the process to parcel indigenous land (and consequently the water rights) and to provide individual ownership titles of this land. The regime tried to break the communities by making use of the legislative powers that were granted to implement the free trade agreement with the USA. About 100 Decree Laws were proposed by the García administration. Laws were included that had the objective to increase the possibilities (i) to parcel up the land of the communities; (ii) to appropriate supposedly uncultivated land, mainly belonging to the communities; (iii) to break the democratic decision-making process in the communities; and (iv) to broaden the legal possibilities for the police to repress social protests



against these laws. And so, while in 2004 13% of indigenous communities' territory was given in concession to gas and petroleum companies, at the end of 2008 this was increased to 70% (Pinto 2009, 86; Bebbington 2009, 14). In 2010, more than 70% of the Amazon region was parceled out (Huertas Castillo 2011, 217) and already 21 million hectares were given in concession, approximately 16% of the national territory (Urteaga 2011, 40; De Echave 2012, 72).

Economic policies implemented during the government of Humala have been characterized by the economic consequences of the end of the commodities boom. As the export of the country's mineral resources maintained its principal role in the model, in the context of the end of the commodities boom in 2011–2012 the regime was forced to strengthen the model. Policies were implemented that should attract new investments by national and transnational mining Capital (new fiscal stability pacts to protect mining companies for changes in the tax regime) and to increase mining production (measures that should accelerate the approval process of mining concessions, reduction of environmental regulations). In 2013, 20% of the national territory was given in concession (De Echave and Diez 2013, 20).

Peru's function in the globalized capitalist world economy as a provider of raw materials for capitalist development in the global North has made the country extremely vulnerable to international recessions. Economic slump in the advanced capitalist countries and China reduces the demand and the prices for Peru's mineral resources, causing diminishing economic growth rates. Dancourt (2016) argues that high economic growth in Peru is related to high commodity prices. Recessions are connected with low commodity prices. Gonzales de Olarte (1986, 15) demonstrates that the short-term crises that have taken place in Peru in the period 1948–1985 have been “provoked” by the reduction of the country's export values. Economic recuperation went, in general terms, hand in hand, among others, with the improvement of the international prices of copper, zinc, silver, etc.<sup>41</sup> Graph 4.2 presents the evolution of real GDP growth rates for the years between 1975 and 2016. Crises in the global North have direct effects on Peru in the sense that it reduces investments by international Capital, diminishes the demand for the country's mineral resources and decreases the realization of value and surplus value of local Capital in Peru and abroad.

The ups and downs of Peru's GDP demonstrate the country's dependency on economic development in the global North, i.e., on the

demand for and the prices of its commodities. The world economic crisis in the 1970s negatively affected the country's commodity prices. In 1978, these prices started to rise again, resulting in economic growth.

The reduction of the commodity prices in 1981 and 1982 coupled with the international debt crisis not only diminished economic growth and even caused negative economic growth, but also made the country less attractive for FDI.<sup>42</sup> The overall consequences of the Latin-American debt crisis could not be compensated by the commodity price increases of 1983. Hence, real GDP growth continued its negative trend. In 1983, it was -10.4%. One year later foreign capital started to reduce its investments in the country. In the period 1985–1995, economic growth and economic crisis was principally the result of internal factors.

In 1995, the reduction of the prices of some of Peru's minerals such as copper and tin did not have a negative effect on the GDP growth rate. Negative economic growth in 1998 can be attributed, for a part, to the effects of the Asian (1996–1997) and Russian crisis (1998). Economic slowdown in 2001 is related to the political crisis caused by the fall of the Fujimori regime in September 2000, the recession in the USA triggered by the collapse of the stock prices of information technology companies in 2001 and the weakening of economic growth in the Eurozone (Parodi Trece 2014, 147–50).

Since 2002, the Peruvian economy has increased tremendously. According to the IMF (2013, 5), over the period 2000–2012, the economy almost doubled in size and real GDP grew at an average annual rate of 6.3% (the highest 10-year average growth in Peru's history). The prices and export volumes of Peruvian minerals increased. This boom was caused by economic growth in China and India, and the credit boom in Europe and the USA (Parodi Trece 2014, 221, 255–56). The international financial crisis of 2008–2009 reduced the demand for the country's commodities (slow economic growth in the global North) and negatively affected the commodity prices.

The recuperation of economic growth after the crisis was principally fed by the demand for the country's mineral resources: export volumes and prices of Peruvian minerals were going up again (Torres Cuzcano 2013, 63–64). The country became one of the principal spots for mining investments. In 2010, of all Latin-American countries, Peru received the most investments in mining exploration and was third worldwide, after Canada and Australia (Panfichi and Coronel 2011, 395).

In 2011, the commodities boom came to an end. The demand for the country's commodities reduced, its prices decreased and investments in mining exploration diminished (Cooperación 2017, 10–11). According to Parodi Trece (2014, 337–38), slow economic growth in the advanced capitalist countries and India was the main cause for Peruvian exports to diminish.

Starting from 2015, the contribution of the mining sector to GDP began to grow again (Cooperación 2016, 4). In 2016, investments in mining exploration increased when compared to 2013, 2014, and 2015 (Cooperación 2017, 10).

#### 4.5 THE STRUCTURE OF THE PERUVIAN ECONOMY

The economic and business structure of a country might be considered, for a part, as the internal expressions of a country's role in the globalized capitalist world. However, these structures do not play a passive role as they help to strengthen the role of a nation in the international division of labor. In Table 4.7, the composition of GDP according to economic sectors is presented for the years 1980–2015.

In the years between 1980 and 2015, the contribution of the manufacturing sector to GDP was small and even falling. The reduced

**Table 4.7** Composition of GDP according to economic sectors: 1980–2015 (in prices of 2007)

<i>Economic sectors</i>	1980 (%)	1985 (%)	1990 (%)	1995 (%)	2000 (%)	2005 (%)	2010 (%)	2015 (%)
Agriculture and livestock	4.7	5.4	6.2	6.1	7.0	6.2	5.7	5.3
Fishing	0.2	0.4	0.6	0.6	0.8	0.8	0.5	0.4
Mining	18.0	17.4	13.2	11.5	13.2	15.8	13.3	12.4
Manufacturing	17.7	15.9	16.2	16.5	15.7	16.3	15.5	13.5
Electricity and water	1.0	1.0	1.4	1.4	1.7	1.7	1.7	1.8
Construction	3.6	2.9	3.8	5.5	4.6	4.4	6.3	6.2
Commerce	10.6	9.5	9.8	10.4	10.0	9.6	10.6	11.2
Services (including payments for import rights and taxes)	44.1	47.4	48.8	47.9	47.1	45.2	46.5	49.2

Source <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed December 12, 2016

importance of the manufacturing sector for GDP, however, is not a particular Peruvian phenomenon. In Colombia, Bolivia, and Brazil, among other countries, the same problem exists. These are all countries dependent, for a large part, on their natural resources. Also in Malta, the Netherlands, New Zealand, and the USA, the contribution of the manufacturing sector is relatively low (World Bank 2016, 108). What marks the difference between these two sets of countries is the fact that the nations in the global North largely compensate the limited contribution of their manufacturing sector with the production of tradable services. The services that are produced in Peru are principally non-tradable services. Hence, the services account of the country's balance of payments shows structurally a deficit. This external disequilibrium expresses the particularity of capitalist production in Peru (Figueroa 1986, 77).

Peru's function as principally a provider of commodities is expressed in the reduced importance of the manufacturing sector for GDP and the fact that the majority of the tradable goods pertain to the extractive sectors of the economy. The dominance of non-tradable sectors (electricity and water, construction, commerce, and most of the services) in GDP demonstrates that production is not focused on high value-added exportable goods and services.<sup>43</sup>

The relation between the international division of labor and the structure of the Peruvian economy is fortified by international capital movements. Not only these movements result in the country's particular role in the international division of labor, but also this international division of labor itself helps to shape, for its turn, the particularities of these capital flows.<sup>44</sup> FDI flows reveal that international Capital has been mainly interested in the extractive sectors of the economy, communication, and finance.<sup>45</sup> The state-owned companies with the highest investment projections that were privatized in the 1990s were those active in the mining, hydrocarbon, and telecommunication sectors (Ruiz Caro 2002, 28–29).

Table 4.7 demonstrates that Peru's economic structure has not fundamentally changed in the last thirty-six years. However, when we compare the country's current business structure with the structure midst 1980s, we can find remarkable differences. Today, Peru is a country of micro-businesses.<sup>46</sup>

The emergence of micro-businesses in Peru is not the result of certain governmental policies, although the regimes of Belaúnde, García, and Fujimori have definitively contributed to the growth of micro-enterprises

in the Peruvian economy.<sup>47</sup> The simplification of legal procedures to establish a small firm, tax exonerations for small companies and fiscal incentives to buy machinery and equipment (Villarán 1992, 56–57, 61) stimulated their growth in the economy.

In the period 1971–1985, small industry (industrial companies that employ between 5 and 19 individuals) had been growing annually with about 6.2% in terms of establishments and 4.9% in employment. These growth rates were already a lot higher than those of medium-sized and big companies.<sup>48</sup> Especially during the recessions in the years between 1971 and 1985, small industry grew particularly strong. In the years of economic expansion (1970–1976), small industry saw its participation in the economy slightly diminished (Villarán et al. 1988, 13–14).

The strong annual growth rates of small industry slowly turned these companies into the most important providers of industrial employment. While in 1971 small industrial companies provided 19.1% of total industrial employment, in 1980 this was 22.7% and in 1987 this had grown to 31.7%. Medium-sized industrial companies (20–199 individuals employed) and big companies saw their weight in total industrial employment structurally diminished. The participation of big industry (industrial companies that employ more than 199 individuals) in total industrial employment, for instance, reduced from 38.8% in 1976 (up from 29.6% in 1971) to around 30% in 1987 (Villarán 1993, 86).

Data on the evolution of employment in micro companies also reveal that since mid-1980s, important changes have been taken place in the Peruvian business structure (see Table 4.8). Starting from 1989, the importance of micro companies for employment is only going up and, with the exception of companies that employ between 100 and 499 individuals, companies that employed 20 or more individuals saw their significance for employment reduced.

The conversion of Peru in an economy of micro companies finds its origin in the country's role in the international division of labor.<sup>49</sup> As its main function is to provide the raw materials for the enlarged reproduction of capitalism abroad, this means that a large number of individuals in the working age are in fact superfluous. The mining sector, the principal provider of the required raw materials, employs only a very small part of the EAP.

Although the country's conversion into an economy of micro-business undertakings is structurally rooted in the international division of labor, the conversion itself is principally the consequence of the economic

crises in the 1980s, the restructuring of the companies in the 1980s and 1990s, and the implementation of neoliberalism in the 1990s. The crises reduced employment opportunities in big companies and diminished real income. Salaries and wages were not sufficient anymore for the reproduction of labor-power and forced individuals to set up their own (micro) companies. Micro companies serve as a safety net for all those individuals who have not been able to find adequate employment.<sup>50</sup>

The worldwide restructuring processes that were implemented at the company level were a response of Capital to the profitability crisis of the 1970s. The measures that were taken pointed (i) to restore profitability, i.e., to stop the profit rate from falling; (ii) to increase its markets in order to “solve” the overproduction crisis; and (iii) to expand investment possibilities around the globe. Not only new production technologies and a new regime of accumulation/labor regulation (post-Fordism) were incorporated and labor-intensive lines of industrial production were relocated overseas (Petras and Veltmeyer 2013, 9), but also the relations between Capital and labor were importantly changed. This new Capital-labor relation was based on de-unionization, flexible workers, and deregulated work conditions (Robinson 2010, 15). Subcontracting, outsourcing and flexibilization, among others, were new forms of how the Capital-labor relation was expressed.

Peru was not exempt from these changes. Strategies for outsourcing and subcontracting were introduced and corporations started to split up to benefit from tax exonerations for micro companies.<sup>51</sup> Another reason for the reduction of the company size was the fact that micro-enterprises were allowed to make extended use of temporary labor-power (Actualidad Económica 1990, 27, 29, 30).<sup>52</sup>

The implementation of neoliberalism in the 1990s meant, among others, the elimination of labor stability and the liberalization of the labor markets. Both had a positive effect on the development of micro companies (Cuadros Luque 2017, 66–67; Bernedo Alvarado 1999, 177–78; Raffo 2015, interview). According to Manuel Dammert (2015, interview), when neoliberalism was implemented the whole productive apparatus collapsed. People started to be employed in small and micro-businesses.

Micro companies are of key importance for the population as they are the main providers of employment. However, their contribution to total national production is small.<sup>53</sup> In 2007, for instance, data reveal that micro companies produced 5.9% of total production in the country. Medium-sized and big companies produced 85.3% of total production

(INEI 2008, 37). In 2013, according to data of the INEI, it was expected that the participation of micro companies in total annual sales would be 5.6%.<sup>54</sup>

Estimations of the INEI show that in 1991 around 95.9% of total establishments in Peru employed one to 19 individuals. In 88.4% of all corporations, one to four individuals were employed. Around 75.6% of all businesses were restaurants, hotels, and communal and personal services companies that employed one to 19 individuals. 41.9% of the occupied EAP worked in companies that employed one to four individuals. When we add the companies that employed five to nine individuals, we get a total of 61%. For companies that employed 20 and more individuals, the percentage was 38.9% (INEI 1993, 626–27). Data of the National Census of 1993 indicate that 58.7% of the occupied EAP (six years and older) worked in companies (defined as “work center”) that employed less than five individuals and 65.2% in companies with one to 10 individuals (INEI 1994, 1561).

In 2007, 95.1% of all private production units (for-profit and non-profit) were micro companies, 4.1% were small enterprises, and 0.9% were medium-sized and big corporations.<sup>55</sup> 94.4% of all corporations were businesses that employed between one and 10 individuals. Small manufacturing industries, commerce, hotels, and restaurants employed 75.8% of the occupied EAP within the micro-business segment and 36.1% of total occupied EAP (INEI 2008, 29, 31).

The economic stagnation of Peruvian businesses can be fully demonstrated when we compare the data of 1991 and 2007 on the number of (private) businesses with the data for the period 2012–2016. In Table 4.8, data are presented on the absolute number of private companies according to annual sales for the period 2012–2016.

**Table 4.8** Absolute number of private companies according to sales: 2012–2016

<i>Year</i>	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>
2012	1,557,700	61,322	9582
2013	1,689,366	71,442	11,195
2014	1,787,857	77,503	11,380
2015	1,933,525	89,993	12,494
2016	2,011,153	92,789	13,031

*Source* INEI (2014b, 15; 2015, 16; 2016a, 9; 2017, 7)

The data in Table 4.8 as also the information for 1991 and 2007 show the dominance of micro-businesses in the Peruvian economy. In 2012, 95.6% of total private companies were micro companies. In 2016, this was slightly reduced to 95%. Micro companies are not exclusively dominant in the service sector (including commerce, and banking.). They are dominant in all economic sectors. More detailed information on the sectoral distribution of private companies according to sales in the years 2012–2016 can be found in Appendix 4.1.

The hegemonic position of micro companies in the Peruvian economy is matched by their major presence in international trade. The majority of the exporting corporations are micro-businesses. However, just as in the case of their contribution to annual sales, the participation of these corporations in total exports value is negligible. While in 2014, 60.8% of all exporting enterprises were micro-businesses, their contribution to total exports value was 0.6%. In Table 4.9, data are presented on total exports according to company size in 2013 and 2014.<sup>56</sup>

The reduced importance of micro companies for Peruvian exports is definitively a striking feature of the Peruvian economy. More than 90% of the exports are concentrated in 8% of all companies that operate in Peru. Furthermore, only a very small number of companies are active in international trade. In 2013 and 2014, just 0.4% of all corporations exported their goods and/or services.

**Table 4.9** Value of total exports according to company size: 2013–2014<sup>a</sup>

	2013		2014	
	<i>Number of companies</i>	<i>Value in millions of US\$</i>	<i>Number of companies</i>	<i>Value in millions of US\$</i>
Micro companies	4798	238	4791	234
Small companies	2098	1682	2196	1586
Medium-sized companies	262	828	259	783
Big companies	607	39805	636	35,577
Total	7765	42,553	7882	38,181

Source ADEX, PymeNews, February 2015. Accessed August 9, 2017. <http://prueba.adexdatatrade.com/Members/Boletines.aspx?g=12>

<sup>a</sup>The definition of micro companies, small companies and medium-sized and big companies is based on annual sales



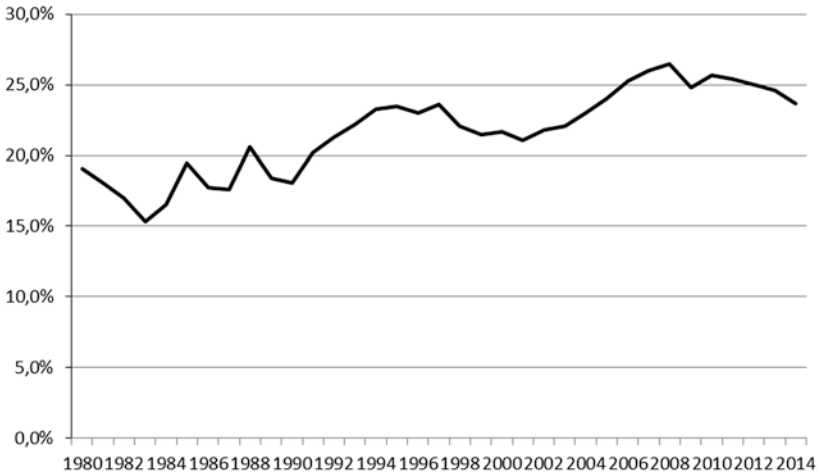
## 4.6 DYNAMICS OF CAPITAL ACCUMULATION (THE PROFIT RATE)

In *Capital*, Marx explained that the average rate of profit has a tendency to fall. This tendential decrease is principally caused by the tendential increase of the OCC. Between 1980 and 2014, the OCC in Peru showed an upwards tendency. The increase of the OCC should indicate an overall rising national productivity. However, in the period 1980–2014, total factor productivity (TFP) showed a declining and stagnating tendency. Measured in constant prices, TFP reduced in the 1980s and stagnated in the years 1990–2014, i.e., in the period 1990–2004, TFP showed a downward tendency, and in the years between 2004, it showed an upwards tendency. In 2014, TFP was higher than in 1990, but it was lower when compared to 1989.<sup>57</sup>

The development of the Peruvian OCC and the evolution of TFP are in accordance with the Peruvian business structure based on micro companies, the privatization processes initiated during the regime of Fujimori and the commodities boom that started to unfold in the second half of first decade of the new millennium.<sup>58</sup> While the privatization of state-owned companies and the commodities boom increased private investments (increased TFP in 1993–1997 and in 2004–2011), the national rate of productivity did not structurally increase as the absolute majority of the labor force has been, and still is, occupied in companies with low rates of capital intensity.

Notwithstanding the particularity of the Peruvian relation between the development of the OCC and the country's TFP, the increase of the Peruvian OCC did not correspond with a decrease of the average rate of profit. In the period 1980–2014, the Peruvian average rate of profit increased. In Graph 4.3, the development of the profit rate of Peru in the period 1980–2014 is presented.<sup>59</sup>

The tendency of the profit rate to rise is principally the consequence of Capital's capacity to increase the rate of exploitation and to use the inflation instrument as a redistribution mechanism (counter-tendencies). The increase of the rate of exploitation is mainly caused by an attack on the labor rights. The increase of the general price level enabled Capital to appropriate wealth that was in the hands of the working population (reduction of real wages and salaries). In Graph 4.4, we present the evolution of the rate of exploitation of Peru in the period 1980–2014.<sup>60</sup>



**Graph 4.3** Profit rate of Peru: 1980–2014 (*Source* Penn World Table 8.1. Accessed July 31, 2017 in <http://febpwt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>)



**Graph 4.4** Rate of exploitation of Peru: 1980–2014 (*Source* Penn World Table 8.1. Accessed July 31, 2017. <http://febpwt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>)

The tendency of the profit rate to rise might be considered a particularity of Peruvian capitalism or, maybe better, a particularity of a country which role in the international division labor is to provide the raw materials for capitalist development in the global North. A detailed analysis of the profit rate shows (i) how the country's function in the international division of labor is translated in the particular development of the profit rate; (ii) how economic crises affect the profit rate and the rate of exploitation; and (iii) how class struggle from below and above heavily influences the development of the profit rate.

The international debt crisis, the reduction of the prices of the country's principal commodities, the diminution of the rate of exploitation caused by the class struggle from below, and the increase of the OCC in the years between 1980 and 1983, all contributed to bring about a decrease of the profit rate. In these years, the production of surplus value reduced. The fall of real wages and real salaries in 1984 (INE 1986, 151) augmented value appropriation, increased the profit rate, and gave rise to a new upsurge of the class struggle from below.<sup>61</sup>

During Garcia's first term, the profit rate showed an erratic behavior. In 1985, economic stimuli helped to restore profitability (the rate of exploitation and surplus value production increased). In 1986 and 1987, however, the profit rate decreased. In 1988 profitability augmented, and in 1989 and 1990 it began to fall again. In 1986, 1989, and 1990, surplus value production diminished.<sup>62</sup> But while in 1986 and 1987 the rate of exploitation decreased, in 1988, 1989 and 1990 it increased. The unfolding economic crisis at the end of the 1980s diminished the production of surplus value, although increased the rate of exploitation (weakening of the class struggle from below). The reduction of gross private fixed investments growth and the increase of underemployment and unemployment explain the reduction of surplus value and its negative effects on the profit rate.<sup>63</sup>

In the years of the Fujimori government, the profit rate started to increase structurally. From 1990 to 1997, its development shows a continuous rise. Its fall in 1998 and 1999 and its very weak recuperation in 2000–2001 are caused by (i) the effects of the Asian and Russian crisis; (ii) the insecurity regarding the future of the program of concessions and privatizations; and (iii) the political instability due to Fujimori's intent to participate in the presidential elections of 2000. In the years 1998–2000, gross private fixed investments reduced. FDI flows in 1998, 1999, and 2000 were less than in 1997.

The increase of the profit rate in the period 1990–1997 is matched by the similar development of the rate of exploitation and the production of surplus value. This development shows the success of the ferocious class struggle from above that was initiated during the Fujimori regime.<sup>64</sup> In 1998, surplus value production and the rate of exploitation reduced. Although in 1999, the diminution of the rate of exploitation continued, for a part, the consequence of the return of the class struggle from below expressed in a considerable increase of strikes in the private sector and of the number of workers involved (see Chapter 6), the production of surplus value augmented a bit. In 2000, the rate of exploitation increased again, the production of surplus value augmented, and the class struggle from below reduced significantly.<sup>65</sup>

The profit rate, the rate of exploitation, and the production of surplus value increased during the regime of Toledo.<sup>66</sup> These developments can be explained by the fact that the government (i) continued the economic model implemented by Fujimori; (ii) reinitiated the privatization processes and concessions; and (iii) was focused on signing free-trade agreements. Economic security and the unfolding commodities boom attracted Capital. Between 2001 and 2006, gross private fixed investments flows increased with 55%.<sup>67</sup>

During García's second term, the profit rate and the exploitation rate continued their ascending tendencies. However, in 2009, the profit rate reduced as a consequence of the international financial crisis. This reduction was not caused by a diminution of surplus value production (this continuously increased), but appears to be the result of the rise of the OCC in combination with a fall of the rate of exploitation.<sup>68</sup> When 2006 is compared with 2014, gross private investments flows increased with 133%.<sup>69</sup>

The end of the commodities boom in 2011 marked the beginning of a continuous fall of the profit rate. Massive fixed private investments in predominantly the mining and hydrocarbon sectors caused an increase of the OCC that was not offset by a sufficient increase of surplus value production in all economic sectors and branches. The stagnation of the development of the rate of exploitation also indicates that Capital has not been able to step up (national) surplus value production in order to counter the increase of the OCC.<sup>70</sup> Marx's law of the tendency of the average rate of profit to fall due to an increase of the average OCC seems to have been working during the Humala regime.

## 4.7 THE CAPITALIST SUBSISTENCE ECONOMY

In Sect. 4.4, we saw that Peru's function in the international division of labor is primarily to provide the mineral resources for capitalist development in the global North. The country's economic development is heavily dependent on economic progress in the advanced capitalist countries and China. Section 4.5 showed that Peru is principally a country of micro companies. These enterprises are the principal providers of employment and are dominantly present in every economic sector and branch. The non-tradable sectors largely outweigh the tradable sectors in the economic structure of the country. FDI is fundamentally directed toward the sectors and branches that produce tradable goods and services. In Sect. 4.6, we demonstrated that the Peruvian profit rate has a tendency to rise as a consequence of increasing rates of exploitation that seems to structurally offset the negative effects of the rise of the OCC on the profit rate. This all brings us to our overall characterization of the Peruvian economy.

The Peruvian economy can be defined as an economy which is divided into an economy at the service of the major private corporations—especially the transnational corporations in the extractive sector—and an economy of micro-enterprises characterized by low levels of productivity and expressed in remuneration rates at or near (below or above) the minimum wage level.<sup>71</sup> The first economy we term the advanced economy and the second a CSE.<sup>72</sup> Both economies are money based, production is driven by profit, and the market is the principal distribution mechanism. This division is not reduced to one sector in particular, but all economic sectors are divided into an advanced economy and a CSE.<sup>73</sup> In Tables 4.10 and 4.11, data are presented on the distribution of the EAP by enterprise size groups in the periods 1986–1995 (Metropolitan Lima)<sup>74</sup> and 1997–2016 (Peru).

The rise of the CSE is product of the international division of labor that caused a part of the Peruvian economy to be heavily tied to the development of worldwide capitalist development in general and to international Capital in particular. In other words, the role of the country in the globalized capitalist world provides the structural basis for the rise of the CSE. The struggle for survival (economic crisis) in the 1980s and the reduction of personnel by the corporations in the context of a complete absence of a social security system (1980s and 1990s)<sup>75</sup> contributed to its appearance within the whole of the Peruvian economy.

**Table 4.10** The distribution of the EAP by enterprise size groups (principal occupation of employed) in Metropolitan Lima: 1986–1995 (as a percentage of total EAP in Metropolitan Lima)<sup>a</sup>

<i>Size of company according to individuals employed</i>	1986 (%)	1987 (%)	1988 <sup>b</sup> (%)	1989 (%)	1990 (%)	1991 (%)	1992 (%)	1993 (%)	1994 (%)	1995 (%)
1 individual	23.3	21.6	xxx	22.5	24.0	27.9	27.5	25.8	25.2	24.3
2–4 individuals	25.0	24.2	xxx	23.4	25.4	23.1	25.0	26.3	26.7	27.3
5–9 individuals	9.0	8.5	xxx	7.8	8.1	7.1	7.5	8.4	7.9	9.8
10–19 individuals	5.9	5.6	xxx	4.8	5.7	5.3	6.0	5.8	6.2	5.6
20–49 individuals	6.6	6.1	xxx	7.0	6.9	5.9	6.7	6.4	6.7	6.1
50–99 individuals	4.6	3.7	xxx	4.3	4.2	4.4	4.1	4.1	4.6	3.9
100–499 individuals	8.0	8.7	xxx	7.4	6.4	7.7	7.5	7.3	7.2	8.6
500 and more individuals	17.6	21.6	xxx	22.8	19.3	18.6	15.8	15.9	15.5	14.3
Total	100	100	xxx	100	100	99.8	100.1	100	100	100.1

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1995

<sup>a</sup>Rounding differences cause that the percentages do not add up to or are slightly above 100%

<sup>b</sup>No data are available for 1988

**Table 4.11** The distribution of the EAP by enterprise size groups (principal occupation of employed) in Peru: 1998–2016 (as a percentage of total occupied EAP in Peru)<sup>a</sup>

<i>Size of company according to individuals employed</i>	1998 (%)	1999 (%)	2000 (%)	2001 (%)	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)
1 individual	23.5	22.9	23.8	21.2	21.5	21.4	20.3	19.5	19.3	20.0	19.8	19.4	19.2	19.6	19.2	19.7	19.7	20.1	20.7
2–4 individuals	46.7	45.5	45.0	48	46.8	46.9	46.6	47.2	46.5	45.5	44.7	45.1	45.1	45.8	44.9	44.5	45.0	46.0	45.6
5–9 individuals	11.5	12.7	10.9	11.7	12.2	13.9	14.9	14.8	15.1	14.1	14.6	14.4	14.6	13.8	13.5	13.0	12.2	11.3	10.5
10–19 individuals	3.2	3.3	3.3	3.6	3.1	3.1	3.5	3.9	3.5	3.6	3.7	3.7	3.6	3.5	3.7	3.4	3.5	3.2	3.2
20–49 individuals	2.2	2.6	2.7	2.6	2.5	2.5	2.4	2.3	2.6	2.6	2.7	2.8	2.8	2.6	2.8	2.8	2.7	2.9	2.7
50–99 individuals	1.2	1.3	1.4	1.3	1.4	1.2	1.2	1.2	1.3	1.3	1.2	1.3	1.3	1.3	1.5	1.6	1.6	1.6	1.5
100–499 individuals	2.1	1.9	1.7	2.1	2.0	1.8	2.0	1.9	2.0	2.2	2.3	2.4	2.4	2.6	2.5	2.7	2.6	2.8	2.9
500 and more individuals	9.6	9.8	11.2	9.4	10.4	9.1	9.2	9.1	9.6	10.6	10.9	10.9	10.9	11.1	12.0	12.2	12.6	12.2	12.8
Total	100	100	100	99.9	99.9	99.9	100.1	99.9	99.9	99.9	99.9	100	99.9	100.3	100.1	99.9	99.9	100.1	100

Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1998–2016

<sup>a</sup>Rounding differences cause that the percentages do not add up to or are slightly above 100%

The CSE is functional for the development of the advanced economy.<sup>76</sup> Certain productive tasks are outsourced to the CSE in order to reduce costs in the advanced economy. The CSE is a key provider of labor and materials (at low costs) for the advanced economy.

The CSE is the principal supplier of the goods and services for the reproduction of labor-power in the advanced economy. As it produces these commodities at low costs, this production helps to reduce labor costs in the advanced economy.<sup>77</sup>

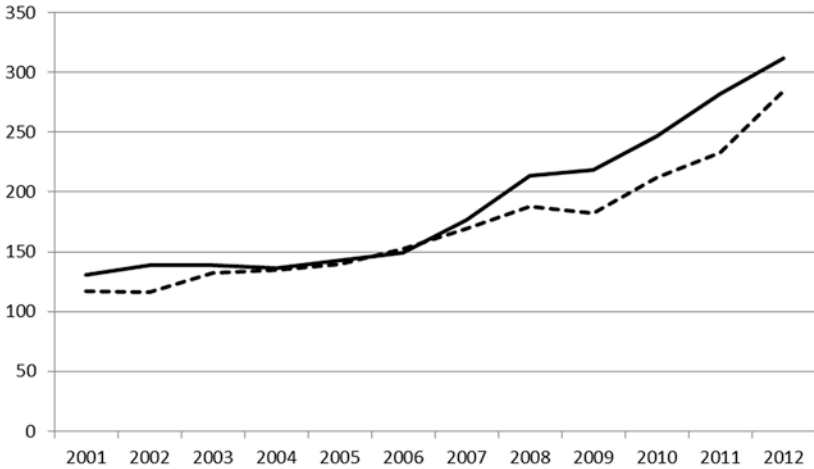
Individuals that are employed in the CSE receive a remuneration that appears not to be sufficient to reproduce their labor-power. This is what is called super-exploitation. Although precise information on the costs for the reproduction of labor-power is not available, on the basis of data on the Peruvian poverty line, it is reasonable to conclude that a large number of individuals in the CSE are super-exploited.

In 2016, the poverty line (the basket of basic foodstuffs) for a family of four stood at around US\$388 (US\$97 for every individual).<sup>78</sup> In 2016, the poverty line (the basket of basic foodstuffs) for a family of four stood at around US\$388 (US\$97 for every individual).<sup>79</sup> Although the nominal minimum wage is sufficient to finance the monthly basket of basic foodstuffs, as it does not include the costs of house rents, electricity, gas, water, transportation, and education, among others, it can be expected that the nominal wage is not sufficient to reproduce labor-power. The fact that around 70% of the Peruvian working population is informal<sup>80</sup> and of which supposedly the majority earns a wage less than the nominal minimum wage, also might indicate that a large number of individuals is super-exploited.<sup>81</sup>

As we have seen in Tables 4.10 and 4.11, the absolute majority of the EAP works in micro companies. Individuals who labor in these companies earn, it is supposed on the basis of the data of the INEI, a wage or salary around the nominal minimum wage level. In Graph 4.5, the nominal minimum wage level is compared with the average nominal remuneration of individuals working in companies that employ one to 10 individuals.<sup>82</sup>

Super-exploitation in countries at the periphery of world capitalist development is conditioned by the role of these countries in the international division of labor. As they are principally providers of the raw materials for capitalist development in the global North, large industries producing high levels of aggregate value with, in general, corresponding wage and salary levels seem not to be necessary.<sup>83</sup>





**Graph 4.5** Nominal minimum wage and average nominal remuneration of individuals working in companies that employ 1–10 individuals: 2001–2012 (in US\$). Unbroken line: average nominal remuneration. Broken line: nominal minimum wage level (Source <http://series.inei.gob.pe:8080/sirtod-series/> and [www.mintra.gob.pe](http://www.mintra.gob.pe). Accessed August 6, 2017)

Super-exploitation only becomes a reality in specific circumstances. In the case of Peru, super-exploitation is a reality for the majority of its working population because of (i) the weakness of the labor movement (see Chapter 6); (ii) the enormous number of low skilled employees that compete with each other for small temporary jobs<sup>84</sup>; and (iii) the ferociousness of price competition between the huge amount of micro-businesses. In addition, although the super-exploited individuals produce for “their” own market and for the market of the advanced economy, this does not impede the companies to pay wages below the costs of reproduction. The individual negative effect of super-exploitation, wages and salaries that are too low to reproduce one’s own labor-power, is “solved” by the credit system and by sharing one’s household with other individuals, among other “measures”.

The CSE is similar to what has commonly been called a subsistence economy in the sense that the economic surplus is minimal and the economic activities employed are meant for the reproduction of survival, i.e., the companies in the CSE do not tend to reproduce themselves at enlarged scale.<sup>85</sup> Companies in the CSE are businesses that, in general,

do not invest in what is called human capital or in technological development (the production of absolute surplus value dominates over the production of relative surplus value).<sup>86</sup> Not only the quantity of surplus value appropriated seems to be too low to expand constant capital, but also low wage costs do not “stimulate” these businesses to replace variable capital for constant capital.<sup>87</sup> As can be expected, FDI is not directed toward companies in the CSE.

Businesses in the CSE function as a safety net for all those individuals that have not been able to find employment in the advanced economy. In Peru, it might be argued that the reserve army of labor not only encompasses the unemployed and the underemployed, but, in fact, all those individuals that are employed in the CSE.<sup>88</sup> Palma (1988, 37) explains that countries at the periphery of the world capitalist system have a permanent surplus of workers that does not have other possibilities than to start small businesses. These business undertakings are characterized by a scarcity of capital and a high level of work intensity.

The CSE is not the same as the informal sector of the economy. However, it must be expected that the major part of the informal economy forms part of the CSE.<sup>89</sup> Furthermore, a country which economy can be divided into an advanced economy and a CSE is frequently also characterized as an economy with a large informal sector.<sup>90</sup> The suitability of the CSE for the advanced economy can be compared with the suitability of informal workers for capital accumulation in the formal and informal sectors of the economy.<sup>91</sup> Individuals working in the CSE do not have any trade union representation. They are “liberated” from whatever labor stability and have no protection against unemployment.

The division of the Peruvian economy into an advanced economy and a CSE seems to imply that the Peruvian economy is a dual economy.<sup>92</sup> Technological differences, differences in human capital development, and market structure differences point to two separately functioning sub-economies. However, this supposed dual nature of the Peruvian economy does not mean that these economies are functionally separated from each other for the production of value. In other words, although the Peruvian economy manifests itself as a dual economy, it is essentially an organically unified economy as both economies are intimately tied and need each other for production and reproduction.<sup>93</sup>

The CSE comprises specific production processes and proper markets; unifies production and circulation at the level of subsistence. The

segmentation of the labor market is accompanied by the segmentation of the consumer markets. Super-exploited workers do not only contribute to an increase of the surplus value and is a mechanism against the tendency of the profit rate to fall, but they also contribute to the realization of surplus value of “cheap” commodities. This brings us to the issue of the country’s internal market.

The Peruvian internal market can be divided into markets for the advanced economy and markets that pertain to the CSE. What might be denominated as the advanced market encompasses the external market and the high-quality national markets.<sup>94</sup> Micro-businesses do not only relate to production processes and markets in the advanced economy, but they also produce for their proper low-income markets. The goods and services that are provided in these markets are of relatively low quality and help to maintain the reproduction of labor-power in the CSE at low costs.

The internal market is very small. The big majority of the Peruvian population works in micro companies and earns a wage or salary at or near (below or above) the nominal minimum wage level. According to our estimates, in the period 2007–2015, average real income per capita was around 25% higher than the nominal minimum wage level (INEI 2013b, 19; INEI 2016b, 23).<sup>95</sup>

The development of the internal market is conditioned by the development of the world economy. In other words, international boom and bust cycles determine the evolution of the internal market. Since 2004, the increase of GDP and, consequently, the increase of the size of the internal market are principally caused by the demand for the country’s mineral resources and FDI in the extractive sectors.<sup>96</sup> Internal economic forces are too weak to increase, on their own account, the size of the internal market.<sup>97</sup>

Most of the Peruvian companies have definitively an interest in the development of the internal market. The big majority of these businesses are very small and do not participate in international trade. However, the proper character of these corporations (low productivity, low wages) and price competition make it very difficult to increase the size of the internal market. It can be argued that these factors even cause a permanent reduction of the internal market.

International Capital and big national corporations are not so much interested in the development of the Peruvian internal market. Their

productive activities are principally determined by the world market (Dobb 1970, 42; FitzGerald 1981, 197).<sup>98</sup> As the prime function of the country and its laborers is to provide the raw materials for international Capital (or the global North), there is no need for the dominant capitalist fractions in the world (including the dominant fractions of the bourgeoisie in Peru) to contribute to the development of the Peruvian internal market (for instance by increasing the remuneration rates). It is only necessary that sufficient (skilled) labor-power is available for the extraction of the country's raw materials. Emmanuel (1979, 171) argues that the export of a big part of the surplus produced in countries such as Peru deprives these nations of the means to accumulate and economic growth. According to Palma (1988, 37), the particular role of countries at the periphery of the world capitalist system in the international division of labor does not permit sufficient accumulation to provide employment for all. Only those production sectors are stimulated that serve the interests of accumulation in the countries at the center of the capitalist world system.

International Capital and big national corporations are not intentionally turned against the development of the Peruvian internal market. Although both benefit from the possibility to realize surplus value in Peru, their objectives are not intimately related to the development of the internal market. The development of a strong manufacturing sector, for instance, is not part of the plans of international business and large national companies.<sup>99</sup> It is exactly a potentiality of the manufacturing sector to establish forward and backward linkages that furthers the integration and articulation of the economy, increases employment, and develops the internal market (Gonzales de Olarte 2016).

When we understand that the Peruvian internal market is very small, it might also be understood that economic crises in Peru are not over-production crises.<sup>100</sup> Economic crises are not caused by low levels of national effective demand or under-consumption, but are the consequence of economic problems in the global North in general and the reduction of the possibilities of international business to accumulate capital in particular. This reduction is mainly the result of a reduction of the export prices and export volumes of the country's minerals (the demand of international Capital).<sup>101</sup> The decreased possibility to profitably extract these resources leads international Capital to stop producing in the country and to diminish its investments.

## NOTES

1. The global North consists of those countries that are used to be called advanced capitalist countries. Advanced capitalist countries form part of the Organization for Economic Co-operation and Development (OECD). However, not all OECD member-states are advanced capitalist countries. Although China is not considered an advanced capitalist country and does not pertain to the OECD, on the basis of its global economic power, we consider it part of the global North.
2. Marx (1970, 624): “With the accumulation of capital, therefore, the specifically capitalist mode of production develops, and with the capitalist mode of production the accumulation of capital”.
3. Marx (1970, 645): “But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again means for the development of those methods”.
4. A use value can be defined as something of use for an individual, an object of utility. Concrete labor needs to be expended in order to produce use values. Use values can be transformed in commodities when “they are something two-fold, both objects of utility, and, at the same time, depositories of value” (Marx 1970, 47). Capitalist society is a commodity producing society. As capitalism transformed labor-power into a commodity, labor-power is not only able to expend concrete labor but, more importantly, abstract labor. Abstract labor is defined as the socially necessary labor-time to produce a commodity and is a measure of value. The value of a commodity is measured by the socially necessary labor-time embodied in the commodity. Labor-power has the characteristic to produce more value than the socially necessary time to reproduce itself (Marx 1973a, 200). Surplus value can be defined as non-paid labour, i.e., labor-time that has been expended after labor-power has been reproduced. The rate of exploitation is the relation between surplus value and variable capital. It is also called the rate of surplus value (Marx 1973a, 220).
5. See below for the definition of the OCC.
6. A capitalist company is not introducing new machines to increase the productivity of labor-power, but to reduce costs, to sell much cheaper, and to defeat its competitors (Mandel 1969, 127).
7. Tendencies and counter-tendencies are called into existence as conditions for the reproduction of the determinant instance. However, the tendency “reproduces itself within the counter-tendency as soon as this latter realizes itself” (Carchedi 1987, 107).

8. See Roberts (2015), Li et al. (2007), and Maito (2014) for evidence on the tendency of the profit rate to fall.
9. All labor that produces surplus value is productive labor. Productive labor not only transforms material use values but also produces immaterial use values. Individuals who are employed in the circulation sector of the economy may also perform productive labor, for example, transport and storage work. The transformation of use values is not necessary for labor to be qualified as productive labor. Labor performed in the circulation sector is unproductive labor when it only changes the shape of the use values. This is called a formal metamorphosis.
10. Petras and Veltmeyer (2011, 14) come up with eight general contradictions of capitalist development: (i) production based on social cooperation versus private appropriation; (ii) the forces of production do not correspond with the social relations of production; (iii) capitalism is driven by the need to accumulate and the search for profit, but has a “built in tendency” for the rate of profit to fall; (iv) the necessity to realize the surplus value versus a tendency toward overproduction; (v) the capitalist development of the forces of production is uneven in its dynamics and effects. This causes the general conditions that undermine imperial power but also the drive for world power; (vi) the basic institutions of capitalism need to maintain the political, economic, and social order but they produce “class conflict, social disorganization (and criminal violence) and political disorder”; (vii) “capitalist development is predicated on the workings of the market and the freedom of capitalists to advance their interests and accumulate, but capitalism can only advance with the active support and agency of the state; and (viii) capitalists intent to mask the workings of the system and to secure their legitimacy, but they act in such ways that undermine this and allow people to see through “the ideology designed to induce false consciousness of reality”.
11. Sweezy even differentiates between a crisis caused by the average rate of profit to fall and a crisis as the result of problems to realize the produced value (Sweezy 1977, 163–64).
12. In his analysis of Baran and Sweezy’s work *Monopoly capital*, Mattick (1974, 115) states that for these authors “capitalistic problems are exclusively market problems. Not the production, only the realization of the surplus is the actual dilemma of capitalism”.
13. Over-accumulation might be defined as a situation in which an increase of constant capital does not produce a profit, or it is relatively less (in proportion to invested constant capital) than before the expansion (Marx 1973c, 270–71). According to Mandel (1976, 109), “over-accumulation indicates a situation in which a portion of the accumulated

capital can only be invested at an inadequate *rate of profit* and increasingly only at a diminishing rate of interest. The concept of over-accumulation is never absolute but always only relative: there is never “absolutely” too much capital, but there is too much available to attain the expected social average rate of profit”.

14. According to Sweezy (1977, 241–58), the forces that are supposed to counteract the tendency to under-consumption are all those forces that work independently from the causes that have generated the under-consumption crisis. In other words, these forces are not counter-tendencies as these do not surge from the tendency toward under-consumption. As Sweezy’s counter-tendencies do not emerge from the inherent workings of the capitalist system, the system cannot “regenerate” itself but needs “outside” help, for instance a governmental-induced increase of effective demand.
15. To depress wages below the value of labor-power is called super-exploitation. This concept, as developed by Marini (1985), is of utmost importance for understanding the existence of a CSE in Peru. According to Marx (1973a, 574), super-exploitation “transforms, within certain limits, the laborer’s necessary consumption fund into a fund for the accumulation of capital”.
16. Although not a dependency theorist, according to Mandel (1975, 77–78), “the economy of the colonial and semi-colonial countries becomes the complement of the capitalist economy in the metropolitan countries, and it only develops at the limits of this function”.
17. Although Mandel did not adhere to dependency theory, in his *Tratado de Economía Marxista* he argues that production in the colonial or semi-colonial regions has been principally the production of agricultural and mining products. The economy of the countries in these regions convert into the complement of the capitalist economies of the global North and it only develops at the limits of this function (Mandel 1975, 77). Furtado (1965, 224–25) considers those groups tied to the external sector “par excellence” economically and mentally dependent groups. Their level of autonomy is limited as the groups that control the world economy of raw materials “superimpose their interests to the ones of every exporting country”.
18. See Poulantzas (1976, 40, 43) on the same issue.
19. The “satellites” in global capitalism serve as instruments “to suck capital or economic surplus out of its own satellites and to channel part of this surplus to the world metropolis of which all are satellites” (Frank 1966, 20).
20. The countries that pertain to the global South are dependent (capitalist) countries. They might also be called countries on the road of development or underdeveloped countries.

21. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed July 25, 2017.
22. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed July 25, 2017.
23. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed July 26, 2017.
24. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed October 6, 2017.
25. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed July 25, 2017.
26. Class struggle from above can be defined as measures taken by the bourgeoisie that go against the interests of the working population. Class struggle from below is defined as the battle of the working population against the bourgeoisie to defend and improve its political, economic, and/or social situation.
27. Petras and Veltmeyer (2007, 20): “At the behest of the World Bank and within the framework of a neoliberal policy reform agenda, therefore, between 1991 and 1994 the governments of Mexico, Ecuador, Bolivia, Peru, as well as a number of other countries in South and Central America, not to mention the Philippines and other Asian countries, all turned towards a market-assisted approach to agrarian reform [...]. The approach was based on implementing laws abolishing not only the protection of community property legally enshrined in the constitution, but also an entitlement to land worked by smallholding peasants. Simply put, the object was to push them into the land market by compelling the rural poor to buy and sell their land, in the process commodifying both this resource and its product: that is, building a land market as well as increasing the ‘efficiency’ of production”.
28. In his work *Formaciones económicas precapitalistas*, Marx (1973d, 36) wrote the following regarding the urban communities and the emergence of private property over the means of production: “Where the members of the community have already acquired separate existence as private proprietors from their collective existence as an urban community and owners of the urban territory, conditions already arise which allow the individual to *lose* his property, i.e. the double relationship which makes him both a citizen with equal status, a member of the community, and a *proprietor*”.
29. Dante Castro (2015, interview), writer and cadre of the political organization *Movimiento de Liberación Nacional 19 de Julio* (ML-19), points out that trade liberalization and FDI also helped to reduce the power of the trade unions. Native Capital had to close doors as it was not able to compete with foreign Capital. With the disappearance of these companies also the trade unions vanished.



30. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed July 26, 2017.
31. The EAP is composed of all individuals of 14 years and older, and (i) who were working in the period under investigation; (ii) who previously worked but are currently unemployed; or (iii) who were actively looking for work.
32. The reduction of the rate of underemployment in 1995 cannot be reasonably explained. Statistical fraud might be the reason for the remarkable diminution of the rate of underemployment.
33. In the years 1997, 1998, 1999, and 2000, the profit rate stood at 23.6, 22.1, 21.5, and 21.7%, respectively. Source: Penn World Table 8.1. Accessed July 23, 2017. <http://febpwt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>.
34. In Peru, these rules are law. In 1999, the Act of transparency and fiscal prudence was promulgated (in 2003, this law changed its name in Act of responsibility and fiscal transparency). In this law, it is dictated that the State must assure fiscal equilibrium or a fiscal surplus in the medium run. Annually, the fiscal deficit of the public sector may not be higher than 1% of GDP (Parodi Trece 2014, 194). The Toledo regime did not succeed in fulfilling this objective.
35. During the Toledo government, there had been frequently talked about *chorreo* (“trickle down”). Toledo had promised that economic progress would “trickle down” to the population, i.e., their disposable income would increase. As *chorreo* did not occur and the economy started to grow, protests were nothing but a “natural” consequence. The economic boom that started to unfold in 2005, mainly caused by the international demand for the country’s mineral resources and their price increases, was also not translated in considerable wage and income increases for the working population.
36. Source: [http://www.inci.gob.pe/media/MenuRecursivo/publicaciones\\_digitales/Est/Lib1253/cap07/ind07.htm](http://www.inci.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1253/cap07/ind07.htm) and <http://series.inci.gob.pe:8080/sirtod-series/>. Accessed July 27, 2017.
37. It is important to note that in 2010, China became Peru’s most important export partner (Parodi Trece 2014, 271–72). In the period 2004–2012, the mining sector was the biggest contributor to total exports to China. In the years between 1990 and 2012, Peru ranked second only to Brazil in regard to China’s investments in Latin America. In 2014, the country had captured nearly half of the projected Chinese investments in the region (Sanborn and Chonn 2015, 10).
38. According to Gudynas (2011, 399), infrastructural projects that facilitate the activities of extractive Capital are to be considered, just like tax exonerations, as state-subsidies. Dammert Ego Aguirre (2014, 438)

writes that the increase of tax income during the second term of García and the government of Humala was principally used to finance public investments at the “service of the extractivist economy”. According to Baran (1964, 219), infrastructural projects in underdeveloped countries serve the companies of the advanced capitalist countries to exploit the natural resources of the underdeveloped nations.

39. Governmental social programs help to create political stability by weakening the objective conditions for protests against the presence and activities of extractive industries. Social benefits that arise from tax income generated by mining operations (e.g., scholarships for students or pensions for retired people) help to maintain the popular balance in favor of mining capital. Infrastructural projects might enable extractive Capital to broaden the scope of resource exploitation and to create the proper conditions to efficiently transport the resources out of the country.
40. In 2007, its contribution was 50.9% (Cooperación 2017, 17).
41. See on the crucial historical role of mining in the Peruvian economy, Seminario (2016, 250–53).
42. We should add that also climatic problems in 1982–1983 (the *El Niño* phenomenon) contributed to a reduction of the economic growth rates.
43. Tradable services form a small but important part of GDP. In 2007, for instance, tradable services such as telecommunication, financial services, and tourist agencies, among others, contributed for around 5.6% to GDP. Source: <http://www.inei.gob.pe/estadisticas/indice-tematico/economia/>. Accessed July 21, 2017.
44. Mandel (1975, 77) argues that capital flows to underdeveloped countries specialize in the production for the world market or set up the infrastructure for this production.
45. It should be mentioned that in the years between 1980 and 2016, industry came fifth in the ranking of the country’s FDI balance. Mining, communication, finance, and energy occupied positions one to four in this list. Source: <http://www.proinversion.gob.pe/modulos/LAN/landing.aspx?are=0&pfl=1&lan=10&tit=proinversi%C3%B3n-institucional>. Accessed October 26, 2017.
46. Micro-businesses are defined as companies that employ between one and 10 individuals. Small corporations employ 11–19 individuals. In medium-sized businesses work 20–99 individuals and in big corporations 100 and more individuals are employed. These definitions are based on the Peruvian standards that until 2013 were used to define enterprises, and the work of Villarán et al. (1988), Villarán (1993), and Cuadros Luque (2017). There is no universal standard to define small and micro companies. Until 2013, in Peru, these companies were defined on the

- basis of the number of individuals employed and their annual sales. Currently, the size of a company is only determined by its annual sales. A micro company is valued at a maximum rate of 150 Taxation Units. The annual sales of a small company lie between 150 and 1700 Taxation Units. The sales of medium-sized and big companies are considered to be higher than 1700 Taxation Units. The value of 1 (one) Taxation Unit varies year by year. In 2012, it was around US\$1363 and in 2015 US\$1206 USD (Although the Taxation Unit in nuevos soles increased, the reduction is caused by the depreciation of the Peruvian currency).
47. It was during the military regime of Morales Bermúdez that the first Law on small companies in the private sector was promulgated (Villarán 1992, 55). According to Manuel Dammert (2015, interview), former general secretary of the *Partido Comunista Revolucionario* (PCR), although it was in years before the Fujimori regime that small and micro companies emerged, it was during this government that it was “consolidated”. In his second term, García implemented new anti-labor laws that had the objective to stimulate the development of micro-businesses (Dammert Ego Aguirre 2014, 516–18).
  48. See also data in Actualidad Económica (1990, 26).
  49. Dos Santos (1986, 307) explains that the relation of dependency between the global North and the global South “conditions a certain internal structure that defines it in function of the structural possibilities of these national economies”.
  50. According to Díaz (2014, 197), a lot of micro-businesses are a response to underemployment and “it is very likely that only a small proportion of these companies have entrepreneurial potential”.
  51. For 2012, Cuadros Luque (2017, 76) has elaborated a very illuminating table on non-salaried labor costs according to the number of individuals employed. In Peru, the size of a company determines the labor regime that is applied on this business undertaking. For micro- (1–10 individuals employed) and small companies (10–20 individuals employed), these costs were 5 and 29.1%, respectively. For companies and organizations that fall under the general or normal labor regime, these costs amounted to 54.0%. Why these differences? Micro companies do not pay, for instance, unemployment insurance, end year bonuses and life insurance.
  52. In his book *El desarrollo del capitalismo en Rusia*, Lenin (1974, 366) describes the emergence of the capitalist manufacture in Russia at the end of nineteenth century. The organization of production has a remarkable resemblance with the current organization of production in Peru. The most typical example of capitalist manufacture was the chest-making industry. Lenin explained that “this industry is organized as follows: a few big proprietors, owning workshops that employ

wage-workers, purchase materials, partly make the wares on their own premises, but mainly give out material to small workshops making parts, and in their own shops assemble them and, after finishing, send the ready article to the market. Division of labour ... is employed on the job extensively: the making of the entire chest is divided into ten or twelve operations, each separately performed by handicraftsmen. The organisation of the industry consists in the combination of workers performing one operation under the command of *capital*". See also Lenin (1974, 377–78, 391, 404–7).

53. Antonio Zapata (2015, interview), former cadre of the *Partido Revolucionario de los Trabajadores* (PRT), and the *Partido Unificado Mariateguista* (PUM) says: "In general, starting from 1990s there is a sector that produces a lot of value and they are few, and there is a large majority that produces little".
54. Source: <https://www.inci.gob.pe/prensa/noticias/micro-pequenas-y-medianas-empresas-concentran-mas-/imprimir/>. Accessed January 3, 2018. The definition of micro companies, small companies, and medium-sized and big companies is based on annual sales.
55. The definition of micro companies, small companies, and medium-sized and big companies is based on annual sales.
56. Data on other years is not available.
57. Source: Penn World Table 8.1. Accessed August 8, 2017. <http://febwpt.webhosting.rug.nl/Dmn/AggregateXs/VariableCodeSelect#>.
58. It can be argued that the rise of the OCC is sector- and/or branch-dependent. Instead of an overall national increase, only the principal economic sectors or branches such as the extractive sectors, finance, and telecommunication saw their OCC increase. See on productivity differences within the Peruvian economy Gonzales de Olarte (2016, 253–55, 274–75). According to data of Távora, González de Olarte, and Del Pozo (2014, 51, 53) and Cavero (2017, 35–36), for 1994, 2007, and 2015 the economic sectors with the highest productivity rates were the mining and hydrocarbon sector, the finance, assurance and real estate sector, and the electricity and water sector. Telecommunication was mentioned as a branch with a medium rate of productivity.
59. No data is available to calculate the profit rate for 2015 and 2016. See Appendix 4.2 for the method that was used to calculate the profit rate.
60. No data is available to calculate the rate of exploitation for 2015 and 2016. See Appendix 4.3 for the method that was used to calculate the profit rate.
61. In the years 1984 and 1985, the weight of the utilities in National Income increased and the weight of the wages of employees decreased (Banco Central de Reserva del Perú 1990, 137).

62. Notwithstanding the reduction of surplus value production, since 1987, the weight of the utilities in National Income increased and the wages of workers decreased (Banco Central de Reserva del Perú 1990, 137). Inflation helped to bring about the transfer of value in hands of the workers to Capital.
63. We would like to underline that the increase of underemployment and unemployment can also help to increase surplus value through its downward pressure on remuneration (reduction of the costs of variable capital).
64. Between 1991 and 2000, the weight of remuneration in GDP (in current prices) reduced from 30.1 to 24.4%. The weight of the exploitation surplus increased from 60 to 66%. In 1998 and 1999, the exploitation surplus as a percentage of GDP was lower than in 1997 and the weight of remuneration augmented (INEI 2004, 651). These data appear to confirm the development of the rate of exploitation and surplus value production in the same years (see below). The exploitation surplus not only includes the profits of the corporations and other company income such as leasing and renting, but also the salaries of the independent employees (INEI, n.d., 6; Alarco, T. 2011, 135). Although the exploitation surplus is not the same as utilities, it surely is an indicator for the expropriation of value by non-labor. According to Cuadros Luque (2017, 71, footnote 31), 90% of the exploitation surplus is composed of the profits of the companies.
65. See for the development of strikes in the private sector, the number of workers involved and the man-hours lost in the period 1991–2000, <http://www.inei.gob.pe/estadisticas/indice-tematico/ocupacion-y-vivienda/>. Accessed August 27, 2017.
66. In the years 2001–2006, the weight of remuneration in GDP (in current prices) fell from 35.7 to 30.9%, and the exploitation surplus increased from 55.3 to 60.2% (INEI 2014a, 88).
67. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed February 1, 2018.
68. In the period 2006–2011, the weight of remuneration in GDP (in current prices) fell from 30.9 to 30%. It is noteworthy to mention that in 2009, its weight in GDP was 31.4% (up from 30.8% in 2008). The weight of the exploitation surplus in GDP increased from 60.2 to 61.5%. In 2009, it was 59.8%, down from 60.5% in 2008 (INEI 2014a, 88).
69. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html>. Accessed February 1, 2018.

70. In the years 2011–2014, the weight of remuneration increased to 29.8–31.7%. Source: <http://webapp.inci.gob.pe:8080/sirtod-series/>. Accessed March 3, 2018.
71. See for the relation between labor-income and productivity, Saavedra (1999, 36–37). On productivity differences between companies of different size according to the number of individuals employed, see Cavero (2017, 38–39) and Díaz (2014, 197–98). See for a more extensive list of the characteristics of Peruvian micro- and small businesses, Ministerio de Trabajo y Promoción del Empleo (2005, 28).
72. It should be underlined that international Capital forms part of the Peruvian advanced economy. See for a comparative analysis of what we have denominated CSE, Jimenez (2012, 63–64). Jimenez calls this economy, following the work of Matos Mar (2012), “Other Peru”.
73. See Appendix 4.1 on the distribution of private companies (LLC and natural persons) according to economic activities in the years 2012–2016.
74. According to data of Thomas (1999, 268) for Lima, in 1984, 30.2% of the salaried individuals worked in companies with nine or less workers and 37.1% of the labor force in Lima was employed in companies that hired 100 or more workers.
75. Corporate restructuring in the 1980s and 1990s was not a sole Peruvian matter. The restructuring of production processes in especially the advanced capitalist countries helped to reconfigure the structure of the labor force. While employment in the manufacturing sectors started to disappear, occupations in the fast-growing service sector began to increase (Kolko 1988, 309–11).
76. The relation between the advanced economy and the CSE has similarities with the relation between the advanced capitalist countries and the nations at the periphery of world capitalist development, and the relation between the national metropolises and the satellites within an underdeveloped country as described by Frank. “Just as the colonial and national capital and its export sector become the satellite of the Iberian (and later of other) metropolises of the world economic system, this satellite immediately becomes a colonial and then a national metropolis with respect to the productive sectors and population of the interior. Furthermore, the provincial capitals, which thus are themselves satellites of the national metropolis—and through the latter of the world metropolis—are in turn provincial centers around which their own local satellites orbit. Thus, a whole chain of constellations of metropolises and satellites relates all parts of the whole system from its metropolitan center in Europe or the United States to the farthest outpost in the Latin American countryside” (Frank 1966, 20).

77. Transnational companies “require micro and small businesses that provide them with inputs for the elaboration of an intermediate product produced by an agroindustrial factory, an export-oriented factory or a manufacturing factory” (De la Cruz 2015, interview).
78. Source: <https://www.inei.gob.pe/prensa/noticias/en-el-peru-264-mil-personas-dejaron-de-ser-pobres-entre-los-anos-2015-y-2016-9710/>. Accessed August 8, 2017.
79. The average nominal exchange rate between the dollar and the nuevo sol was 1: 3, 38.
80. Source: <https://www.inei.gob.pe/prensa/noticias/el-empleo-informal-en-el-peru-disminuyo-en-39-puntos-porcentuales-9142/>. Accessed September 9, 2017.
81. Informal workers are not the same as unskilled workers. Informal laborers can be found in the peasantry, the proletariat, and in the intermediate class. Own-account workers can be informal and formal. Informal employees are used by small, medium-sized, and big companies (Saavedra Chanduvi 1999, 26).
82. Only data until 2012 are available.
83. According to Gonzales de Olarte (2016, 208), the structure of the Peruvian economy is characterized by having a “relatively low capacity to generate aggregate value”. See on this issue also Jiménez (2012, 59).
84. The absolute majority of the proletariat consists of individuals that execute manual functions (see Chapter 5). According to the household surveys of 2013, only 20.1% of the occupied EAP had received higher education (Cuadros Luque 2017, 44).
85. Dammert Ego Aguirre (2014, 413): “The Peruvian version of neoliberalism and accumulation by dispossession do not have as a center of accumulation the enlarged reproduction through relative surplus value and the proletarianization of labor, but maintains and amplifies precarious, temporary, unstable labor regimes, subject to business cycles”. See on this also, PUM (1993, 164).
86. Bebbington (2013, 7) argues that in mineral dependent countries, education “under-invest in broad-based human capital formation because the extractive model of development does not need this form of labor”. According to Furtado (1965, 178), underdevelopment is characterized by the technological heterogeneity between sectors and branches of the same economy.
87. The existence of a CSE in Peru finds its expression in the particular development of the country’s class structure (see Chapter 5). Not only the majority of the proletariat performs manual labor, but also an important part of the intermediate class has a proletarian character. The main part

- of the peasantry works on very small plots and is also employed in proletarian occupations.
88. See Ruiz Acosta (2013, 58, footnote 43) for a comparative analysis on the reserve army of labor. See Quijano (2014, 156–61) for the debate on the characteristics of the Peruvian reserve army of labor.
  89. In his study on the informal sector in Peru, Machado (2014, 221) provides estimates on the size of the informal sector as a percentage of GDP. For the years 1990 until 2000, these were 45.2, 39.6, 29.7, 39.4, 38.2, 37.4, 37.4, 36.8, 37.1, 37.1, and 37.0%, respectively.
  90. In 2015, around 70–75% of the EAP were informal workers, in “Empleo informal afecta a 3 de cada 4 peruanos”. Accessed March 2, 2016. <http://diariouno.pe/2015/11/27/empleo-informal-afecta-a-3-de-cada-4-peruanos/>. See also “Informalidad laboral en el país llega hasta el 72,8%”. Accessed March 2, 2016. <http://larepublica.pe/impresa/politica/708987-informalidad-laboral-en-el-pais-llega-hasta-el-72.8>.
  91. The use of informal workers is very profitable for companies in the formal and informal sector. Informal workers can be employed to reduce the wage demands of formal workers, to increase the rates of exploitation and economic oppression of formal workers, and to introduce measures to increase the productivity and the work intensity of formal workers. Informal workers themselves are also sources of profitability: (i) the wages in the informal sector are lower than the gross wages in the formal sector; (ii) the absence of labor rights and union representatives cause the rates of exploitation and/or economic oppression in the informal sector to be higher than in the formal sector; and (iii) economic insecurity of the workers in the informal sector makes it much easier to increase work intensity. The existence of a whole range of small informal companies is functional to formal corporations as these businesses supply formal companies at lower costs than other formal enterprises do and perform tasks at the service of formally established companies at lower costs than other formal corporations (in terms of labor costs, costs of maintaining machinery and equipment, etc.). The horizontal and vertical integration of formal and informal businesses is demonstrated by the whole set of subcontracting relationships that exist between these companies (Semana Económica 1982, 6–7; Grompone 1991, 81–82; Kolko 1988, 316–17; Mukherjee 2016, 22–23). Gamero and Humala (2002, 72) point out that as a result of lower total production costs caused by informal labor, the salaries and wages of the formal workers might go down as the costs of reproduction of these formal workers have been reduced.
  92. See Cypher and Dietz (2009, 100–102) on economic dualism.



93. It is interesting to observe that in the documents for their third national congress in 1993, the Peruvian socialist organization the PUM talked about a dual society. According to the PUM, the neoliberal proposal of the future society is the division of society in one modern sector integrated in the “dynamics of the First World” and another sector of “chronic under-consumption and informality”. Furthermore, the PUM declared that capitalism in Peru does not necessarily create a market but segments it into a “pauperized and informal market” and a market of “sumptuary consumption” (PUM 1993, 214).
94. Cueva (1983, 89) argues that a big part of the Latin-American internal market is nothing more than the extension of the metropolitan market, i.e., the market of the countries of the global North.
95. See also: [https://www.mef.gob.pe/contenidos/estadisticas/pol\\_econ/cuadro48.xls](https://www.mef.gob.pe/contenidos/estadisticas/pol_econ/cuadro48.xls). Accessed August 10, 2017.
96. According to Jiménez (2012, 83), in last decades economic growth has been based on favorable terms of trade, increasing world demand and foreign investments principally directed toward the exploitation of natural resources.
97. See Furtado (1965, 83–86) for a comparative analysis on the necessity of backward economies to trigger economic progress through international commerce. See also Jiménez (2012, 63–64, 68–69).
98. We should remember Marini’s (1985, 50) observation that “Latin American production does not depend for its realization on the internal capacity to consume”. Cardoso (1979, 300) argues that the internal markets of the dependent countries are not of strategic interest to international Capital. According to Baran and Sweezy (1969, 106), “except possibly for brief periods of abnormally high capital exports from the advanced countries, foreign investment must be looked upon as a method of pumping surplus out of underdeveloped areas, not as a channel through which surplus is directed into them”.
99. According to Sunkel (1968, 167), only industrial concentration, the creation of big firms and massive industrial production helps to increase the internal market (expressed in a substantial and progressive increase of national income).
100. Peru is affected by overproduction crises in the global North in the sense that it reduces its export markets and diminishes FDI flows.
101. See on this Figueroa (1986, 150).

### APPENDIX 4.1: DISTRIBUTION OF PRIVATE COMPANIES (LLC AND NATURAL PERSONS) ACCORDING TO ECONOMIC ACTIVITIES: 2012–2016

In the following tables only micro companies, small businesses and medium-sized and big enterprises are summed up that are considered limited liability companies or natural persons.<sup>1</sup> Size is measured on the basis of annual sales. Micro companies are businesses which sales do not pass the value of 577,000 soles (Tables 4.12, 4.13, 4.14, 4.15 and 4.16).<sup>2</sup>

**Table 4.12** Distribution of private companies (LLC and natural persons) according to economic activities: 2012

	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>	<i>Total</i>
Agriculture, forestry, and fishing	24,014	1392	257	25,663
Mining	6916	404	192	7512
Manufacturing industries	121,434	4292	1404	127,130
Electricity, gas, and water	2591	160	82	2833
Construction	25,266	2451	394	28,111
Commerce and repair of motor vehicles and motorcycles	681,877	15,561	2667	700,105
Transport and storage	58,858	3176	482	62,516
Accommodation and meal service activities	120,172	1407	123	121,702
Information and communication	45,831	814	141	46,786
Professional, technical, and business support services	124,071	4788	713	129,572
Other services <sup>a</sup>	146,395	3495	615	150,505

Source INEI (2013a, 82, 84, 86, 90, 92, 94)

<sup>a</sup>Includes financial, insurance, real estate, education, health, arts, entertainment, and other services

<sup>1</sup>Limited liability companies and natural persons form the principal judicial form of organization of Peruvian businesses. In 2012, 2013, 2014, 2015, and 2016, respectively, 85.5, 85.9, 86.8, 87.5, and 87.1% of total private businesses were limited liability companies and natural persons.

<sup>2</sup>This amount is calculated on the basis of the value of 1 (one) Taxation Unit. A micro company is valued at a maximum rate of 150 Taxation Units. The annual sale of a small company lies between 150 and 1700 Taxation Units. The sales of medium-sized and big companies are considered to be higher than 1700 Taxation Units. The value of 1 (one) Taxation Unit varies year by year. In 2012, it was around US\$1363 and in 2015 US\$1206 USD (Although the Taxation Unit in nuevos soles increased, the reduction is caused by the depreciation of the Peruvian currency).

**Table 4.13** Distribution of private companies (LLC and natural persons) according to economic activities: 2013

	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>	<i>Total</i>
Agriculture, forestry, and fishing	24,745	1531	328	26,604
Mining	6711	459	237	7407
Manufacturing industries	128,113	5136	1.75	134,724
Electricity, gas, and water	2773	153	76	3002
Construction	25,675	3006	560	29,241
Commerce and repair of motor vehicles and motorcycles	737,674	17,974	3066	75,8714
Transport and storage	63,815	4318	568	68,701
Accommodation and meal service activities	133,318	1726	146	135,190
Information and communication	45,987	974	171	47,132
Professional, technical, and business support services	134,951	5900	864	141,715
Other services <sup>a</sup>	165,534	4112	688	170,334

Source INEI (2014b, 82, 84, 86, 90, 92, 94)

<sup>a</sup>Includes financial, insurance, real estate, education, health, arts, entertainment, and other services

**Table 4.14** Distribution of private companies (LLC and natural persons) according to economic activities: 2014

	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>	<i>Total</i>
Agriculture, forestry, and fishing	25,381	1672	313	27,366
Mining	12,438	601	238	13,277
Manufacturing industries	132,319	5487	1497	139,303
Electricity, gas, and water	2850	199	83	3132
Construction	25,837	3380	577	29,794
Commerce and repair of motor vehicles and motorcycles	789,097	19,364	3118	811,579
Transport and storage	67,288	4512	573	72,373
Accommodation and meal service activities	145,435	1830	154	147,419
Information and communication	46,791	1087	180	48,058
Professional, technical, and business support services	142,113	6552	887	149,552
Other services <sup>a</sup>	172,935	4419	713	178,067

Source INEI (2016a, 84, 87, 89, 93, 95, 97)

<sup>a</sup>Includes financial, insurance, real estate, education, health, arts, entertainment, and other services

**Table 4.15** Distribution of private companies (LLC and natural persons) according to economic activities: 2015

	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>	<i>Total</i>
Agriculture, forestry, and fishing	25,391	1957	346	27,694
Mining	8996	697	264	9957
Manufacturing industries	138,651	5990	1536	146,177
Electricity, gas, and water	2851	235	92	3178
Construction	27,784	4669	680	33,133
Commerce and repair of motor vehicles and motorcycles	839,585	21,538	3406	864,529
Transport and storage	73,324	5398	635	79,357
Accommodation and meal service activities	159,342	2106	163	161,611
Information and communication	47,485	1363	199	49,047
Professional, technical, and business support services	172,661	8316	1044	182,021
Other services <sup>a</sup>	223,636	5534	851	230,021

Source INEI (2016a, 84, 87, 89, 93, 95, 97)

<sup>a</sup>Includes financial, insurance, real estate, education, health, arts, entertainment, and other services

**Table 4.16** Distribution of private companies (LLC and natural persons) according to economic activities: 2016

	<i>Micro companies</i>	<i>Small companies</i>	<i>Medium-sized and big companies</i>	<i>Total</i>
Agriculture, forestry, and fishing	25,368	1968	370	27,706
Mining	8075	728	332	9135
Manufacturing industries	142,604	6205	1577	150,386
Electricity, gas, and water	2849	247	103	3199
Construction	29,754	3933	648	34,335
Commerce and repair of motor vehicles and motorcycles	865,909	22,623	3571	892,103
Transport and storage	80,557	6058	725	87,340
Accommodation and meal service activities	171,399	2416	198	174,013
Information and communication	44,380	1505	266	46,151
Professional, technical, and business support services	174,933	8345	1075	184,353
Other services <sup>a</sup>	234,872	5696	877	241,445

Source INEI (2017, 74, 76, 78, 81–83)

<sup>a</sup>Includes financial, insurance, real estate, education, health, public administration, arts, entertainment, and other services

## APPENDIX 4.2: CALCULATION OF THE PROFIT RATE OF PERU: 1980–2014

The profit rate is the relation between surplus value and total capital invested. The profit rate can be described as follows:

- $s$  surplus value
- $v$  variable capital
- $c$  constant capital (fixed and circulating)
- $p$  profit rate

$$p = s/(c + v)$$

For the calculation of the profit rate, we follow the example of Roberts (2015) in his paper “Revisiting a world rate of profit”. We have also reviewed other examples of how to calculate the profit rate such as Maito (2014) and Li et al. (2007). We not only agree with Roberts of how to calculate the profit rate, but also data are available to calculate the profit rate of Peru using the example of Roberts.

The profit rate is calculated on the basis of data provided in the Penn World Tables. It must be emphasized that only the profit rate of the formal sector is calculated. The Penn World Tables, as also the national accounts of Peru, only register official transactions. The enormous informal sector is not included. Furthermore, we should mention that data available only permit to calculate fixed constant capital.<sup>3</sup> Hence, the explanatory power of the calculated profit rate is limited. In other words, the profit rate presented is only an approximation. The following variables are used:

- Gross GDP at constant 2005 national prices (in million 2005 US\$)  
= Total value (tv)
- Share of labour compensation in GDP at current national prices =  
Share of variable capital in GDP (svgdp)
- Capital stock at constant 2005 national prices (in million 2005 US\$) = Constant capital (cc).

<sup>3</sup>Although Roberts (2015), Li et al. (2007), and Maito (2014) also do not include the circulating component of constant capital, this is a third limitation of the calculated profit rate.

The surplus value equals total value—variable capital. The rate of profit is  $tv - (sv \times tv) / cc + (sv \times tv)$  as a percentage.

### APPENDIX 4.3: CALCULATION OF THE RATE OF EXPLOITATION OF PERU: 1980–2014

The rate of exploitation expresses the relation between the surplus value and variable capital. The rate of exploitation is described as follows:

$s$  surplus value  
 $v$  variable capital

Rate of exploitation =  $s/v$  as a percentage

The rate of exploitation is calculated on the basis of data provided in the Penn World Tables. It must be emphasized that only the rate of exploitation of the formal sector is calculated. The Penn World Tables, as also the national accounts of Peru, only register official transactions. The enormous informal sector is not included. Furthermore, we should mention that data available only permit to calculate fixed constant capital.<sup>4</sup> Hence, the explanatory power of the calculated rate of exploitation is limited. In other words, the rate of exploitation presented is only an approximation. The following variables are used:

- Gross GDP at constant 2005 national prices (in million 2005 US\$) = Total value ( $tv$ )
- Share of labor compensation in GDP at current national prices = Share of variable capital in GDP ( $sv \times tv$ )
- Capital stock at constant 2005 national prices (in million 2005 US\$) = Constant capital ( $cc$ ).

The surplus value equals total value—variable capital. The rate of exploitation is  $tv - (sv \times tv) / (sv \times tv)$  as a percentage.

<sup>4</sup>Although Roberts (2015), Li et al. (2007), and Maito (2014) also do not include the circulating component of constant capital, this is a third limitation of the calculated profit rate.

## REFERENCES

- Abugattas, Luis. 1999. "Estabilización, reforma estructural y desempeño industrial." In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 115–60. Lima: Universidad del Pacífico and Instituto de Estudios Peruanos.
- Actualidad Económica. 1990. "La pequeña industria en el Perú: ¿un modelo de desarrollo?" *Actualidad Económica* 12 (117): 24–30.
- Alarco T., Germán. 2011. "Márgenes de ganancia, financiamiento e inversión del sector empresarial peruano (1998–2008)." Santiago de Chile, Revista Cepal, No. 105. Accessed 3 November 2014. <http://www.cepal.org/publicaciones/xml/1/45201/RVE105Alarco.pdf>.
- Banco Central de Reserva del Perú. 1990. *Memoria del Banco Central de Reserva del Perú 1989*. Lima: Banco Central de Reserva del Perú.
- Banco Central de Reserva del Perú. 2007. *Memoria del Banco Central de Reserva del Perú 2006*. Lima: Banco Central de Reserva del Perú.
- Banco Central de Reserva del Perú. 2015. *Memoria del Banco Central de Reserva del Perú 2014*. Lima: Banco Central de Reserva del Perú.
- Baran, Paul A. 1964. *La economía política del crecimiento*. Mexico: Fondo de Cultura Económica.
- Baran, Paul A., and Paul M. Sweezy. 1969. *Monopoly Capital. An Essay on the American Economic and Social Order*. New York and London: Modern Reader Paperbacks.
- Bebbington, Anthony. 2009. "The New Extraction: Rewriting the Political Ecology of the Andes?" In *NACLA Report on the Americas*, September/October 2009, 12–40. New York: North American Congress on Latin America. Accessed 25 June 2012. [http://www.sed.manchester.ac.uk/research/andes/publications/papers/Bebbington\\_NACLAReport.pdf](http://www.sed.manchester.ac.uk/research/andes/publications/papers/Bebbington_NACLAReport.pdf).
- Bebbington, Anthony. 2013. "Extractive Industries, Socio-environmental Conflicts and Political Economic Transformation in Andean America." In *Social Conflict, Economic Development and Extractive Industry*, edited by Anthony Bebbington, 3–26. New York: Routledge.
- Bernedo Alvarado, Jorge. 1999. "Reforma laboral, empleo y salarios en el Perú." In *Flexibilización en el margen: la reforma del contrato de trabajo*, edited by V.E. Tokman and D. Martínez, 171–99. Geneva: Organización Internacional de Trabajo.
- Bowen, Sally. 2000. *El expediente Fujimori: El Perú y su presidente 1990–2000*. Lima: Perú Monitor S.A.
- Burt, Jo-Marie. 2011. *Violencia y autoritarismo en el Perú: bajo la sombra de Sendero y la dictadura de Fujimori*. Lima: Instituto de Estudios Peruanos & Asociación Servicios Educativos Rurales.
- Bury, Jeffrey. 2011. "Neoliberalismo, minería y cambios rurales en Cajamarca." In *Minería, movimientos sociales y respuestas campesinas. Una ecología política de transformaciones territoriales*, edited by Anthony Bebbington, 79–110.

- Cáceres, Armando, and Paredes, Carlos. 1991. "De la heterodoxia a la crisis: el manejo de la política económica durante el periodo 1985–1989." In *Estabilización y crecimiento en el Perú*, edited by Carlos Paredes and Jeffrey Sachs, 108–31. Lima: Grade.
- Campodónico Sánchez, Humberto. 1999. "Las reformas estructurales en el sector minero peruano y las características de la inversión 1992–2008." Chile, ECLAC, Serie Reformas Económicas 24. Accessed 27 October 2014. <http://www.eclac.cl/publicaciones/xml/6/4546/lcl1208e.pdf>.
- Carchedi, Guglielmo. 1987. *Class Analysis and Social Research*. Oxford: Basil Blackwell Ltd.
- Carchedi, Guglielmo. 2011. *Behind the Crisis: Marx's Dialectics of Value and Knowledge*, 26. Leiden/Boston: Brill, Historical Materialism Book Series.
- Cardoso, Fernando Henrique. 1979. "Imperialismo y dependencia en la América Latina." In *Economía internacional. II. teorías del imperialismo, la dependencia y su evidencia histórica*, edited by René Villarreal, 298–315. Mexico: Fondo de Cultura Económica.
- Cavero, Omar. 2017. "El trabajo en una economía heterogénea y marginal: Un panorama general de la situación socio-económica de los trabajadores en el Perú." In *Trabajo y sociedad. Estudios sobre el mundo del trabajo en el Perú*, edited by Omar Manky, 26–57. Lima: Pontificia Universidad Católica del Perú, CISEPA.
- Cooperación. 2017. "Actualidad Minera del Perú." No. 217. Accessed 12 September 2017. <http://cooperacion.org.pe/main/centro-de/boletin-actualidad-minera/741-boletin-n-217-julio-2017>.
- Crabtree, John. 2002. "The Impact of Neo-liberal Economics on Peruvian Peasant Agriculture in the 1990s." *Journal of Peasant Studies* 29 (3–4): 131–161.
- Crabtree, John. 2005. *Alan García en el poder. Perú: 1985–1990*. Lima: Ediciones Peisa S.A.C.
- Cuadros Luque, Fernando. 2017. "Situación del mercado de trabajo y costos laborales en el Perú." *Cuaderno de Investigación* 2: 34–82.
- Cueva, Agustín. 1983. *El desarrollo del capitalismo en América Latina. Ensayo de interpretación histórica*. Mexico: Siglo Veintiuno Editores S.A.
- Cypher, James M., and Dietz, James L. 2009. *The Process of Economic Development*. London/New York: Routledge.
- Dammert Ego Aguirre, Manuel. 2014. *Perú Integral Bicentenario. Civilización, territorio, nación, república. Horizonte programático de la República de Ciudadanos*. Lima: Gráfica Editora Don Bosco S.A.
- Dancourt, Oscar. 2016. "Las vacas flacas en la economía." *Documento de Trabajo No. 428*. Lima: PUCP, Departamento de Economía.
- De Echave, José. 2012. "La minería peruana y los escenarios de transición." In *Transiciones: postextractivismo y alternativas al extractivismo en el Perú*, edited by Alejandra Alayza and Eduardo Gudynas, 59–85. Lima: Centro Peruano de Estudios Sociales.



- De Echave, José, and Diez, Alejandro. 2013. *Más allá de Conga*. Lima: Red Peruana por una Globalización con Equidad and CooperAcción.
- Díaz, Juan José. 2014. "Formalización empresarial y laboral." In *Hacia un desarrollo inclusivo. El caso del Perú*, edited by Ricardo Infante and Juan Chacaltana, 173–259. Santiago de Chile: CEPAL and OIT.
- Dobb, Maurice. 1970. *Capitalismo, crecimiento económico y subdesarrollo*. Barcelona: Editorial Oikos.
- Dominguez, Carolina. 2010. "The Water is MINE! Negotiation and Resistance Between Andean Communities and the MINE." Master Thesis Law Governance Group, Wageningen University, The Netherlands.
- Dos Santos, Theotonio. 1986. *Imperialismo y dependencia*. Mexico: Ediciones Era S.A.
- Dos Santos, Theotonio. 1978. *Socialismo o Fascismo. El nuevo carácter de la dependencia y el dilema latinoamericano*. Mexico: Edicol S.A., Colección Filosofía y Liberación Latinoamericana.
- Dunayevskaya, Raya. 1946. "Luxemburg's Theory of Accumulation: How it Differed with Marx and Lenin." Accessed 6 April 2016. <https://www.marxists.org/archive/dunayevskaya/works/1947/luxemburg.htm>.
- Eguren, Fernando. 2014. "De la reforma agraria neolatifundio: el crecimiento capitalista del campo peruano." In *Capitalismo: tierra y poder en América Latina (1982–2012). Bolivia, Colombia, Ecuador, Perú, Venezuela*. Volumen II, edited by Guillermo Almeyra, Luciano Concheiro Bórquez, João Márcio Mendes Pereira and Carlos Walter Porto-Gonçalves, 159–92. Mexico: Universidad Autónoma Metropolitana/CLACSO/Ediciones Continente.
- Emmanuel, Arghiri. 1979. *El intercambio desigual. Ensayo sobre los antagonismos en las relaciones económicas internacionales*. México: Siglo XXI Editores, S.A.
- Emmanuel, Arghiri. 1976. "El intercambio desigual." *Cuadernos de Pasado y Presente* 24: 1–32.
- Figueroa, Víctor. 1986. *Reinterpretando el subdesarrollo*. México, DF: Siglo XXI Editores S.A. de C.V.
- FitzGerald, E.V.K. 1981. *La economía política del Perú, 1956–1978. Desarrollo económico y reestructuración del capital*. Lima: Instituto de Estudios Peruanos.
- Frank, André Gunder. 1971. *Lumpenburogesía: lumpendesarrollo*. Mexico: Serie Popular Era.
- Frank, André Gunder. 1966. "The Development of Underdevelopment." *Monthly Review* 18 (4): 17–31.
- Furtado, Celso. 1965. *Desarrollo y subdesarrollo*. Buenos Aires: Editorial Universitaria de Buenos Aires.
- Gamero, Julio and Ulises Humala. 2002. *Empleo y microempresa en Lima metropolitana. Entre el desempleo y la sobrevivencia*. Lima: Desco.
- Glave, Manuel and Kuramoto, Juana. 2007. "La minería peruana: lo que sabemos y lo que aún nos falta por saber." In *Investigación, políticas y desarrollo en el Perú*, edited by GRADE: 135–81. Lima: GRADE. Accessed 27 Oct 2014.

- <http://www.grade.org.pe/upload/publicaciones/archivo/download/pubs/InvPolitDesarr-4.pdf>.
- Gonzales de Olarte, Efraín. 2016. *Una economía incompleta. Perú 1950–2007. Análisis estructural*. Lima: Fondo Editorial de la Pontificia Universidad Católica del Perú/Instituto de Estudios Peruanos.
- Gonzales de Olarte, Efraín. 2007. “La economía política peruana de la era neoliberal 1990–2006.” In *Después del Consenso de Washington: Dinámica de cambios político-económicos y administración de recursos naturales en los países andinos*. Discussion Paper no. 2, edited by Yusuke Murakami, 11–37. Kyoto: Center for Integrated Area Studies.
- Gonzales de Olarte, Efraín. 1986. *Crisis y democracia. El Perú en busca de un nuevo paradigma de desarrollo*. Documento de Trabajo no. 21, Serie Economía no. 6. Lima: Instituto de Estudios Peruanos.
- Gorriti, Gustavo. 2008. *Sendero. Historia de la guerra milenaria en el Perú*. Lima: Editorial Planeta Perú S.A.
- Grompone, Romeo. 1991. *El velero en el viento. Política y sociedad en Lima*. Lima: Instituto de Estudios Peruanos.
- Grupo Propuesta Ciudadana. 2014. “Vigilancia de las industrias extractivas. Reporte Nacional no. 18, Perú 2013.” Accessed 23 Sept 2014. <http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Reporte%20VIE%2018.pdf>.
- Gudynas, Eduardo. 2011. “Más allá del nuevo extractivismo: transiciones sostenibles y alternativas al desarrollo.” In *El desarrollo en cuestión: reflexiones desde América Latina*, edited by Fernando Wanderley, 379–410. La Paz: Plural Editores.
- Gurmendi, Alfredo C. 2012. “The Mineral Industry of Peru.” In *2010 Minerals Yearbook*, edited by U.S. Department of the Interior and U.S. Geological Survey, 17.1-17.1. Accessed 19 Mar 2018. <http://minerals.usgs.gov/minerals/pubs/country/2010/myb3-2010-pe.pdf>.
- Harvey, David. 2006. *Limits to Capital*. London and New York: Verso.
- Huertas Castillo, Beatriz. 2011. “Agua e identidad cultural: la defensa de la Reserva Comunal Amarakaeri frente a la actividad hidrocarburífera, Madre de Dios, Perú.” In *Agua e industrias extractivas. Cambios y continuidades en los Andes*, edited by Patricia Urteaga, 217–46. Lima: Instituto de Estudios Peruanos/Justicia Hídrica/Concertación.
- Iguíñiz, Javier. 1999. “La estrategia económica del gobierno de Fujimori: una visión global.” In *El Perú de Fujimori*, edited by John Crabtree and Jim Thomas, 15–43. Lima: Universidad del Pacífico and Instituto de Estudios Peruanos.
- INE. 1986. *Perú: Compendio Estadístico 1985*. Lima: INE.
- INEI. 1993. *Perú: Compendio Estadístico 1992–1993*. Tomo I. Lima: INEI.
- INEI. 1994. *Resultados Definitivos. Perú, Tomo V, Vivienda, Características de Hogares*. Lima: INEI.

- INEI. 1995. *Perú: Series Estadísticas 1970–1994*. Lima: INEI.
- INEI. 2001. *Perú: Compendio Estadístico 2001*. Lima: INEI.
- INEI. 2004. *Perú: Compendio Estadístico 2004*. Lima: INEI.
- INEI. 2008. *IV Censo Nacional Económico. 2008. Perú: Características económicas de las micro y pequeñas empresas en el año 2007*. Lima: INEI.
- INEI. 2013a. *Perú: Estructura empresarial 2012*. Lima: INEI.
- INEI. 2013b. *Evolución de la pobreza monetaria 2007–2012. Informe técnico*. Lima: INEI.
- INEI. 2014a. *Peru. Serie de cuentas nacionales 1950–2013. Año base 2007*. Lima: INEI.
- INEI. 2014b. *Perú: Estructura empresarial 2013*. Lima: INEI.
- INEI. 2015. *Perú: Estructura empresarial 2014*. Lima: INEI.
- INEI. 2016a. *Perú: Estructura empresarial 2015*. Lima: INEI.
- INEI. 2016b. *Evolución de la pobreza monetaria 2009–2015. Informe técnico*. Lima: INEI.
- INEI. 2017. *Perú: Estructura empresarial 2016*. Lima: INEI.
- INEI. n.d. “Metodología de Cálculo del Producto Bruto Interno Anual.” Accessed 28 Aug 2015. <http://www.inci.gob.pe/media/MenuRecursivo/metodologias/pbi02.pdf>.
- International Monetary Fund. 2013. “IMF Country Report No. 13/45.” Accessed 26 Mar 2017. <http://www.imf.org/external/pubs/ft/scr/2013/cr1345.pdf>.
- Jiménez, Félix. 2012. “Empleo y mercado interno en el modelo neoliberal: una nueva hipótesis sobre el subdesarrollo.” Accessed 28 Mar 2016. <http://departamento.pucp.edu.pe/economia/images/documentos/LDE-2012-01-03.pdf>.
- Kisic, Drago. 1999. “Privatizaciones, inversiones y sostenibilidad de la economía peruana.” In *El Perú de Fujimori*, edited by John Crabtree and Jim Thomas, 75–113. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Kolko, Joyce. 1988. *Restructuring the World Economy*. New York: Pantheon Books.
- Lenin, Vladimir Illich. 1974. *El desarrollo del capitalismo en Rusia*. Barcelona: Editorial Ariel.
- Li, Minqi, Feng Xiao, and Andong Zhu. 2007. “Long Waves, Institutional Changes, and Historical Trends: A Study of the Long-Term Movement of the Profit Rate in the Capitalist World-Economy.” *Journal of World-Systems Research* XIII (1): 33–54.
- Lynch, Nicolás. 2014. *Cholificación, república y democracia. El destino negado del Perú*. Lima: Otra Mirada.
- Machado, Roberto. 2014. “La economía informal en el Perú: magnitud y determinantes (1980–2011).” *Apuntes* 41 (74): 197–233.
- Magdoff, Harry. 1969. *La era del imperialismo. Política económica internacional de Estados Unidos*. Mexico: Editorial Nuestro Tiempo S.A.
- Maito, Esteban Ezequiel. 2014. “The Historical Transience of Capital. The Downward Trend in the Rate of Profit Since XIX Century.” Accessed 17 Feb

2016. [https://mpr.ub.uni-muenchen.de/55894/1/MPRA\\_paper\\_55894.pdf](https://mpr.ub.uni-muenchen.de/55894/1/MPRA_paper_55894.pdf).
- Mandel, Ernest. 1967. "The Labor Theory of Value and Monopoly Capitalism." *International Socialist Review* 28 (4): 29–42.
- Mandel, Ernest. 1969. *Tratado de Economía Marxista Tomo I*. Mexico: Ediciones Era S.A.
- Mandel, Ernest. 1975. *Tratado de Economía Marxista Tomo II*. Mexico: Ediciones Era S.A.
- Mandel, Ernest. 1976. *Late Capitalism*. London: NLB.
- Marini, Ruy Mauro. 1985. *Dialéctica de la dependencia*. Mexico: Serie Popular Era/22, Ediciones Era S.A.
- Marx, Karl. 1970. *Capital. A Critical Analysis of Capitalist Production. Vol. I: The Process of Capitalist Production*. New York: International Publishers.
- Marx, Carlos. 1973a. *El Capital, Crítica de la Economía Política, Libro primero*. Buenos Aires: Editorial Cartago, SRL.
- Marx, Carlos. 1973b. *El Capital, Crítica de la Economía Política, Libro segundo*. Buenos Aires: Editorial Cartago, SRL.
- Marx, Carlos. 1973c. *El Capital, Crítica de la Economía Política, Libro tercero*. Buenos Aires: Editorial Cartago, SRL.
- Marx, Carlos. 1973d. *Formaciones económicas precapitalistas*. Buenos Aires: Editorial Polémica.
- Marx, Karl. n.d. *Grundrisse der Kritik der politischen Ökonomie*. Frankfurt/Wien: Europäische Verlagsanstalt Frankfurt/Europa Verlag Wien.
- Matos Mar, José. 2012. *Perú, Estado desbordado y sociedad nacional emergente*. Lima: Universidad Ricardo Palma, Editorial Universitaria.
- Mattick, Paul. 1974. *Kritik der Neomarxisten*. Frankfurt am Main: Fisher Taschenbuch Verlag.
- McClintock, Cynthia and Fabían Vallas. 2005. *La democracia negociada: las relaciones Perú—Estados Unidos (1980–2000)*. Lima: Instituto de Estudios Peruanos.
- Ministerio de Trabajo y Promoción del Empleo. 2004. "El empleo en el Perú 1990–2003." Accessed 29 Oct 2014. [http://www.mintra.gob.pe/archivos/file/CNTPE/Diag\\_Empleo\\_1990\\_2003.pdf](http://www.mintra.gob.pe/archivos/file/CNTPE/Diag_Empleo_1990_2003.pdf).
- Ministerio de Trabajo y Promoción del Empleo. 2005. *Boletín de economía laboral* 8 (31). Accessed 18 Jan 2018. [http://www2.congreso.gob.pe/Sicr/Comisiones/2007/ComRevNinAdo.nsf/34069c3bb71c123b05256f470062fea7/574F1D-D34E7FDE5B05257466007AEA51/\\$FILE/TrabajoInfantil-MINTRA-Bol-Econ-Lab31.pdf](http://www2.congreso.gob.pe/Sicr/Comisiones/2007/ComRevNinAdo.nsf/34069c3bb71c123b05256f470062fea7/574F1D-D34E7FDE5B05257466007AEA51/$FILE/TrabajoInfantil-MINTRA-Bol-Econ-Lab31.pdf).
- Mukherjee, Deepraj. 2016. "Informal Economy in Emerging Economies: Not a Substitute But a Complement." *International Journal of Business and Economic Development* 4 (3): 16–27.
- Murakami, Yusuke. 2007. *Perú en la era del Chino. La política no institucionalizada y el pueblo en busca de un salvador*. Lima/Kyoto: Instituto de Estudios Peruanos and Center for Integrated Area Studies, Kyoto University.

- Palma, Diego. 1988. *La informalidad, lo popular y el cambio social*. Lima: Desco.
- Panfichi, Aldo, and Coronel, Omar. 2011. "Los conflictos hídricos en el Perú 2006–2010: una lectura panorámica." In *Justicia Hídrica. Acumulación, conflicto y acción social*, edited by Rutgerd Boelens, Leontien Cremers and Margreet Zwarteven, 393–422. Lima: Justicia Hídrica/Instituto de Estudios Peruanos/Fondo Cultural PUCP.
- Parodi Trece, Carlos. 2010. *Perú 1960–2000. Políticas económicas y sociales en entornos cambiantes*. Lima: Centro de la Investigación de la Universidad del Pacífico.
- Parodi Trece, Carlos. 2014. *Perú 1995–2012. Cambios y continuidades*. Lima: Universidad del Pacífico.
- Pastor Jr., Manuel, and Carol Wise. 1992. "Peruvian Economic Policy in the 1980s: From Orthodoxy to Heterodoxy and Back." *Latin American Research Review* 27 (2): 83–117.
- Paus, Eva A. 1991. "Adjustment and Development in Latin America: The Failure of Peruvian Heterodoxy, 1985–1990." *World Development* 19 (5): 411–34.
- Petras, James, and Henry Veltmeyer. 2007. "The 'Development State' in Latin America: Whose Development, Whose State?" *Journal of Peasant Studies* 34 (3–4): 371–407 (Unedited version provided by Henry Veltmeyer).
- Petras, James, and Henry Veltmeyer. 2011. *Beyond Neoliberalism. A World to Win*. Farnham, England and Burlington, US: Ashgate.
- Petras, James, and Henry Veltmeyer. 2013. *Social Movements in Latin America. Neoliberalism and Popular Resistance*. London: Palgrave Macmillan. Unedited version.
- Petras, James, Morris Morley, and A. Eugene Havens. 1983. "Peru: Capitalist Democracy in Transition." *New Left Review* 142: 30–53.
- Pinto, Vladimiro. 2009. "Reestructuración neoliberal del estado peruano, industrias extractivas y derechos sobre el territorio." In *Minería y territorio en el Perú. Conflictos, resistencias y propuestas en tiempos de globalización*, edited by José De Echave et al., 85–103. Lima: Programa Democracia y Transformación Global/Confederación Nacional de Comunidades del Perú Afectadas por la Minería/CooperAcción/Fondo Editorial de la Facultad de Ciencias Sociales, Unidad de Postgrado UNMSM.
- Poulantzas, Nicos. 1976. *Las clases sociales en el capitalismo actual*. Mexico: Siglo Veintiuno Editores S.A.
- PUM. 1993. *Documentos aprobados en el III Congreso Nacional*. Lima: PUM.
- Quijano, Aníbal. 2014. *Cuestiones y Horizontes. De la dependencia histórico-estructural a la colonialidad/descolonialidad del poder*. Buenos Aires: CLACSO.
- Reyna, Carlos. 2000. *La anunciación de Fujimori. Alan García 1985–1990*. Lima: Desco.
- Roberts, Michael. 2015. "Revisiting a World Rate of Profit." Accessed Jan 2018, 2016. <https://thenextrecession.files.wordpress.com/2015/12/revisiting-a-world-rate-of-profit-june-2015.pdf>.

- Robinson, William I. 2010. *Latin America and Global Capitalism. A Critical Globalization Perspective*. Baltimore, MD: The Johns Hopkins University Press.
- Ruiz Acosta, Miguel A. 2013. “Devastación y superexplotación de la fuerza de trabajo en el capitalismo periférico: una reflexión desde América Latina.” *Razón y Revolución* 25: 35–89.
- Ruiz Caro, Ariela. 2002. “El proceso de privatizaciones en el Perú durante el periodo 1991–2002.” Santiago de Chile, Instituto Latinoamericano y del Caribe de Planificación Económica y Social (ILPES), Serie de Gestión Pública, no. 22. Accessed 9 Oct 2012. <http://www.eclac.org/publicaciones/xml/2/10712/LCL1762PE.pdf>.
- Saavedra Chanduvi, Jaime. 1999. “La dinámica del mercado de trabajo en el Perú antes y después de las reformas estructurales.” Serie Reformas Económicas no. 27, Santiago de Chile, ECLAC. Accessed 28 Aug 2015. [http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036\\_es.pdf?sequence=1](http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036_es.pdf?sequence=1).
- Sanborn, Cynthia and Victoria Chonn. 2015. “Chinese Investments in Peru’s Mining Industry: Blessing or Curse?” Discussion Paper 2015-8. Working Group on Development and Environment in the Americas, Boston University Global Economic Governance Initiative. Accessed 3 Dec 2015. <http://www.bu.edu/pardeeschool/files/2014/12/Peru2.pdf>.
- Semana Económica. 1982. “Lo informal es muy formal.” *Semana Económica* 2 (76): 6–7.
- Seminario, Bruno. 2016. *El desarrollo de la economía peruana en la era moderna. Precios, población, demanda y producción desde 1700*. Lima: Universidad del Pacífico.
- Shaikh, Anwar. 1990. *Valor, acumulación y crisis. Ensayos de economía política*. Bogota: Tercer Mundo Editores.
- Sunkel, Osvaldo. 1968. “Política nacional de desarrollo y dependencia externa.” In *La dominación de América Latina*, edited by Jose Matos Mar, 129–75. Lima: Francisco Moncloa Editores S.A.
- Sweezy, Paul M. 1977. *Teoría del desarrollo capitalista*. Mexico: Fondo de Cultura Económica.
- Távora, José I., Efraín González de Olarte, and Juan Manuel Del Pozo. 2014. “Heterogeneidad estructural y articulación productiva en el Perú: evolución y estrategias.” In *Hacia un desarrollo inclusivo. El caso del Perú*, edited by Ricardo Infante and Juan Chacaltana, 39–96. Santiago de Chile: CEPAL/OIT.
- Thomas, Jim. 1999. “El mercado laboral y el empleo.” In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 255–96. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Thorp, Rosemary. 1987. “The APRA Alternative in Peru: Preliminary Evaluation of Garcia’s Economic Policies.” *Bulletin of Latin American Research* 6 (2): 163–82.
- Torres Cuzcano, Víctor. 2013. *Grupos económicos y bonanza minera en el Perú. El caso de cinco grupos mineros nacionales*. Lima: CooperAcción.
- Urteaga, Patricia. 2011. “Agua e industrias extractivas: cambios y continuidades en los Andes.” In *Agua e industrias extractivas. Cambios y continuidades en*

- los Andes*, edited by Patricia Urteaga, 19–58. Lima: Instituto de Estudios Peruanos/Justicia Hídrica, Concertación.
- Villarán, Fernando. 1993. *Empleo y pequeña empresa en el Perú*. Lima: Fundación Friedrich Ebert.
- Villarán, Fernando. 1992. *El nuevo desarrollo. La pequeña industria en el Perú*. Lima: Pequeña Empresa Tecnología y Sociedad.
- Villarán de la Puente, Fernando, Sergio Álvarez Vásquez, and Carlos Mendoza Villavicencio. 1988. *Perspectivas del desarrollo de la pequeña y micro industria en un contexto de crisis económica*. Lima: Centro de Ingeniería para el Desarrollo.
- Wise, Carol. 2010. *Reinventando el Estado: estrategia económica y cambio institucional en el Perú*. Lima: Universidad del Pacífico/Centro de Investigación.
- Wise, Carol. 1986. “Economía política del Perú: rechazo a la receta ortodoxa.” Documento de Trabajo no. 15, Serie Economía Política no. 1. Lima: Instituto de Estudios Peruano. Accessed 23 June 2014. <http://archivo.iep.pe/textos/DDT/ddt15.pdf>.
- World Bank. 1985. “Peru. Country Economic Memorandum.” Accessed 23 June 2014. [http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1985/12/01/000009265\\_3970625095556/Rendered/PDF/multi0page.pdf](http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1985/12/01/000009265_3970625095556/Rendered/PDF/multi0page.pdf).
- World Bank. 2005. “Wealth and Sustainability: The Environmental and Social Dimensions of the Mining Sector in Peru.” Accessed 22 June 2012. [http://siteresources.worldbank.org/INTPERU/SPANISH/Resources/AAA\\_Environment\\_and\\_Mining\\_in\\_Peru.pdf](http://siteresources.worldbank.org/INTPERU/SPANISH/Resources/AAA_Environment_and_Mining_in_Peru.pdf).
- World Bank. 2016. “World Development Indicators 2016.” Accessed 12 July 2017. <https://openknowledge.worldbank.org/bitstream/handle/10986/23969/9781464806834.pdf>.
- Yepes del Castillo, Ernesto. 1972. *Perú 1820–1920. Un siglo de desarrollo capitalista*. Lima: Instituto de Estudios Peruanos/Campodonicoediciones S.A.

### *Interviews*

- Castro, Dante, writer and cadre of the political organization *Movimiento de Liberación Nacional 19 de Julio*, April 12, 2015.
- Cruz, de la, Roberto, general secretary of the *Partido Comunista Peruano—Unidad*, Lima, May 7, 2015.
- Dammert, Manuel, former general secretary of the *Partido Comunista Revolucionario*, April 13, 2015.
- Raffo, Renan, former general secretary of the *Partido Comunista Peruano—Unidad*, Lima, May 6, 2015.
- Zapata, Antonio, former cadre of the *Partido Revolucionario de los Trabajadores* and the *Partido Unificado Mariateguista*, April 6, 2015.



## The Changing Class Structure of Peru: 1980–2016

In the last thirty-six years, the evolution of the Peruvian class structure has not been subject to empirical and analytical studies. Although Peruvian social sciences have studied the bourgeoisie, the proletariat, the peasantry, and, especially, what is called the middle class, an analysis that encompasses all these classes in their proper evolution does not exist. This chapter is dedicated to the analysis of the evolution of the Peruvian class structure at the level of the country's economic structure in the period 1980–2016.

Academic works on class and class structure in Peru written in the 1980s and 1990s and about the 1980s and 1990s are almost inexistent. The work of Peru's most important sociologist, Anibal Quijano (2014), on the emergence of what is called the marginal strata, “‘Polo marginal’ y ‘mano de obra marginal’”, dates from the 1970s. The most famous book of the Peruvian sociologist Julio Cotler, *Clases, estado y nación en el Perú*, was published in 1978. In 1980 appeared García Sayán's article, “Perú: La cuestión agraria y las clases sociales en debate”. This article is partly dedicated to a review of Paredes Macedo's work on social classes in the countryside that dates from 1976. García Sayán's article does not provide data that might sustain the author's arguments and help to clarify the class boundaries between the different classes, class fractions, and strata in the Peruvian countryside. In 1989, Rodrigo Montoya published *Lucha por la tierra, reformas agrarias y capitalismo en el Perú del Siglo XX*. In order to demonstrate the complexity of class, Montoya (1989,



80–81) distinguished 18 class fractions within the “basic classes” that make up society. Unfortunately, Montoya did not define class and did not provide empirical data to sustain his arguments regarding the class composition of the Peruvian countryside. In 1994, Iziga Núñez edited *Peru: sociología, clases sociales y sociedad*. This is a volume of various essays written by a heterogeneous set of Peruvians in different periods and previously published elsewhere. It includes essays from 1942, 1960, 1963, and 1971, among others. In 1998, Fuller Osoreo (1998) published “Las clases medias en las ciencias sociales”. In this article, reference is made to Parker (1992). According to Fuller Osoreo (1998, 453), Parker has been the person who has “most thoroughly studied the urban middle class in Peru”. The article of Parker, however, is about white-collar workers at the beginning of the twentieth century. In 2003, the Peruvian Non-Governmental Organization (NGO) Desco published *Perú Hoy. La clase media ¿existe?* The book is composed of various essays about the Peruvian middle class. Some articles are re-editions. In 2007 appeared *Clases sociales en el Perú. Visiones y trayectorias*. This work, edited by Plaza (2007), seems to be a new beginning or a reintroduction of the class debate in Peru (Pozo Buleje 2009, 223).

In this chapter, we hope to start filling the gap in academic research on the evolution of the Peruvian class structure since the beginning of the 1980s. The data we use, however, do not exactly cover the period 1980–2016. Unfortunately, information on the years between 1980 and 1985 is very scarce. Most of the data comprise the period 1986–2016. However, some important data will be presented for the years 1979, 1980, and 1983. We think that this lack of data will not impede to obtain a full understanding of the development of the Peruvian class structure at the country’s economic structure in the last thirty-six years.

The findings in this chapter are built on our theoretical and methodological understandings as developed in Chapter 3 and the data we have extracted from, principally, household surveys executed by the INEI and the Ministry of Labor and the Promotion of Employment. We would like to emphasize that because we analyze the Peruvian class structure at the level of the economic structure of the country, the classes and class structure presented in this chapter are an approximation of classes in Peru and the Peruvian class structure.

This chapter is organized into seven sections. In Sects. 5.1, 5.2, and 5.3, we examine the characteristics of the Peruvian bourgeoisie, the intermediate class, and the proletariat. Section 5.4 is dedicated to

the peasantry and the rural bourgeoisie. Although the rural bourgeoisie forms part of the dominant class, it is one of its class fractions, and for the reasons of clarity and narration, we have considered it opportune to include the peasantry and rural bourgeoisie in one single section. In Sect. 5.5, we discuss the issue of the non-remunerated family, and in Sect. 5.6, we present the evolution of the Peruvian class structure in the period 1980–2016. Section 5.7 presents our conclusions.

## 5.1 THE BOURGEOISIE

The bourgeoisie is generally defined as the class that possesses or controls the means of social production and exploits and/or economically oppresses laborers. Wright (1993, 97) defines the bourgeoisie “as those positions which: (a) occupy the bourgeois position within the social relations of production, i.e., positions of control over money capital, physical capital and labor-power; or, (b) are linked directly to the bourgeoisie through families or class trajectories; or, (c) occupy bourgeois positions within the political and ideological apparatuses, i.e., positions which involve the control over the creation of state policy and the production of ideology”.

Our general definition of the bourgeoisie does not distinguish between capitalists whose market orientation is international, regional, national, and/or local. This obliges us to determine the class fractions within the bourgeoisie. Hence, talking about capitalists without making a distinction between the size of capitalists in terms of assets, profits, and personnel employed hides existing antagonistic class fraction relations within the bourgeoisie and impedes to obtain a clear view of the particularities of this class.

Defining capitalists according to market interests, assets, and profits is a very complicated endeavor as most of this information is not available. Of course, one might have access to the data of companies that are listed on the stock market and other major economic players, but this does not include all individuals who, according to our definition of the bourgeoisie, pertain to the bourgeoisie. This, however, does not make it impossible to determine the hegemonic fraction within the bourgeoisie.<sup>1</sup> In addition, as data on individuals that consider themselves “employer” are available, on the basis of the distribution of employment by enterprise size groups it is possible, in a certain way, to distinguish between micro-, small, medium-sized, and big capitalists.

Since 1968, the composition of the bloc in power has changed four times. This bloc “constitutes a contradictory unity of the *dominant* classes or fractions, a unity dominated by the *hegemonic* class or fraction. The unity of the bloc in power is constituted under the aegis of the hegemonic class or fraction that politically *polarizes* the interests of other classes or fractions that are part of it. [...] *Political unity of the bloc in power under the aegis of the hegemonic class or fraction means, thus, a unity of state power, in its connection with the specific interests of that class or fraction*” (Poulantzas 1980, 388–89).

1. 1968–1980. In the first phase of the military government (1968–1975), the development of an industrial bourgeoisie was stimulated and favored. This bourgeoisie was called an intermediate bourgeoisie as it depended on transnational capital.<sup>2</sup> The bloc in power was composed of the proprietaries and/or the managers of the state-owned companies, private national economic groups, and foreign capital.
2. 1980–1985. The Belaúnde regime favored the financial fraction of transnational Capital. The bloc in power was composed of the financial sector and the commodities exporting sector.
3. 1985–1990. The APRA government brought national industrial Capital back to the forefront. It was supposed that a strategic alliance of the State and national economic groups would increase investments, productivity, and GDP.
4. 1990–2000. The Fujimori regime favored the financial fraction of the bourgeoisie, the commodities exporting sector, and foreign capital in general. Transnational extractive Capital was the hegemonic fraction within the bloc in power.
5. 2000–2016. The three governments that followed the authoritarian regime of Fujimori (Toledo, García, and Humala) all continued the political economy framework of Fujimori. The financial fraction of the bourgeoisie, the commodities exporting sector, and foreign capital in general maintained their dominant position within the Peruvian bourgeoisie.

The military government led by General Velasco (1968–1975) put the country on a course toward capitalist industrialization. Hence, the regime stimulated the development of an industrial bourgeoisie (Malpica Silva Santisteban 1989, 48). However, the industry that operated in Peru

was essentially an importer of technology, supplies, and primary goods. The industrial bourgeoisie was an ally of international Capital, and its productive activities were concentrated on assembling and the processing of imported inputs (Déniz 1978, 157–58).

The regime's intentions to develop an industrial bourgeoisie contributed to the emergence of national economic groups (Durand 1988b, 41).<sup>3</sup> Durand (1988a, 47–48) argues that during the 1970s, the Peruvian State, the national economic groups, and foreign Capital were the dominant fractions of the bourgeoisie. While the State built public companies in key sectors of the economy and participated in more than 160 companies (mining, petroleum, communication, electricity, cement, and finance, among others), national economic groups were active in industry and banking, and foreign Capital had a presence in mining, energy, and manufacturing. According to a study of Campodónico et al. (1993, 116), in 1989 private national companies formed the biggest part of the ranking (according to income and assets) of the 500 major companies in Peru.

The Belaúnde government favored international Capital over national industrial Capital. It was especially interested in international finance and the commodities exporting sector. The regime created obstacles to further the development of public productive projects that had been initiated by the previous military governments, it eliminated the state monopoly on the commercialization of minerals, it elaborated on policies that were meant to give priority to the export of primary goods, it authorized the division of the agricultural cooperatives in small plots, it reduced import tariffs and intended to eliminate export subsidies, it tried to reduce the participation of the State in the financial sector, it adjusted the interest rates in function of inflation to guarantee income for the financial institutions, and it made a start with the privatization of public enterprises, among others (Pease García 1981, 56–58; Durand 2004, 204–5, 210–11, 228–30; Malpica Silva Santisteban 1989, 50–54; Petras et al. 1983, 33).

García's first term was, in part, characterized by its intention to industrialize the country. Hence, it is understandable that the regime favored industrial and national financial Capital (Durand 1988a, 61; 2004, 260–62). In 1989, six out of nine economic groups that dominated the industrial sector (industrial groups) were of Peruvian nationality (Campodónico et al. 1993, 125).

The neoliberal policies of the Fujimori government in the 1990s negatively affected national industrial Capital. The regime favored, just as the Belaúnde government did, the commodities exporting sector, finance, and foreign Capital (Cotler 1998, 25). In Table 5.1, the ranking of the five largest corporations in Peru according to sales and economic sector is presented for the period 1992–2000. While at the beginning of the 1990s the top five of the principal corporations that operated in Peru were native, since 1996 foreign Capital dominates the ranking of the top five of the biggest enterprises in Peru.

The deregulation of the internal market and trade liberalization negatively affected national industrial Capital. The growth rate of industrial production decreased, and the installed capacity of the manufacturing sector diminished. It was not until 1995 that the installed capacity of the manufacturing sector had returned to its level of 1985 (Abugattas 1999, 125, 127).

The privatization of state-owned companies was another factor that contributed to a change in the structure of the bourgeoisie. State-owned Capital was increasingly replaced by private national and international Capital.

The restructuring of the dominant class in Peru expressed, in a certain way, the restructuring of productive processes at world scale. This restructuring was the consequence of the measures taken by Capital in the advanced capitalist countries after the world crisis in the 1970s (see Chapter 4). These measures were later resumed in what came to be known as neoliberalism and globalization.

Globalization is the result of the incessant search of Capital for higher rates of profits, facilitated by the neoliberal prescription of abolishing capital controls, the opening of the markets, and favorable tax regimes.<sup>4</sup> According to Bello (2006, 1355), globalization is one of the mechanisms that help to escape the pressures of over-accumulation and overproduction. Caputo Leiva (2012, 87) argues that globalization was Capital's response to low profit levels and profit rates in the 1970s until mid-1980s. Robinson (2010, 15) explains that “globalization became a viable strategy as capitalists and state-managers searched for new modes of accumulation”. It allowed capital “to shake off the constraints that nation-state capitalism had placed on accumulation and to break free of the class compromises and concessions that had been imposed by working and popular classes and by national governments in the preceding epoch”. In this sense, globalization is not only structural but also intentional.<sup>5</sup>

**Table 5.1** Ranking five largest corporations in Peru according to sales and economic sector: 1992–2000

	1992		1995		1996		1998		2000	
	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>
1	Perúpetro	Petroleum	Perúpetro	Petroleum/ Gas	Telefónica del Perú	Telecom	Telefónica del Perú	Telecom	Petroperú	Petroleum/ Gas
2	Southern Peru Copper	Mining	Telefónica del Perú	Telecom	Southern Peru Copper	Mining	Southern Peru Copper	Mining	Telefónica del Perú	Telecom
3	Mínpeco	Mining	Centromin	Mining	Centromin	Mining	Petroperú	Petroleum/ Gas	Southern Peru	Mining
4	Centromin	Mining	Perúpetro	Petroleum/ Gas	Alicorp	Food	Alicorp	Food	Copper Minera Yanacocha	Mining
5	Entel	Telecom	Southern Peru Copper	Mining	Backus & Johnston	Beverages/ Beers	Minera Yanacocha	Mining	Perúpetro	Petroleum/ Gas

Source: *América Economía. Latin America's Business Magazine*, Special Issue, December 1992, p. 77; *América Economía. Los Negocios de América Latina*, Edición Annual, 1996–1997, p. 146; *América Economía. Los Negocios de América Latina*, Edición Annual, 1997–1998, p. 158; *América Economía. Los Negocios de América Latina*, 29 de Julio de 1999, p. 117; and *América Economía. Los Negocios de América Latina*, agosto de 2001, no. 213, p. 116

The worldwide restructuring of Capital allowed for what might be called the transnationalization of the dominant fractions of the Peruvian bourgeoisie.<sup>6</sup> According to Cordey (2005, 169, 183), “the globalisation process had put important national businesses in difficult positions. Some could not pay their dues, others went bankrupt or were swallowed up by foreign companies [...] the private sector was not all that Peruvian anymore, since many leading companies—among others banking conglomerates—did not have much choice but to search for alliances with foreign capital”.

The continuation of the political economy framework implemented in the 1990s by the governments of Toledo, García, and Humala helped to maintain the hegemony of transnational extractive Capital within the Peruvian bourgeoisie. However, it should be noted that since 2014, the ranking of the five largest companies that operate in Peru has not been dominating by extractive Capital. This is mainly the result of the reduction of the export value of the country’s mineral resources, the consequence of reduced demand abroad, principally of China (diminishing economic growth). It is expected that in 2017 or 2018, extractive Capital returns to take up its hegemonic position in the ranking of the largest corporations in Peru. In Tables 5.2 and 5.3, the ranking of the five largest corporations in Peru according to sales and economic sector for the period 2001–2016 is presented.

The description of the dominant fractions of the Peruvian bourgeoisie does not tell us the whole story of this class. The reality of the Peruvian bourgeoisie is the existence of a very small dominant fraction and a very large subordinate fraction. Table 5.12 shows that in the years between 1986 and 1994, between 30 and 50% of the occupied proletariat in Metropolitan Lima labored in companies that employed between two to 19 individuals. In the period 1997–2016, the absolute majority of individuals with proletarian occupations worked in companies that employed between one and 19 individuals (see Table 5.13).

The data of the Ministry of Labor and the Promotion of Employment and the INEI permit to determine the size of the companies that operate in Peru on the basis of the number of individuals employed. In Tables 5.4 and 5.5, data are presented on the occupational category “employer” according to company size for Lima (1986–1994) and for the country as a whole (1998–2016). Rounding differences cause that the percentages do not add up to or are slightly above 100%.

Table 5.2 Ranking five largest corporations in Peru according to sales and economic sector: 2001–2009

	2001		2003		2005		2007		2009	
	Company	Sector	Company	Sector	Company	Sector	Company	Sector	Company	Sector
1	Petroperú	Petroleum/ Gas	Petroperú	Petroleum/ Gas	Southern Perú	Mining	Southern Perú	Mining	Refinería La Pampilla	Petroleum/ Gas
2	Telefónica del Perú	Telecom	Minera Yanacocha	Mining	Copper Petroperú	Petroleum/ Gas	Petroperú	Petroleum/ Gas	Petroperú	Petroleum/ Gas
3	Southern Perú	Mining	Telefónica del Perú	Telecom	Repsol YPF Perú	Petroleum/ Gas	Repsol YPF Perú	Mining	Telefónica del Perú	Telecom
4	Copper Minera Yanacocha	Mining	Southern Perú	Mining	Minera Antamina	Mining	Minera Antamina	Petroleum/ Gas	Southern Perú	Mining
5	Backus & Johnston	Beverages/ Beers	Backus & Johnston	Beverages/ Beers	Minera Yanacocha	Mining	Telefónica	Telecom	Copper Minera Antamina	Mining

Source: *América Economía. Los Negocios de América Latina*, 12–25 de julio de 2002, no. 235, pp. 50, 52, 56, 60; *América Economía. Los Negocios de América Latina*, 9–29 de julio de 2004, no. 280–281, p. 100; *América Economía. Los Negocios de América Latina*, 14 de julio–17 de agosto de 2006, no. 326, p. 173; *América Economía. Perú*, octubre de 2008, no. 6, p. 76; and *América Economía. Perú*, julio de 2011, no. 39, p. 158



**Table 5.3** Ranking five largest corporations in Peru according to sales and economic sector: 2011–2016

2011			2013			2015			2016		
	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	<i>Company</i>	<i>Sector</i>	
1	Petroperú	Petroleum/ Gas	Petroperú	Petroleum/ Gas	Petroperú	Petroleum/ Gas	Credicorp	Petroleum/ Gas	Credicorp	Banking	
2	Refinería La Pampilla	Petroleum/ Gas	Refinería La Pampilla	Petroleum/ Gas	Refinería La Pampilla	Petroleum/ Gas	Credicorp	Banking	Petroperú	Petroleum/ Gas	
3	Minera Antamina	Mining	Credicorp	Banking	Falabella Perú	Commerce	Falabella Perú	Commerce	Falabella Perú	Commerce	
4	Southern Perú Copper	Mining	Minera Antamina	Mining	Minera Antamina	Mining	Telefónica del Perú	Telecom	Essalud	Health	
5	Telefónica del Perú	Telecom	Telefónica	Telecom	Telefónica	Telecom	Refinería La Pampilla	Petroleum/ Gas	Telefónica del Perú	Telecom	

Sources *América Economía. Los Negocios de América Latina*, julio de 2012, no. 413, p. 136; *América Economía. Perú*, julio de 2014, no. 75, p. 154; *América Economía. Perú*, julio de 2016, p. 140; and *América Economía Perú*, julio de 2017, pp. 134–35

**Table 5.4** The distribution of the occupational category by enterprise size groups: Metropolitan Lima, 1986–1994 (in percentage of total employers of companies with two and more individuals)

<i>Year</i>	<i>2–9 individuals employed (%)</i>	<i>10–19 individuals employed (%)</i>	<i>More than 20 individuals employed (%)</i>	<i>Total (%)</i>
1986	90.7	4.3	4.9	99.9
1987	88.8	7.1	4.1	100
1988 <sup>a</sup>	xxx	xxx	xxx	xxx
1989	87.2	11.1	1.7	100
1990	88.8	5.6	5.6	100
1991	87.2	5.6	7.3	100.1
1992	89.9	5.6	4.5	100
1993	88.7	8.0	3.3	100
1994	88.8	6.3	4.9	100

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1994

<sup>a</sup>No data are available for 1988

**Table 5.5** The distribution of the occupational category by enterprise size groups: Peru, 1998–2016 (in percentage of total employers of companies with two and more individuals)

<i>Year</i>	<i>2–9 individuals employed (%)</i>	<i>10–19 individuals employed (%)</i>	<i>More than 20 individuals employed (%)</i>	<i>Total (%)</i>
1998	93.0	5.2	1.8	100
1999	92.9	5.2	1.9	100
2000	94.1	4.0	1.9	100
2001	94.1	4.4	1.6	100.1
2002	93.7	4.9	1.4	100
2003	94.4	4.3	1.2	99.9
2004	92.7	5.9	1.4	100
2005	92.7	6.1	1.2	100
2006	93.6	5.1	1.3	100
2007	94.0	4.5	1.5	100
2008	92.0	6.1	1.9	100
2009	93.5	5.0	1.4	99.9
2010	93.7	4.8	1.5	100
2011	93.5	5.0	1.4	99.9
2012	93.1	5.2	1.7	100
2013	94.1	4.2	1.6	99.9
2014	93.3	5.1	1.6	100
2015	94.5	3.9	1.5	99.9
2016	94.1	4.4	1.5	100

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1998–2016

## 5.2 THE INTERMEDIATE CLASS

The intermediate class consists of a range of individuals whose production relations clearly differ. Its ambiguous nature is similar to what is known as the middle class. In the advanced capitalist countries, the middle class is composed of individuals that pertained to the “old” and the “new” middle class.<sup>7</sup>

The “old” middle class or the petty bourgeoisie is principally composed of small-scale producers, small traders, artisanal work, and small family businesses. The owner of the means of the production is at the same time the direct worker (Poulantzas 1973). The “new” middle class partly performs the function of labor and partly the function of Capital (Carchedi 1987b, 119). Burris (1980, 19) defines the “new” middle class “as those positions within the social division of labor which share a common position with the proletariat in terms of two basic ownership relations: (1) non-ownership of the material means of production, and (2) the alienation of one’s labor-power in exchange for a wage, but which are distinguished, in varying degrees, by some combination of the following relations of possession: (1) control over the immediate employment of the material means of production, and (2) control over the exercise of one’s own labor and/or the labor of others”. The “new” middle class is made up of occupational groups such as managers, supervisors, professionals, teachers, semi-autonomous employees, state employees, and salesmen (Sweezy 1977, 312; Callinicos 2006).<sup>8</sup>

By creating a class that includes, among others, individuals that pertain to the advanced capitalist’s “old” and the “new” middle class, it might seem that we have invented a class that enables us to gather all those individuals that we are not able to classify as bourgeoisie, proletariat, or peasants.<sup>9</sup> However, our preliminary studies on Peruvian society and the country’s occupational structure indicated us the correctness of our decision.

The intermediate class cannot be compared with what has been defined as the middle class as it includes more *and* includes less. By including all independents in the intermediate class, this class might be bigger than what normally is considered to be middle class. Although independents may own some means of production but do not exploit other individuals, not all independents own means of production. The first group of independents might be considered pertaining to the petty bourgeoisie. Depending on the definition of the “new” middle class,<sup>10</sup>

the intermediate class might diminish in relation to the “new” middle class as we have qualified an important group of professionals as proletariat. However, independents that do not own any means of social production might be considered part of the “new” middle class. In what follows we present the major characteristics of the intermediate class.

The intermediate class is primarily composed of individuals that are frequently called independents. Often, these individuals are also informal workers. Within the fraction of individuals considered independents, the main body is composed of individuals whose occupations have proletarian characteristics. This is mainly the consequence of (i) the accumulation of economic crises in 1980s; (ii) the privatization of state-owned companies in the 1980s and 1990s; and (iii) the implementation of measures that eliminated labor stability in the 1990s.

The proletarian fraction of the independent intermediate class can be called an urban semi-proletariat as they are obliged to work on their own account rather than forced into the capital–labor relation.<sup>11</sup> The urban semi-proletariat may perform the same functions in production as the proletariat, but as these individuals work on their own account, their production relations are different from the proletariat. The urban semi-proletariat might own some means of production to exploit themselves or their non-remunerated family members.

The urban semi-proletariat cannot be defined as a proper class as it has elements of the proletariat and the intermediate class. It is not possible to clearly locate these individuals outside the proletariat or the intermediate class, i.e., as something qualitatively different. We have chosen to locate these individuals in the intermediate class as their objective-determining characteristics are the ownership of Capital and the exploitation of themselves and/or their non-remunerated family members. They can be distinguished as a fraction of the independent intermediate class.

In the tables below, we present the division of the intermediate class in dependents and independents, and the division of independents in those with a middle class and a proletarian occupational character (urban semi-proletariat). In Tables 5.6 and 5.7, data are provided for Lima in the period 1986–1994, and in Tables 5.8 and 5.9, data are presented for the country as a whole for the years between 1997 and 2014.

The importance of the urban semi-proletariat within the Peruvian class structure can be demonstrated when we determine its weight within the total class structure. In Tables 5.10 and 5.11, we have calculated the urban semi-proletariat as a percentage of the EAP of Lima in the period

**Table 5.6** Dependent and independent intermediate class in Metropolitan Lima: 1986–1994 (as a percentage of the intermediate class)

<i>Year</i>	<i>Dependent intermediate class (%)</i>	<i>Independent intermediate class (%)</i>
1986	43.4	57.6
1987	46.5	54.5
1988 <sup>a</sup>	xxx	xxx
1989	39.5	60.5
1990	43.2	56.8
1991	46.2	53.8
1992	45.3	54.7
1993	40.5	59.5
1994	42.5	57.5

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1994

<sup>a</sup>No data is available for 1988

**Table 5.7** Middle-class and proletarian fractions of the independent intermediate class in Metropolitan Lima: 1986–1994 (as a percentage of the independent intermediate class)

<i>Year</i>	<i>Middle-class fraction of independent intermediate class (%)</i>	<i>Proletarian fraction of independent intermediate class (%)</i>
1986	47.5	52.5
1987	51.8	48.2
1988 <sup>a</sup>	xxx	xxx
1989	58.5	41.5
1990	63.4	36.6
1991	57.9	42.1
1992	61.0	39.0
1993	41.8	58.2
1994	47.8	52.2

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1995

<sup>a</sup>No data are available for 1988

**Table 5.8** Dependent and independent intermediate class in Peru: 1997–2016 (as a percentage of the intermediate class)

<i>Year</i>	<i>Dependent intermediate class (%)</i>	<i>Independent intermediate class (%)</i>
1997	24.8	75.2
1998	24.3	75.7
1999	25.1	74.9
2000	25.9	74.1
2001	23.0	77.0
2002	26.2	73.8
2003	24.7	75.3
2004	24.2	75.8
2005	23.8	76.2
2006	25.5	74.5
2007	25.5	74.5
2008	25.9	74.1
2009	25.8	74.2
2010	24.7	75.3
2011	24.8	75.2
2012	26.3	73.7
2013	27.2	72.8
2014	27.3	72.7
2015	25.8	74.2
2016	27.4	72.6

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

1986–1994 and of the occupied EAP Peru in the years between 1997 and 2016.

Street vendors, mainly informal, form an important part of the intermediate class. They are classified as independents, but in some occasions they employ other individuals.<sup>12</sup> In the years between 1986 and 1994, in Lima, street vendors as a percentage of the intermediate class (excluding street vendors who employ other individuals) fluctuated around 30% to 40%.<sup>13</sup> In the period 1997–2016, for Peru as a whole, this percentage reduced from 20.2% in 1997 to 10.1% in 2016.<sup>14</sup>

### 5.3 THE PROLETARIAT

The proletariat is composed of surplus value- and non-surplus-value-producing individuals.<sup>15</sup> The last group is economically oppressed, for instance salespeople, persons that work as cashiers in banks and personnel

**Table 5.9** Middle-class and proletarian fractions of the independent intermediate class in Peru: 1997–2016 (as a percentage of the independent intermediate class)

<i>Year</i>	<i>Middle-class fraction of independent intermediate class (%)</i>	<i>Proletarian fraction of independent intermediate class (%)</i>
1997	29.5	69.5
1998	29.0	71.0
1999	25.7	74.3
2000	26.5	73.5
2001	26.5	73.5
2002	29.6	71.4
2003	31.9	68.1
2004	31.1	68.9
2005	31.4	86.6
2006	29.8	70.2
2007	30.8	69.2
2008	30.7	69.3
2009	26.7	73.3
2010	25.8	74.2
2011	25.1	74.9
2012	24.8	75.2
2013	24.5	75.5
2014	24.9	75.1
2015	23.4	76.6
2016	23.3	76.7

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

**Table 5.10** Urban semi-proletariat as a percentage of the EAP in Lima: 1986–1994

<i>Year</i>	<i>Urban semi-proletariat as a percentage of the occupied EAP in Lima (%)</i>
1986	10.6
1987	7.6
1988 <sup>a</sup>	xxx
1989	8.2
1990	7.3
1991	8.4
1992	8.0
1993	11.2
1994	10.3

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1995

<sup>a</sup>No data are available for 1988

**Table 5.11** Urban semi-proletariat as a percentage of the occupied EAP in Peru: 1997–2016

<i>Year</i>	<i>Urban semi-proletariat as a percentage of the occupied EAP in Peru (%)</i>
1997	16.5
1998	16.0
1999	17.3
2000	17.4
2001	16.1
2002	14.7
2003	14.6
2004	14.5
2005	13.5
2006	13.6
2007	14.6
2008	14.8
2009	15.6
2010	15.9
2011	16.2
2012	15.9
2013	16.0
2014	15.7
2015	15.9
2016	16.6

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

of supermarkets. The big majority of the Peruvian proletariat is occupied by micro-businesses.

The deciding question for determining if one belongs to the proletariat is one's role in the social division of labor instead of one's function in the technical division of labor (Poulantzas 1976, 211, 224). This means, for instance, although foremen may technically do the same work as the "ordinary" worker, they are not part of the proletariat. Their function as a supervisor is determinant. In the same line, engineers and technicians are not proletarians because their political and ideological function is to subordinate the proletariat to Capital. In Tables 5.12 and 5.13, data are presented on the distribution of individuals with proletarian occupations by enterprise size groups in Metropolitan Lima for the years between 1986 and 1994 and the distribution of the occupied proletariat in Peru for the period 1997–2016.

The Peruvian proletariat can be divided into individuals that *primarily* perform manual labor ("classic" working class, salespeople, individuals



**Table 5.12** The distribution of individuals with proletarian occupations by enterprise size groups in Metropolitan Lima: 1986–1994 (as a percentage of total proletariat occupied in companies that employ two and more individuals in Metropolitan Lima)

	<i>2–9 employed</i> (%)	<i>10–19</i> <i>employed (%)</i>	<i>20–99</i> <i>employed (%)</i>	<i>100 and more</i> <i>employed (%)</i>	<i>Total</i> (%)
1986	33.6	19.5	15.1	31.8	100.0
1987	36.3	8.4	14.9	40.4	100.0
1988 <sup>a</sup>	xxx	xxx	xxx	xxx	xxx
1989	32.1	7.9	18.9	41.0	100.0
1990	38.2	9.4	16.9	35.5	100.0
1991	36.4	8.9	17.1	37.6	100.0
1992	38.7	10.3	17.6	33.4	100.0
1993	38.5	9.5	17.2	34.7	100.0
1994	38.1	10.5	19.6	31.8	100.0

Source Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1994

<sup>a</sup>No data are available for 1988

who are working in restaurants, etc.)<sup>16</sup> and persons who *mainly* execute mental labor functions. In Tables 5.14 and 5.15, data are presented on the division between proletarians that perform manual or mental labor.

The Tables 5.14 and 5.15 show remarkable differences and similarities. First of all, it must be noticed that the Peruvian proletarians are principally executing manual labor.<sup>17</sup> Second, in Metropolitan Lima the weight of mental labor-performing individuals is higher than in the rest of the country. This difference has to do with the fact that the labor force in Metropolitan Lima, Peru's capital, the financial and economic center of the country, is higher skilled than in other parts of the country.

Another important characteristic of the Peruvian working population, and not only of the proletariat, is the issue of underemployment.<sup>18</sup> Underemployment is a structural characteristic of the Peruvian working population. Despite the measures introduced in the 1990s to make the workforce more flexible, in general, unemployment has been higher in the 1990s than in the 1980s. While in 1980 51.2% of the EAP was underemployed (INE 1983, 99), in 2016 this percentage amounted to 45% (INEI 2017, 57).

A very small part of the Peruvian working population is salaried. According to the data of Balbi and Gamero (1990, 91), while in 1972

**Table 5.13** The distribution of occupied individuals with proletarian occupations by enterprise size groups in Peru: 1998–2016 (as a percentage of total proletariat occupied in companies that employ two and more individuals)<sup>a</sup>

	<i>2–9 employed (%)</i>	<i>10–19 employed (%)</i>	<i>20–99 employed (%)</i>	<i>100 and more employed (%)</i>	<i>Total (%)</i>
1998	74.6	5.7	6.0	13.7	100.0
1999	74.3	5.7	6.4	13.6	100.0
2000	72.1	5.9	7.4	14.6	100.0
2001	74.0	6.3	6.8	12.9	100.0
2002	74.1	5.2	6.5	14.2	100.0
2003	75.7	5.4	6.2	12.7	100.0
2004	75.3	6.0	5.8	12.8	100.0
2005	74.4	6.5	5.7	13.4	100.0
2006	76.4	2.4	6.8	14.4	100.0
2007	71.4	6.1	6.5	16.0	100.0
2008	70.6	6.2	6.5	16.7	100.0
2009	70.2	6.2	6.9	16.7	100.0
2010	69.8	6.1	6.9	17.3	100.0
2011	70.0	5.9	6.4	17.7	100.0
2012	67.8	6.3	6.9	19.0	100.0
2013	68.0	5.8	7.1	19.1	100.0
2014	68.1	5.8	6.9	19.2	100.0
2015	72.0	5.0	6.3	16.6	99.9
2016	71.7	4.9	6.1	17.3	100

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1998–2016

<sup>a</sup>Rounding differences cause that the percentages do not add up to 100%

**Table 5.14** Division of the proletariat in manual labor- and mental labor-performing individuals: Metropolitan Lima, 1986–1994 (as a percentage of total proletariat)

<i>Year</i>	<i>Manual labor (%)</i>	<i>Mental labor (%)</i>
1986	67.2	32.8
1987	71.9	28.1
1988 <sup>a</sup>	xxx	xxx
1989	69.6	30.4
1990	72.0	28.0
1991	71.2	28.8
1992	68.1	31.9
1993	60.7	39.3
1994	58.4	41.6

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1994

<sup>a</sup>No data are available for 1988

**Table 5.15** Division of the proletariat in manual labor- and mental labor-performing individuals: Peru, 1997–2016 (as a percentage of total proletariat)

<i>Year</i>	<i>Manual labor (%)</i>	<i>Mental labor (%)</i>
1997	85.1	14.9
1998	91.1	8.9
1999	91.0	9.0
2000	87.6	12.4
2001	91.2	8.8
2002	90.8	19.2
2003	88.7	11.3
2004	90.9	9.1
2005	90.8	9.2
2006	90.5	9.5
2007	90.4	9.6
2008	88.5	11.5
2009	88.6	11.4
2010	88.5	11.5
2011	87.5	12.5
2012	86.5	13.5
2013	86.0	14.0
2014	86.4	13.6
2015	82.4	17.6
2016	83.5	16.5

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

around 67% of the EAP in Lima received a salary, in 1989 this was about 57%.<sup>19</sup> For the years between 1990 and 1995, household surveys of the Ministry of Labor and the INEI indicated that this percentage was around 54%. Data of the country as a whole show a similar pattern. In 1989, about 37% were salaried individuals, down from 40% in 1977 (Balbi and Gamero 1990, 91).<sup>20</sup> In 2016, a household survey of the INEI indicated that still just 32% of all individuals that received an income for expended labor-power received a salary or a wage.<sup>21</sup> As the majority of the EAP is not salaried, they are also not protected against unemployment. In order to receive a pension upon retirement, these workers have to individually contract a private pension fund.

The almost permanent situation of underemployment to which the Peruvian working population is submitted obliges it to find additional income. Many individuals have more than one employment or work in their free hours as independents. As a matter of fact, self-employment and the fact that many people have more than one occupation can explain why the rates of unemployment are not very high.<sup>22</sup> Data

for Metropolitan Lima show that in the period 1985–1995, between 8 and 10% of the EAP had a secondary occupation.<sup>23</sup> For Peru, in the years between 1997 and 2016, the percentage of the occupied EAP that declared to have a secondary occupation fluctuated between 14 and 20%.<sup>24</sup>

#### 5.4 THE PEASANTRY AND THE RURAL BOURGEOISIE

The peasantry is composed of all individuals that work in agriculture or livestock breeding and are located in the countryside. They can be divided into peasants and rural proletariat. Peasants' relations of production are fundamentally pre-capitalist, although many peasants are forced into an indirect relationship to the capitalist mode of production, which allows their labor to be exploited. Peasants own means of production but do not exploit or economically oppress other individuals, apart from their non-remunerated family members. Individuals that pertain to the rural proletariat are occupied in farming but do not own the means of production. Individuals that employ other individuals, excluding non-remunerated family members, and perform their economic activities in the countryside are part of the rural bourgeoisie. In Table 5.16, data are presented on the evolution of peasants and the rural proletariat in Peru for the period 1997–2016.

A large part of the peasantry is working in urban areas as independents. Others sell their labor-power. This group is called the rural semi-proletariat.

The rural semi-proletariat is composed of individuals who work on their own plots and labor on, for instance, the land of other small landowners, on the lands of big agricultural companies, or in urban areas. These individuals may be employees, non-remunerated family members, or domestic workers.

The rural semi-proletariat cannot be defined as a proper class as it has elements of the proletariat and the peasantry. Furthermore, it is not possible to clearly locate these individuals outside the proletariat and the peasantry, i.e., as a qualitatively different class. However, we have chosen to locate these individuals as a class fraction of the peasants as their determining characteristics are the ownership of land and the exploitation of themselves and/or their non-remunerated family members.

In 2014, around 32% of the peasants had a second job.<sup>25</sup> Peasants with a second job show a rising trend. However, while in the period

**Table 5.16** Peasants and rural proletariat as a percentage of total peasantry: 1997–2016

<i>Year</i>	<i>Peasants (%)</i>	<i>Rural proletariat (%)</i>
1997	99.6	0.4
1998	99.4	0.6
1999	99.3	0.7
2000	100	0.0
2001	99.6	0.4
2002	99.7	0.3
2003	99.6	0.4
2004	99.6	0.4
2005	99.6	0.4
2006	99.6	0.4
2007	99.7	0.3
2008	99.4	0.6
2009	99.0	1.0
2010	99.0	1.0
2011	98.7	1.3
2012	98.7	1.3
2013	99.0	1.0
2014	98.8	1.2
2015	99.0	1.0
2016	99.0	1.0

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

1997–2014 peasants with a second job in the agricultural and live-stock breeding sectors increased from 37.5 to 47.2% as a percentage of total peasants with a second job, in the case of the non-agricultural and non-livestock breeding sectors this percentage reduced from 62.5 to 58.2%.<sup>26</sup>

Most of the peasants must be considered as pertaining to the rural semi-proletariat. Besides working on their own plots, in the years between 1997 and 2014 the majority of the peasants also worked as employees, non-remunerated family members, and domestic workers in urban and rural areas. However, the rural semi-proletariat makes up rather a small percentage of the occupied EAP. In the years 1997, 2005, and 2014, for example, the percentages were, respectively, 1.9, 2.4, and 3.2%.<sup>27</sup>

The peasantry is composed of families and individuals that are organized in indigenous and peasant communities and those who are not related to a community. Although this specification helps to bring about a deeper understanding of the peasantry, it also mystifies its principal

characteristics. As a matter of fact, the production relations of peasants living in the communities are not completely different from those that do not live in these communities. Gonzales de Olarte (1994, 110–11) explains that due to differences in the possession of resources within the communities, a “labor market *sui generis* [exists] within the communities”. The poor within the communities are obliged to look for work opportunities within and outside the communities.<sup>28</sup>

Apart from these capitalist social relations,<sup>29</sup> communities are also characterized by non-capitalist social relations such as social relations of reciprocity and community work. These non-capitalist social relations are, according to Montoya (1989, 203), indispensable for the “reproduction” of the existence of the very small plot owners when salaried work is not the “principal form to access labor-power”. Gonzales de Olarte (1994, 201) argues that non-mercantile mechanisms are the basis of the community as an economic institution.

The land reform implemented by the government of Velasco (1969) intended to create big socially oriented agricultural cooperatives.<sup>30</sup> The counter-reform initiated by the Belaúnde government at the beginning of the 1980s had the purpose to privatize the cooperatives and to divide the land into small plots. This process of privatization and land division conditioned the return of a big landowner class (Montoya 1989, 236–37). While in 1961, 36.3% of the agricultural companies possessed 100 hectares or more, in 1979 this had reduced to 16.9%. In 1985, 33.5% of the agricultural companies were owners of 100 or more hectares of land (Gonzales de Olarte 1994, 46). The land market that was starting to emerge helped to spread capitalism to all corners of the countryside.

The APRA regime that governed the country between 1985 and 1990 continued and even accelerated the division of the land into small plots (Béjar 1993, 149). However, it was not until the introduction of neoliberalism in the 1990s that the counter-reforms were institutionalized and a definitive push was given to hand over the land to Capital. In 1995, the land market was liberalized (Castillo 2009, 290).

The abolition of the constitutional or legal protection of communal property and legal entitlement to land was only a first phase of the agricultural reforms that were implemented in the 1990s. The second stage of the reforms “involved the market mechanism of land titling—giving the direct producers secure legal titles to the land so as to allow for its sale. With an opening of local economies to the world market, and under conditions of a production crisis that pushed many peasant farmers and

independent small and medium-sized producers into debt, the agrarian modernization law had the predictable result of increasing the concentration of land ownership, adding to the other ‘push’ factors working on the peasantry, accentuating ongoing processes of dispossession, proletarianization and urbanization” (Petras and Veltmeyer 2013, 58). The process of re-concentration of landownership is evidenced in Table 5.17.

The data in Table 5.17 show that a kind of capitalist revolution has taken place in the countryside, as to paraphrase the title of the book of the right-wing-oriented journalist De Althaus (2009). Although in 2012, just as in 1972, the absolute majority of the agricultural and livestock units possess between 0 and 5 hectares, the total agricultural surface these units possess has diminished drastically. The number of agricultural units that own 500 or more hectares is very small, i.e., a very few landowners possess most of the land.

The privatization of the land and the parceling up of the cooperatives initiated by the government of Belaúnde, accelerated by the first government of García, and completed by the Fujimori regime has been very beneficial to Capital. It seems that since the 1980s, to speak with Kautsky (1984, 6), a process has been put in place in order for Capital to really take control over agriculture, to transform it, and to destroy all old forms of production and property.

On the basis of the data in Table 5.17, we can distinguish four landowner class fractions within the rural bourgeoisie. The majority is composed of subsistence landowners that possess between 0 and less than 5 hectares. The second-class fraction is what might be called small landowners. They own between 5 and 20 hectares. The third-class fraction consists of the medium landowners. They possess between 20 and 100 hectares. The dominant class fraction within the rural bourgeoisie is composed of big landowners. They possess more than 100 hectares.

## 5.5 NON-REMUNERATED FAMILY WORKERS

An important feature of the Peruvian class structure is the question of the non-remunerated family workers. These workers are of crucial importance for the self-employed and micro-businesses. Although the relations between the non-remunerated family workers on the one hand and the self-employed and the owners of micro-businesses on the other hand are hidden, i.e., these relations are not registered in the accounting books, these workers are exploited and/or economically oppressed.

**Table 5.17** Agricultural and livestock units (as a percentage of total units) according to land possession in hectares (as a percentage of total hectares): 1972–2012<sup>a</sup>

Range of hectares possessed by units	1972		1994		2012	
	Agricultural and livestock units (%)	Agricultural surface (%)	Agricultural and livestock units (%)	Agricultural surface (%)	Agricultural and livestock units (%)	Agricultural surface (%)
0 to less than 5 hectares	77.9	33.4	12.2*	0.2	22.7*	0.3
5 to less than 10 hectares	11	18.2	58.2**	6.2	55.8**	5.7
10 to less than 20 hectares	5.7	13.9	14.1***	0.8	9.8***	3.7
20 to less than 50 hectares	3.4	11.6	7.8****	0.4	5.3****	4.0
50 to less than 100 hectares	0.9	5.3	4.8*****	7.5	3.4*****	4.3
100 to less than 500 hectares	0.8	9.0	3.0*****	84.9	2.0*****	4.0
500 and more hectares	0.3	8.5	0.0	0.0	0.8*****	8.5
Total	100	99.9	100.1	100	100.1	69.5

Source INE (1983). *Perú: Compendio Estadístico 1982*. Lima: INEI (1996, 54). *III Censo Nacional Agropecuario 1994. Resultados Definitivos*. Perú, Tomo II; Lima: INEI, 1401; <http://censos.inei.gob.pe/cenagro/tabulados/?id=CensosNacionales>. Accessed May 10, 2015

\*Less than 0.5 hectares

\*\*Between 0.5 and 4.9 hectares

\*\*\*Between 5.0 and 9.9 hectares

\*\*\*\*Between 10.0 and 19.9 hectares

\*\*\*\*\*Between 20.0 and 49.9 hectares

\*\*\*\*\*50 and more hectares

\*\*\*\*\*Between 50 and 99.9 hectares

\*\*\*\*\*Between 100 and 499.9 hectares

<sup>a</sup>Rounding differences cause that the percentages do not add up to or are slightly above 100%



**Table 5.18** Non-remunerated family workers in Metropolitan Lima as a percentage of the EAP of Metropolitan Lima: 1986–1994

<i>Year</i>	<i>Non-remunerated family workers (%)</i>
1986	6.1
1987	6.2
1988 <sup>a</sup>	xxx
1989	6.1
1990	4.7
1991	3.4
1992	3.8
1993	5.0
1994	5.1

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989, 1990, 1992, 1993, 1994

<sup>a</sup>No data are available for 1988

**Table 5.19** Non-remunerated family workers in Peru as a percentage of the occupied EAP of Peru: 1997–2016

<i>Year</i>	<i>Non-remunerated family workers (%)</i>
1997	22.8
1998	23.4
1999	22.5
2000	20.9
2001	21.9
2002	23.3
2003	24.8
2004	25.1
2005	25.1
2006	24.4
2007	22.0
2008	21.6
2009	21.9
2010	21.9
2011	21.6
2012	20.5
2013	20.3
2014	20.1
2015	20.6
2016	18.8

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

Tables 5.18 and 5.19 show the relative importance of these workers in the EAP of Metropolitan Lima (1986–1994) and in the occupied EAP of Peru (1997–2016).

## 5.6 THE CLASS STRUCTURE OF PERU: 1980–2016

In Sects. 5.1, 5.2, 5.3 and 5.4, we discussed four classes on which the Peruvian class structure at the level of the country's economic structure is based. We also examined the main class fractions of these classes. In what follows we present a general analysis of the evolution of the country's class structure in the period 1980–2016.

Data on class in the years 1980 until 1985 are scarce. In Table 5.20, data are presented on occupational groups for Metropolitan Lima in the years 1979, 1980, and 1983. In Tables 5.21 and 5.22, we present the evolution of the class structure of Metropolitan Lima in the years 1986–1994 and evolution of the class structure of Peru in the period 1997–2016.

Table 5.22 shows a remarkable stability in the evolution of the bourgeoisie, the intermediate class, the proletariat, the peasantry, and social category. This stability indicates that in the last twenty years, the role of Peru in the international division of labor and the country's economic development model has not been subject to fundamental changes. Although this stability hides some essential changes that have been introduced in the mode of operation of national and transnational Capital in Peru, these changes have not importantly modified the overall class structure at the level of the country's economic structure. Changes are to be found within the classes, and especially in relation to the distribution of the classes according to the size of the companies in terms of employment.

A comparison of Table 5.21 with Table 5.20 shows a similar stability as in the case of the country data. If we consider (i) the bourgeoisie the same as managers and administrators; (ii) professionals, technicians and salesmen, and a part of office employees similar to the intermediate class; and (iii) the proletariat to be composed of mine and quarry workers, craftsmen and workers in diverse production processes, no classified workers and day laborers, drivers, service workers, domestic workers, and a part of office employees, it seems that the evolution of the Metropolitan Lima class structure is characterized by stability.

**Table 5.20** Occupational groups for Metropolitan Lima: 1979, 1980 and 1983 (as a percentage of the occupied EAP of Metropolitan Lima)

<i>Year</i>	<i>Professionals and technicians (%)</i>	<i>Managers and administrators (%)</i>	<i>Office employees (%)</i>	<i>Salesmen (%)</i>	<i>Workers in agriculture, stockbreeding and fishery (%)</i>	<i>Mine and quarry workers, and related workers (%)</i>
1979	10.5	5.7	15.9	19.5	1.0	0.0
1980	11.3	5.6	15.2	19.0	1.0	0.1
1983	12.5	5.6	16.4	20.7	1.1	0.0

<i>Year</i>	<i>Craftsmen and workers in diverse production processes (%)</i>	<i>Non-classified workers and day laborers (%)</i>	<i>Drivers (%)</i>	<i>Service workers (%)</i>	<i>Domestic workers (%)</i>
1979	25.5	2.5	4.6	7.9	6.9
1980	27.0	3.1	4.7	6.4	6.6
1983	23.2	2.6	4.5	6.9	6.6

*Source* Dirección General del Empleo. 1980. *Empleo – Ingresos Población 6* (October). Lima: INEI (1992, 11), *Perú: Estadísticas del sector informal*. Lima: INEI, 199

**Table 5.21** Evolution of the class structure of Metropolitan Lima: 1986–1994<sup>a</sup>

<i>Year</i>	<i>Bourgeoisie (%)</i>	<i>Intermediate class (%)</i>	<i>Proletariat (%)</i>	<i>Peasantry (%)</i>	<i>Social category (%)</i>	<i>Total (%)</i>
1986	7.4	35.2	52.8	2.2	2.4	100
1987	7.5	29.8	58.7	1.8	2.2	100
1988 <sup>b</sup>	xxx	xxx	xxx	xxx	xxx	xxx
1989	5.9	32.9	56.8	2.2	2.2	100
1990	6.5	34.9	54.6	1.7	2.4	100.1
1991	7.0	36.9	52.0	1.5	2.6	100
1992	7.1	37.7	51.4	1.2	2.6	100
1993	5.9	32.5	58.7	0.4	2.5	100
1994	5.8	34.3	56.9	0.3	2.7	100
1995 <sup>b</sup>	xxx	xxx	xxx	xxx	xxx	xxx

*Source* Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana 1986, 1987, 1989–1994

<sup>a</sup>Rounding differences cause that the percentages do not add up to or are slightly above 100%

<sup>b</sup>No data are available for 1988. In the case of 1995, data are available, although not regarding the independents. We have decided to leave this year open as independents are of major importance to understand the evolution of the Peruvian class structure

**Table 5.22** Evolution of the class structure of Peru: 1997–2016<sup>a</sup>

<i>Year</i>	<i>Bourgeoisie (%)</i>	<i>Intermediate class (%)</i>	<i>Proletariat (%)</i>	<i>Peasantry (%)</i>	<i>Social category (%)</i>	<i>Total (%)</i>
1997	6.6	31.0	47.4	14.1	0.8	99.9
1998	5.5	29.8	49.3	14.6	0.8	100
1999	5.9	31.1	49.3	12.7	0.9	99.9
2000	5.6	32.0	48.6	12.8	1.0	100
2001	5.5	28.6	50.0	14.8	1.0	99.9
2002	5.9	28.2	50.2	14.9	1.1	100.3
2003	5.4	28.4	49.9	15.5	0.9	100.1
2004	5.6	27.7	50.9	14.9	0.8	99.9
2005	5.6	25.9	51.9	15.8	0.8	100
2006	6.0	26.0	52.0	15.4	0.6	100
2007	6.0	28.4	50.4	14.2	1.0	100
2008	5.7	29.0	50.0	14.4	0.9	100
2009	5.9	28.6	49.8	14.6	1.0	99.9
2010	6.2	28.4	50.2	14.3	0.9	100
2011	5.8	28.8	49.7	14.9	0.7	99.9
2012	5.8	28.8	49.6	15.0	0.9	100.1
2013	5.2	29.0	49.7	15.1	1.0	100
2014	4.9	28.7	49.7	15.7	1.0	100
2015	4.7	27.9	50.2	16.3	0.9	100
2016	4.3	29.9	48.8	15.9	1.0	99.9

*Source* Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016

<sup>a</sup>Rounding differences cause that the percentages do not add up to or are slightly above 100%

## 5.7 CONCLUSIONS

The majority of the Peruvian working population labors in the CSE. The absolute majority of the proletariat is employed in micro-companies. Non-remunerated family members seem to be of key importance for the subsistence of small businesses.

The existence of a CSE in Peru is expressed in the class structure. This chapter demonstrated that (i) most of the individuals pertaining to the proletariat perform manual labor; (ii) an important sector of the intermediate class has a proletarian character; and (iii) the majority of the peasantry owns very small plots.

The structural character of underemployment in Peru is a natural consequence of the existence of a CSE in the country. In the period 1980–2016, underemployment as a percentage of the EAP had only reduced with 6.2% points. The industrial reserve army of labor might be considered as the sum of the unemployed, underemployed, and the semi-proletariat.<sup>31</sup>

Underemployment suits Capital's objective to accumulate. It helps to put downward pressure on the wage demands of the working population, to increase productivity, and to curtail the power of the trade unions.

The bourgeoisie is composed of a small fraction of big companies and a very large fraction of micro-business undertakings. The Peruvian bourgeoisie is not only dominated by international Capital, but is also a partner of the international bourgeoisie. A national bourgeoisie exists, but its project is intertwined and, at a certain level, contradicts with the interests of international Capital. A part of the national bourgeoisie has the characteristics of a comprador bourgeoisie.

The particularities of the bourgeoisie in Peru are a reflection of the particularities of capitalism in Peru. The hegemonic fraction of the bourgeoisie is product of national and international developments. Hence, it may not be of a big surprise that in the last 50 years, the composition of the bloc in power has changed four times. However, since the 1990s transnational extractive Capital has been the hegemonic fraction within the bloc in power. The different governments that ruled the country in the years between 1980 and 2016 implemented policies that favored the capital groups they represented and/or on which the economic development model in place depended.

In the last thirty-six years, the intermediate class has occupied around 30% of the class structure. The independents form the principal part of the intermediate class. The proletarian fraction of the independents (urban semi-proletariat) is dominant within the independent fraction of the intermediate class. The “old” and “new” middle-class fractions within the intermediate class, excluding small owners of the means of production, are very small. Street vendors are a major component of the intermediate class, although, in last years, their participation has been diminished by about 50%.

The Peruvian proletariat has remained stable over the last three decades. It is not a surprise that the proletariat is principally occupied in manual labor-performing activities and that the independent intermediate class is dominated by its proletarian fraction. As a matter of fact, it is completely in accordance with the country’s role in the international division of labor and the “division” of the economy in an advanced economy and a CSE.

An important part of the Peruvian class structure is occupied by the semi-proletariat, especially the urban semi-proletariat. This illustrates the poor, social, and economic conditions of the proletariat and the peasants.<sup>32</sup>

The return of parliamentary democracy in 1980 meant also the return of a big landowner class. The peasantry is concentrated on small and micro-companies and own small plots of land. Their economic situation urges the majority to work not only on their own land, but also on the land of others and in urban areas. A considerable number of peasants can be characterized as a rural semi-proletariat.

## NOTES

1. The hegemonic fraction of the dominant class constitutes its economic interests in political interests “that represent the common general interest classes or fractions of the bloc in power” (Poulantzas 1980, 175). Zeitlin (1980, 26): “Within the class, a specific segment may gain political ascendancy, thereby not only representing the class as a whole, but transforming *its* interests into *class* interests. In this sense, it becomes the dominant or ‘hegemonic’ segment of the class”.
2. Poulantzas (1973) considered the intermediate bourgeoisie a comprador bourgeoisie: “The comprador bourgeoisie is that fraction of the class whose interests are constitutively linked to foreign imperialist capital

- (capital belonging to the principal foreign imperialist power) and which is thus completely bound politically and ideologically to foreign capital. [...] The national bourgeoisie is that fraction of the bourgeoisie whose interests are linked to the nation's economic development and which comes into relative contradiction with the interests of big foreign capital".
3. According to Malpica Silva Santisteban (1989, 45), private national Capital used the more or less nationalistic measures of the Velasco regime at their benefit. For instance, it bought the companies of foreign Capital that was leaving the country upon the measures taken by the government.
  4. The fact that capital spreads its tentacles all over the globe does not necessarily mean that Capital cannot be profitably employed within "its" nation-state, but it is just that abroad it can obtain higher profit rates (Marx 1974, 253). Capital has a tendency to accumulate, to expand and to produce surplus value on an extended scale. According to Marx (1974, 243–44), "this is law for capitalist production, imposed by incessant revolutions in the methods of production themselves, by the depreciation of existing capital always bound up with them, by the general competitive struggle and the need to improve production and expand its scale merely as a means of self-preservation and under penalty of ruin. The market must, therefore, be continually extended, so that its interrelations and the conditions regulating them assume more and more the form of a natural law working independently of the producer, and become ever more uncontrollable". The trade flows that are inherent to globalization might increase the profit rate when it cheapens the elements that make up constant capital and/or lowers the reproduction costs of labor-power.
  5. Globalization is intentional and not inevitable (Petras and Veltmeyer 2003, 12–13).
  6. Robinson (2010, 29, 166, 170–71) argues that in the course of the 1980s and 1990s, the transnational class fraction of the dominant class in Latin America became the hegemonic fraction within the dominant classes of Latin America. This class is "comprised of the owners and managers of the TNCs [transnational corporations] and the private transnational institutions that drive the global economy". Transnational economic groups and the "in-country agents of global capitalism" in Latin America "captured state power in country after country during the 1980s and 1990s, and used that power to integrate their countries into the emerging global economy and society. They are the manifest agents of capitalist globalization in Latin America".
  7. At the beginning of the 1980s, Marxists heavily debated on the question of the "old" and the "new" middle class. These debates were the consequence of the changes in the economic structure of the countries in

the center of the capitalist world system. As Kolko (1988, 309) explains, “relatively high-wage factory work in heavy industry” was replaced by “low-wage service occupations”. In 1984, “up to 65–70 percent of the jobs in Europe were in the services of all sorts” and three out of four American workers occupied jobs in the service sector (Kolko 1988, 311). Data presented by Maddison (1982, 148) showed that for the major capitalist countries, 58% of the labor force was occupied in the service sector. Wright (1985, 40–41) resumes these discussions as follows: “The first systematic solution proposed by Marxists in the recent debates over the conceptual problem at hand is to classify the ‘middle class’ as part of the petty bourgeoisie. Sometimes the rationale for this place is that such positions involve ‘ownership’ of skills or ‘human capital’, and this places them in a social relation with capital akin to that of the traditional petty bourgeoisie (owners of individual physical means of production). A more common rationale for this solution revolves around the category ‘unproductive labour’, i.e. wage-labour which does not produce surplus value (e.g., clerks in banks). Such wage-earners, it is argued, in a sense ‘live off’ the surplus value produced by productive workers and thus occupy a different position from workers within the relations of production”.

8. Burris (1980, 29) divides the “new” middle class in four general categories “depending upon their major function with respect to the capital accumulation process. (1) The supervision and control of the labor process: managers, foremen, technical supervisors, etc. (2) The reproduction of capitalist social relations: teachers, social workers, health professionals, state administrators, lawyers, cultural workers, etc. (3) The accounting and realization of value: professionals in advertising, sales, accounting, banking, finance, insurance, etc. (4) The transformation of the technical means of production: scientists, engineers, research technicians, etc.”.
9. Przeworski (1977, 391): “The problem of places other than capitalists and workers appears in Marx not because there is surplus product that cannot find consumers but because there is surplus labor power that cannot find productive employment”.
10. We agree with Carchedi (1977, 113–14, footnote 61), for instance, who argues that not all managers belong to the bourgeoisie. They can also pertain to the intermediate class (new middle class) “when the social content of his function is double, i.e. when he performs both the global function of capital and the function of the collective worker”.
11. The independent intermediate class and the urban semi-proletariat were not new phenomena in the 1980s. Their origin dates from before the 1980s. Hence, as we will see in Chapter 8, the lack of a political practice of the socialist Left toward these sectors makes its political and organizational situation more than worrisome.



12. For our calculations, we have excluded street vendor that considered themselves employers.
13. Source: Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989–1994.
14. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016. In the years between 1970 and 1990, the number of street vendors increased from 20,000 to 300,000. This is a yearly increase of around 14,000 (Verdera 2000, 39, footnote 54).
15. This division of surplus value- and non-surplus-value-producing individuals is determined by one's definition of productive labor. We agree with the definitions of productive labor as defined by O' Connor, Przeworski and Carchedi. According to O' Connor (1975, 312), "productive labor reproduces and expands the means of production and also the control of the boss over the labor process and the workers who engage in this process". Przeworski (1977, 393) argues that "productive labor is 'all labor which creates, modifies, or conserves use values or which is technically indispensable for realizing them'". Carchedi (1987a, 133, 185, 189) points out that productive labor not only changes material and mental use values, but also "when the use values are preserved (prevented from deteriorating) and brought to the place of consumption".
16. Salespeople are not considered mental labor-performing individuals. Their prime function is trying to sell merchandise and not to think about how to sell it. Salespeople include street vendors.
17. Dammert Ego Aguirre (2014, 313–14) writes that the demand for highly skilled labor forms a reduced percentage of the occupied EAP.
18. For a definition of underemployment, see Chapter 2.
19. According to Gonzales de Olarte (1986, 30), in the period 1970–1980 30% of the EAP received a salary. In the years 1972–1980, the weight of the salaried working population in total EAP increased with economic progress and diminished in periods of crisis (Verdera 1983, 118).
20. Data of Yeppez del Castillo and Bernedo Alvarado (1985, 49) show that in the first half of the 1980s, 12% of the workers in the private sector were salaried laborers.
21. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 2016.
22. According to Saavedra (1999, 15), self-employment has been an "important adjustment variable to balance the labor market". Gamero and Humala (2002, 72) argue that economic crises are not so much expressed in unemployment but, rather, in the worsening of work conditions and decreasing salaries.
23. Source: Ministerio de Trabajo, Encuesta de Hogares, Lima Metropolitana, 1986, 1987, 1989, 1990, 1992, 1993, and 1995.

24. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2016.
25. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 2014.
26. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997–2014.
27. Source: Instituto Nacional de Estadística e Informática, Encuesta Nacional de Hogares, 1997, 2005 and 2014.
28. The peasant communities form a “vast contingent of semi-proletarians” for the labor market in the countryside and in the urban areas (Montoya 1989, 35).
29. Gonzales de Olarte (1994, 111) does not consider the selling and buying of labor-power as capitalist social relations because the “salaried ‘poor’ peasants are not totally separated from their means of production” and the “rich” peasants “do not use their resources to make a profit”. We do not agree with this reasoning. We believe that in order to be able to denominate these social relations correctly, we think that one should determine, among others, (i) how much time the “poor” peasant works for the “rich” peasant in relation to the “poor” peasants’ work on their own plots; (ii) the importance of the work on the “rich” peasants’ land for the “poor” peasants’ total income; and (iii) if there exist some kind of regularity of selling labor-power by the “poor” peasant (Foladori 1986, 109).
30. See on the land reform, Deniz (1978), Fitzgerald (1981), and Matos Mar and Mejía (1984), among others.
31. According to Militant 4 Pueblo Unido (2015, interview), the reserve army of labor consists of the non-remunerated family members, the independent workers, and the workers on temporary contracts.
32. According to Alberto Moreno (2015, interview), President of the PCP-PR, Peru is not a modern capitalist country because it is fragmented. Jorge Bernedo (2015, interview), a former cadre of the Intersectorial Committee of Public Sector Workers (*Comité Intersectorial de Trabajadores Estatales*; CITE for its acronym in Spanish), tells that the country is fragmented: 80% is produced by 20% of the companies.

## REFERENCES

- Abugattas, Luís. 1999. “Estabilización, reforma estructural y desempeño industrial.” In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 115–50. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.

- Balbi, Carmen Rosa, and Julio Gamero. 1990. "Los trabajadores en los 80s: entre la formalidad y la informalidad." In *Movimientos sociales: elementos para una relectura*, edited by Desco, 55–109. Lima: Desco.
- Béjar, Héctor. 1993. "El neoliberalismo realmente existente." *Nueva Sociedad* 127: 13–18.
- Bello, Walden. 2006. "The Capitalist Conjuncture: Over-accumulation, Financial Crises, and the Retreat from Globalization." *Third World Quarterly* 27 (8): 1345–67.
- Burris, Val. 1980. "Capital Accumulation and the Rise of the New Middle Class." *Review of Radical Political Economics* 12 (1): 17–34.
- Callinicos, Alex. 2006. "The 'New Middle Class' and Socialists." *International Socialism: A Quarterly Review of Socialist Theory*. Accessed January 11, 2018. <http://isj.org.uk/the-new-middle-class-and-socialists/>.
- Campodónico, Humberto, Manuel Castillo Ochoa, and Andrés Quispe. 1993. *De poder a poder. Grupos de poder, gremios empresariales y política macroeconómica*. Lima: Desco.
- Caputo Leiva, Orlando. 2012. "Crítica a la interpretación financiera de la crisis." In *Estados Unidos. Más allá de la crisis*, edited by Dídimo Castillo Fernández and Marco A. Gandasegui, Hijo, 81–111. Mexico: Siglo Veintiuno Editores S.A de C.V./Consejo Latinoamericano de Ciencias Sociales/Facultad de Ciencias Políticas y Sociales de la UAEM.
- Carchedi, Guglielmo. 1977. *On the Economic Identification of Social Classes*. London/Boston: Routledge/Kegan Paul.
- Carchedi, Guglielmo. 1987a. *Class Analysis and Social Research*. Oxford: Basil Blackwell.
- Carchedi, Guglielmo. 1987b. "Class Politics, Class Consciousness and the New Middle Class." *The Insurgent Sociologist* 14: 111–30.
- Castillo, Pedro. 2009. "El derecho a la tierra y los acuerdos internacionales. El caso del Perú." Lima: CEPES/International Land Coalition. Accessed July 20, 2014. [http://www.cepes.org.pe/apcaa/archivosaa/a01e3bc3e44a89cf-3cd03d717396a20e/El\\_Derecho\\_a\\_la\\_tierra.pdf](http://www.cepes.org.pe/apcaa/archivosaa/a01e3bc3e44a89cf-3cd03d717396a20e/El_Derecho_a_la_tierra.pdf).
- Cordey, Pierre-André. 2005. "Business and State Relations in Latin America: The Role of Transnational Corporations in Peru." PhD. diss., University of Fribourg, Switzerland. Accessed June 5, 2015. [https://doc.rero.ch/record/4974/files/1\\_CordeyPA.pdf](https://doc.rero.ch/record/4974/files/1_CordeyPA.pdf).
- Cotler, Julio. 1978. *Clases, estado y nación en el Perú*. Lima: Instituto de Estudios Peruanos.
- Cotler, Julio. 1998. "Los empresarios y las reformas económicas en el Perú." Documento de Trabajo no. 91, Serie Sociología y Política no. 12. Lima: Instituto de Estudios Peruanos.
- Dammert Ego Aguirre, Manuel. 2014. *Perú Integral Bicentenario. Civilización, territorio, nación, república. Horizonte programático de la República de Ciudadanos*. Lima: Gráfica Editora Don Bosco S.A.

- De Althaus Guarderas, Jaime. 2009. *La revolución capitalista en el Perú*. Lima: El Comercio.
- Deniz, José. 1978. *La revolución por la Fuerza Armada. Perú 1968–1977*. Salamanca: Ediciones Sigueme.
- Desco. 2003. *Perú Hoy. La clase media ¿existe?* Lima: Desco.
- Durand, Francisco. 1988a. *La burguesía peruana. Los primeros industriales, Alan García y los empresarios*. Lima: Desco.
- Durand, Francisco. 1988b. “Los nuevos grupos de poder económico.” *Actualidad Económica* 10 (100): 40–45.
- Durand, Francisco. 2004. *El poder incierto. Trayectoria económica y política del empresariado peruano*. Lima: Fondo Editorial del Congreso del Perú.
- FitzGerald, E.V.K. 1981. *La economía política del Perú, 1956–1978. Desarrollo económico y reestructuración del capital*. Lima: Instituto de Estudios Peruanos.
- Foladori, Guillermo. 1986. *Proletarios y campesinos*. Mexico: Universidad Veracruzana.
- Fuller Osoreo, Norma. 1998. “Las clases medias en las ciencias sociales.” In *Las clases medias: entre la pretensión y la incertidumbre*, edited by Gonzalo Portocarrero, 443–58. Lima: OXFAM Gran Bretagne/SUR. Casa de Estudios del Socialismo.
- Gamero, Julio, and Ulises Humala. 2002. *Empleo y microempresa en Lima metropolitana. Entre el desempleo y la sobrevivencia*. Lima: Desco.
- García Sayán, Diego. 1980. “Perú: La cuestión agraria y las clases sociales en debate.” In *Agro: clases, campesinado y revolución*, edited by Fernando Eguren and Diego García Sayán, 11–98. Lima: Desco.
- Gonzales de Olarte, Efraín. 1994. *En las fronteras del mercado. Economía política del campesinado en el Perú*. Serie Análisis Económico no. 16. Lima: Instituto de Estudios Peruanos.
- Gonzales de Olarte, Efraín. 1986. “Crisis y democracia. El Perú en busca de un nuevo paradigma de desarrollo.” Documento de Trabajo no. 21, Serie Economía no. 6. Lima: Instituto de Estudios Peruanos.
- INE. 1983. *Compendio estadístico 1982*. Lima: INE.
- INEI. 1992. *Perú: Estadísticas del sector informal*. Lima: INEI.
- INEI. 1996. *III Censo Nacional Agropecuario 1994. Resultados Definitivos. Perú, Tomo II*. Lima: INEI.
- INEI. 2017. *Perú: Evolución de los indicadores de empleo e ingresos por departamento, 2007–2016*. Lima: INEI.
- Iziga Núñez, Róger, ed. 1994. *Perú: sociología, clases sociales y sociedad (Diverso enfoques teóricos)*. Lima: Universidad Nacional Mayor de San Marcos.
- Kautsky, Karl. 1984. *La cuestión agraria*. Mexico: Siglo Veintiuno Editores S.A.
- Kolko, Joyce. 1988. *Restructuring the World Economy*. New York: Pantheon Books.
- Maddison, Angus. 1982. *Las fases del desarrollo capitalista. Una historia económica cuantitativa*. Mexico: Fondo de Cultura Económica S.A. de C.V.

- Malpica Silva Santisteban, Carlos. 1989. *El poder económico en el Perú*. Lima: Mosca Azul Editores.
- Marx, Carlos. 1974. *El Capital. Crítica de la economía política. Vol. III*. Mexico: Fondo de Cultura Económica.
- Matos Mar, José, and José Manuel Mejía. 1984. *Reforma agraria: logros y contradicciones 1969–1979*. Lima: Instituto de Estudios Peruanos.
- Montoya, Rodrigo. 1989. *Lucha por la tierra, reformas agrarias y capitalismo en el Perú del Siglo XX*. Lima: Mosca Azul Editores.
- O'Connor, James. 1975. "Productive and Unproductive Labor." *Politics and Society* 5 (3): 297–336.
- Paredes Macedo, Saturnino. 1976. *Las clases sociales en el campo*. Lima: Editorial Tercer Mundo.
- Parker, David. 1992. "White-collar Lima, 1910–1929: Commercial Employees and the Rise of the Peruvian Middle Class." *Hispanic American Historical Review* 72 (1): 47–72.
- Pease García, Henry. 1981a. *A un año del segundo belaundismo. Un perfil del proceso político peruano*. Serie Publicaciones Previas no. 2. Lima: Desco.
- Petras, James, and Henry Veltmeyer. 2003. *La globalización desenmascarada. El imperialismo en el siglo XXI*. Mexico: Universidad Autónoma de Zacatecas/Miguel Ángel Porrúa.
- Petras, James, and Henry Veltmeyer. 2013. *Social Movements in Latin America. Neoliberalism and Popular Resistance*. London: Palgrave Macmillan. Unedited version.
- Petras, James, Morris Morley, and A. Eugene Havens. 1983. "Peru: Capitalist Democracy in Transition." *New Left Review* 142: 30–53.
- Plaza, Orlando, ed. 2007. *Clases sociales en el Perú. Visiones y trayectorias*. Lima: Pontificia Universidad Católica del Perú/Departamento de Ciencias Sociales/Centro de Investigaciones Sociológicas, Económicas, Políticas y Antropológicas (CISEPA).
- Poulantzas, Nicos. 1973. "On Social Classes." *New Left Review* 78: 27–54.
- Poulantzas, Nicos. 1976. *Las clases sociales en el capitalismo actual*. Mexico: Siglo Veintiuno Editores S.A.
- Poulantzas, Nicos. 1980. *Poder político y clases sociales en el estado capitalista*. Mexico: Siglo Veintiuno Editores S.A.
- Pozo Buleje, Erik. 2009. "Plaza, Orlando (coord.). 'Las clases sociales en el Perú. Visiones y trayectorias.' Lima: PUCP—CISEPA, 2007, 475 pp." *Anthropologica* 27 (27): 223–25.
- Przeworski, Adam. 1977. "Proletariat into a Class: The Process of Class Formation from Karl Kautsky's the Class Struggle to Recent Controversies." *Politics & Society* 7 (4): 343–401.

- Quijano, Aníbal. 2014. *Cuestiones y Horizontes. De la dependencia histórico-estructural a la colonialidad/descolonialidad del poder*. Buenos Aires: CLACSO.
- Robinson, William I. 2010. *Latin America and Global Capitalism: A Critical Globalization Perspective*. Baltimore, MD: The Johns Hopkins University Press.
- Saavedra Chanduvi, Jaime. 1999. “La dinámica del mercado de trabajo en el Perú antes y después de las reformas estructurales.” Serie Reformas Económicas no. 27. Santiago de Chile: ECLAC. Accessed August 28, 2015. [http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036\\_es.pdf?sequence=1](http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036_es.pdf?sequence=1).
- Sweezy, Paul M. 1977. *Teoría del desarrollo capitalista*. Mexico: Fondo de Cultura Económica.
- Verdera, Francisco. 1983. *El empleo en el Perú: un nuevo enfoque*. Serie Análisis Económico no. 7. Lima: Instituto de Estudios Peruanos.
- Verdera, Francisco. 2000. “Cambio en el modelo de relaciones laborales en el Perú, 1970–1996.” JCAS Occasional Paper no. 5, JCAS-IEP Series iii. Accessed November 16, 2014. <http://198.57.164.64/~ieporg/textos/DDT/jcas05.pdf>.
- Wright, Erik Olin. 1985. *Classes*. London: Verso.
- Wright, Erik Olin. 1993. *Class, Crisis and the State*. London/New York: Verso.
- Yepez del Castillo, Isabel, and Jorge Bernedo Alvarado. 1985. *La sindicalización en el Perú*. Lima: Fundación Friedrich Ebert/Pontificia Universidad Católica.
- Zeitlin, Maurice. 1980. “On Classes, Class Conflict, and the State: An Introductory Note.” In *Classes, Class Conflict, and the State: Empirical Studies in Class Analysis*, edited by Maurice Zeitlin, 1–37. Cambridge, MA: Winthrop Publishers.

### *Interviews*

- Bernedo, Jorge, a former cadre of the *Comité Intersectorial de Trabajadores Estatales*, April 10, 2015.
- Militant 4, *Pueblo Unido*, Lima, April 11, 2015.
- Moreno, Alberto, President of the *Partido Comunista del Perú – Patria Roja*, Lima, May 7, 2015.



## CHAPTER 6

---

# The Class Struggle and the Socialist Left: 1980–2016

In the last thirty-six years, the history of the class struggle in Peru has shown that the class struggle is a motor of political, economic, and social change. These changes may be in favor or against the majority of the working population. That is, this struggle may be initiated and developed from above and/or from below. For instance, while in the 1980s the class struggle from below helped to bring about or maintain policies in favor of the working population, in the 1990s the class struggle from above caused an epochal change. This chapter describes the history of the class struggle in Peru and how this struggle is related to the evolution and involution of the major socialist-oriented political parties and organizations in the period 1980–2016. The socialist Left is defined as the whole of organizations, movements, and individuals that struggle for a society based on socialist principles.

The history of the class struggle and the socialist Left can be divided into three periods. The first runs from 1980 to 1990. This period covers its strongest years and is expressed in its electoral power, the development of the armed struggle, and the ability of trade unions to organize massive strikes and demonstrations against the austerity measures of the different governments and the exploitative practices of Capital. The second period comprises the years between 1990 and 2000. The class struggle from above managed to significantly reduce the strength of the Left and the trade unions. The attack on labor stability and the trade unions coupled with the repression against whatever movement that questioned

the development model in place, helped to structurally reverse the progressive tide of the 1980s. The “fall” of Fujimori in 2000, orchestrated by the ruling class itself instead of being caused by the accumulation of popular struggles during the 1990s, initiated the third phase. This third period encompasses the years 2000–2016.

This chapter is organized as ten sections. In Sect. 6.1, we describe the class struggle and the Left under the military dictatorship during the years between 1970 and 1980. This part is of crucial importance as the strength of the proletariat, and in particular their political and social representatives in the 1980s, originates in the 1970s (Stephens 1983, 57; Bamat 1983, 148). Section 6.2 is dedicated to the class struggle in the 1980s, and in Sect. 6.3, we examine the development of the legal socialist Left in the 1980s and 1990s. In Sect. 6.4, we elaborate on an critical assessment of the armed struggle organized by the PCP-SL and the MRTA in the 1980s and 1990s. Section 6.5 describes the class struggle from above during the 1990s, and in Sect. 6.6, we discuss trade union power in the first 16 years of the third millennium. Sections 6.7 and 6.8 delve into the influence of civil society discourse on the Left and the electoral participation of the socialist Left in the period 2000–2016. In Sect. 6.9, we describe the class struggle in the countryside. The vanguard of the class struggle in Peru is the indigenous and peasant communities and the small peasantry that is not organized in communities. This part describes the phases of this class struggle, the class enemies of the communities and the small peasantry, and the weaknesses of the struggle against mining Capital. It also includes a case study on the class struggle in the department of Cajamarca against one of the major mining projects in Peru, the Conga Project. Section 6.10 presents our conclusions.

## 6.1 THE CLASS STRUGGLE AND THE LEFT UNDER MILITARY DICTATORSHIP: 1970–1980

The military government of Velasco (1968–1975) has unwillingly favored the development of the forces of the Left and especially of those currents that pointed to the replacement of capitalism by socialism.<sup>1</sup> In 1974, for instance, the first National Class Conscious Trade Union Assembly (*I Asamblea Nacional Sindical Clasista*) was organized. In this event, more than 100 trade union organizations participated such as the National Federation of Mine and Metal workers of Peru (*Federación*



*Nacional de Trabajadores Mineros y Metalúrgicos del Perú*). Also, the Peasants Confederation of Peru (*Confederación Campesina del Perú*; CCP for its acronym in Spanish) took part in the meeting (Sulmont 1977, 276).<sup>2</sup> It should be mentioned that the regime implemented changes in the labor regime that were most beneficial for the working population (Balbi 1989, 54–59). The Law of Labor Stability of 1970 that provided absolute stability to workers after a probation period of three months and the implementation of labor communities (see below) are examples of measures that benefitted the working population.

Although it was definitively not its intention, the Velasco regime helped to create a political platform for the socialist Left to disseminate its proposals for a radicalization of the reforms that were implemented by the proper military government (Roberts 1996b, 73; 1998, 209). As Stephens (1983, 86–87) explains, “the outcome of the Peruvian Revolution, then, was not a change in the political system according to plan, but a change in the balance of political forces in favor of labor and the Left resulting from a complex interaction between state policy and the struggle of social forces to protect and promote their interests”. According to Grompone (1991, 168), the administration of Velasco was not able to control the great variety of social movements that it had “supported” to emerge.<sup>3</sup>

The unwilling support of the forces of the Left was in particularly canalized to the socialist or revolutionary Left.<sup>4</sup> As such, the government helped to reorganize the socialist Left after the defeat of the guerrillas in 1965. In addition, by attacking capitalism and imperialism the regime helped to overtake its own ideology of class conciliation. Hence, it might be understood that in the course of the 1970s many new socialist-oriented political organizations were created. The *Partido Comunista Revolucionario* (PCR), the *Partido Obrero Marxista Revolucionaria* (POMR), and the *Partido Socialista de Trabajadores* (PST) emerged as a consequence of the class struggle in the 1970s, the debates on the character of the military regime, and the divisions within the socialist Left. In the course of the 1970s, the organizational strength of these organizations increased (Sulmont 1977, 270–71, 302–3).

The intentions of the military regime to maintain its control over the labor and peasant movement and the participation of the population in the revolutionary process of the military were expressed in the National System of Social Mobilization (*Sistema Nacional de Movilización Social*; SINAMOS for its acronym in Spanish), the foundation of the National

Agrarian Confederation (*Confederación Nacional Agraria*; CNA for its acronym in Spanish), and the Workers Central of the Peruvian Revolution (*Central de Trabajadores de la Revolución Peruana*; CTRP for its acronym in Spanish). As outlined by Havens et al. (1983, 30), “the military regime was interested in mass movements which fitted in with its own plans for capitalist development under state direction: any development in the direction of class-struggle politics was repressed sooner or later. Class struggles oriented towards the elimination of particular fractions of the dominant class (e.g., the agrarian bourgeoisie and pre-capitalist landowners) were condoned and even encouraged, but struggles against the overall relations of class domination were not”.

The military that on October 3, 1968, ousted President Belaúnde was not a common military. The generals that took over pointed to a structural reform of Peruvian society. It initiated reforms that had the purpose to pursue a particular kind of capitalist development. While on the one hand it was tried to industrialize the country and to develop the internal market, on the other hand it had the intention to involve the workers in the management of the companies and provide them with a share of the profits. In the final stage of the government of Velasco, it was even considered that social property should be the economic base of Peruvian socialism (FitzGerald 1981, 173).

One of the major reforms that have been implemented by the Velasco administration was the creation of labor communities.<sup>5</sup> It was supposed that through these communities Capital and labor would be reconciled. As it foresaw the possibilities of the workers to participate in the administration of the companies, and companies with labor communities<sup>6</sup> were obliged to share profits with their personnel,<sup>7</sup> it was believed that this might increase productivity and could undermine trade union power (Haworth 1983, 101; Angell 1980, 31–32).

The labor communities pointed to joint management instead of self-management. Private companies were not supposed to disappear (Angell 1980, 31). However, the communities worked like a boomerang as it enabled the socialist Left to push toward a radicalization of the role of these communities in the companies. In fact, the labor communities did not reconcile Capital and labor but were turned into new terrains of class struggle (Sulmont 1977, 234; Lynch 1996, 166; Wise 2010, 134–35; Angel 1980, 32; Tovar 1985, 145). According to FitzGerald (1981, 171), the participation of the workers in the decision-making process of the companies strengthened the workers organizations. In February

1973, the labor communities even succeeded in organizing a national congress. Although this Congress rallied behind the “revolutionary process” of the military, the Congress also criticized the regime for its attempts to reconcile Capital and labor and called for the class independence of the working class (Sulmont 1977, 264).<sup>8</sup>

Independent trade unions were not forbidden during the military regime. The principal workers federación, the *Confederación General de Trabajadores del Perú* (CGTP), was officially recognized, and the number of trade unions increased from 2343 in 1968 to 4330 in 1975 (Sulmont 1981, 109, footnote 4).<sup>9</sup> The Law of Labor Stability promulgated by the Velasco regime in 1970 made it much easier than in previous years to establish a trade union as it became increasingly difficult to fire workers (Lynch 1996, 166; Parodi 1986, 325; Gil Piedra and Grompone Velásquez 2014, 9; Yopez del Castillo and Bernedo Alvarado 1985, 24).<sup>10</sup>

The recognition of the CGTP was paid back by the confederation’s critical support to the regime. On the one hand, it supported the government against certain social movements that pointed to a radicalization of the reforms. On the other hand, it maintained a certain distance of the government in the case this support might alienate it from its bases (Tovar 1985, 102).

During the military dictatorship, class reconciliation was not achieved. In the years between 1968 and 1975, the strike movement showed an upward trend and the workers federations such as the Federation of Bank Employees (*Federación de Empleados Bancarios*) and the Federation of Mine and Steel Workers grew stronger (De la Cruz 2015, interview; Fernández Chacon 2015, interview). While in 1968, 368 strikes were organized that involved 5.2% of all workers, in 1971 these numbers were 377 and 8.6%, respectively. In 1973, there were 788 strikes and 20.9% of the total labor force was involved, and in 1975, these numbers had grown to 788 strikes and 20.9% of the working population participated in these strikes (Angell 1980, 13). In Table 6.1, data are presented on the evolution of the strike movement, the workers involved in these strikes, and the man-hours lost as a consequence of the strikes during the years between 1968 and 1979.

The progressive development of the labor movement was accompanied by reemergence of the peasant movement. As in the case of the labor movement, the Velasco regime unwillingly helped to increase the class consciousness of the peasants and to strengthen their organizations (Matos Mar and Mejía 1984, 121). The Agrarian Reform of 1969 that

**Table 6.1** Strikes: 1968–1979

<i>Year</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
1968	364	107,800	3,400,000
1969	372	91,500	3,900,000
1970	345	111,000	5,800,000
1971	377	161,400	10,900,000
1972	409	130,600	6,300,000
1973	788	416,200	15,700,000
1974	570	362,700	13,400,000
1975	779	617,100	20,300,000
1976 <sup>a</sup>	440	258,100	6,800,000
1977 <sup>b</sup>	234	396,200	5,000,000
1978 <sup>c</sup>	364	1,398,300	36,100,000
1979	637	516,900	7,900,000

Source Denis Sulmont (1981), *El movimiento obrero peruano (1890–1980). Reseña histórica*, 204–5

<sup>a</sup>The reduction in the strikes in 1976 was because strikes became illegal. However, in 1977 and 1978 this did not keep the labor movement from organizing massive national strikes against the military regime

<sup>b</sup>The national strike of July 19, 1977, involved 272,000 workers (69% of total workers involved in strikes in 1977) and represented 2.2 million man-hours lost (44% of total man-hours lost in 1977)

<sup>c</sup>The national strike of May 23–24, 1978, involved about 1 million workers (70% of total number of workers that participated in strikes in 1978) and represented 20 million man-hours lost (55% of total man hours lost in 1978)

proclaimed that the land belonged to those who worked on it helped to reinitiate the battle for land.

The land occupations that followed the Agrarian Reform were motivated by a variety of reasons. In some cases, the objective of struggle was to work for the land collectively, and in many other cases the peasants fought to obtain the ownership of a small plot of land or the battle was a combination of the collective and individual property of the land (García-Sayán 1982, 59, 63, 113, 138, 145–47, 156–57, 172–73).<sup>11</sup> In the district of Huando (department of Huancavelica) for instance, the peasants struggled (February 1970–February 1971) against the intentions of the landowners to fictitiously partition their landed property in order to be excluded from expropriation (Matos Mar and Mejía 1984, 115).<sup>12</sup> Also, land was occupied as a kind of advance for an expected expropriation, or in the case the land worked by the landless peasants was exempted from expropriation. Other land invasions were motivated by the de-capitalization of the farms by the landowners who feared to

be expropriated in the nearby future (Tovar 1985, 65–66; García-Sayan 1982, 30–31, 58–59, 63, 111; Montoya 1989, 28, 178).

The land occupations were not reduced to the land of the individual landowners. Also the land of the state cooperatives was taken by the peasants. Land that was not in use by the cooperatives, the usurpation of the land of the communities by the cooperatives, and bad management of the cooperatives were reasons for the peasants to occupy these lands. As the peasants considered the land to be theirs and were not willing anymore to work at the service of an individual landowner or state cooperative was another factor that stimulated land invasions (García-Sayan 1982, 37, 39, 70, 126–28, 166).<sup>13</sup>

The progressive development of the labor movement and the reemergence of the peasant movement, fully expressed in the increasing strength of the *Confederación Campesina del Perú* (CCP) (De la Cruz 2015, interview), were coupled with the birth of urban social movements in the popular neighborhoods and regional defense fronts.<sup>14</sup> These movements fought for their own particular interests and joined the struggle of the workers and the peasants.

The steady growth of the strength of the Left entered a new phase with the coup of a right-wing fraction of the military against General Velasco in 1975. The coup was the result of the convergence of six factors: (i) the increasing power of the Left; (ii) the strengthening of class conscious tendencies within the labor movement; (iii) the struggle of the peasant movement that pointed to a radicalization of the “revolutionary process”; (iv) the development of local and regional popular movements and their increasing ties with the labor movement; (v) the unfolding economic crisis (1974–1976); and (vi) the emerging contradictions within the military regime regarding the future of the “revolution”.

The return of the Right in power helped the Left to increase its strength. The austerity and anti-labor measures implemented by the new government such as the conversion of the labor communities in mere organs for the participation of the workers in the administration of the companies, the attempts of Capital to increase the rate of exploitation (intensification of work), and the attacks of the companies on the labor movement and labor stability,<sup>15</sup> among others, provided the Left with a national platform for the defense of the rights of the working population. The declaration of the state of emergency in 1976, the suspension of the constitutional rights after massive protests against the austerity measures

and the prohibition of strikes, politically strengthened the Left but at the same time weakened the strike movement.<sup>16</sup>

The reduction in the number of strikes in 1976 was just a small bend in the dynamics of the class struggle that was going on. Slowly, the struggle against the military regime and Capital started to convert itself into a nationwide popular battle for democracy, making it impossible for the generals to stop its dynamics (Sulmont 1977, 289–90, 293–97; 1981, 110–11; Lynch 1996, 159).<sup>17</sup> On July 19, 1977, in the midst of a state of emergency, these struggles culminated in a national strike that heralded the end of the military government.

The strike was basically organized around socioeconomic demands such as wage increases and labor stability. Even the CNA and the Lima base of the CTRP participated in the strike (Valladares Quijano 2013, 36). The strike was accompanied by demonstrations which repression caused the death of 18 persons and 700 arrests (Traverso Flores 2013, 156, 163).

In order to visualize the situation of the working population in the 1970s, in Table 6.2 we present data on inflation, indices of real wages and real salaries, and the share of salaried workers in National Income for the period 1970–1979. In Table 6.3, data are presented on the evolution of the unemployment and underemployment rates for the years between

**Table 6.2** Inflation, indices of real salaries and real wages in (base year = 1979 = 100) and the participation of salaried workers in National Income: 1970–1979

<i>Year</i>	<i>Inflation (%)</i>	<i>Index real salaries</i>	<i>Index real wages</i>	<i>Share of salaried workers in National Income (%)</i>
1970	4.9	111.3	157.2	46.7
1971	6.8	121.7	167.6	49.5
1972	7.1	131.7	180.7	51.3
1973	9.5	144.6	184.0	48.9
1974	16.9	142.6	176.2	47.0
1975	23.5	128.3	170.5	47.6
1976	33.6	131.1	146.6	46.9
1977	38.0	110.9	127.5	46.6
1978	58.1	99.9	109.5	42.9
1979	67.7	100.0	100.0	38.2

Source <http://www.bcrp.gob.pe/estadisticas/cuadros-anales-historicos.html> (consulted 14/09/2015); INE (1986), Perú: *Compendio Estadístico 1985*, 151; Ministerio de Trabajo y Promoción Social. Dirección General del Empleo (1981), *Situación ocupacional del Perú. Informe 1980*, n.p.

**Table 6.3** Rates of unemployment and underemployment: 1975–1979 (as a percentage of EAP)

<i>Year</i>	<i>Unemployment (%)</i>	<i>Underemployment (%)</i>
1975	4.9	42.4
1976	5.2	44.3
1977	5.8	48.2
1978	6.5	52.0
1979	7.1	51.4

Source INE (1983), *Perú: Compendio Estadístico 1982*, 99

1975 and 1979. The tables show that starting from 1974 the situation of the working population began to deteriorate.

The Left might not have had the declared intention to convert the economic struggle into a political battle. The dynamic of the national strike of 1977, however, definitively had this as its main result. The week after the strike, on Independence Day (July 28), General Morales Bermúdez, President of Peru, announced the return of democracy. In 1978, elections for a Constituent Assembly were to be organized and, two years later, followed by presidential elections.

The success of the strike did not mean that anti-labor and austerity measures were suspended. As a matter of fact, the repression of labor rights was stepped up. Even a week before the announcement of the reinstatement of democracy, the regime promulgated a Supreme Decree Law that allowed public and private companies to fire trade union leaders who had incited or organized the national strike (Valladares Quijano 2013, 134; Pease García 1981, 288). About 5000 leading trade union members were fired (Letts 2014, 282; Lynch 1996, 129), and numerous trade union leaders were detained (Pease García 1981, 290).

The expulsion of the trade union leaders had far-reaching consequences for the unions as a generation of workers leaders was politically eliminated. Years of intellectual and political experience were lost (Nieto Montesinos 1986, 51). According to Rochabrún (1988, 94, footnote 2), these workers leaders “made up the broadest and most experienced layer of leaders in all Peruvian history”. Their dismissal “decisively weakened the working class”. Héctor Minguillo (2015, interview), former cadre of the *Partido Socialista Revolucionario* (PSR), says: “The proletariat suffered a major blow after the national strike of 19 July 1977. More than 5.000 workers were fired. Among them all the people, all the leaders,

we had formed”.<sup>18</sup> Carlos Fernández Chacon (2015, interview), a former cadre of the PST and currently editor of the paper *Lucha Indígena*, says: “A large part of the organized working class was beheaded”.<sup>19</sup> The workers leaders who were fired were also leading members of workers parties (Cristóbal 2015, interview).

The contradictory results of the national strike might not be surprising if one takes into account that it was exactly this strike that had pushed the Right and business to take action before the movement against the military dictatorship could turn into a struggle for socialism. Hence, they ordered the regime to announce the return of parliamentary democracy<sup>20</sup> and to promulgate a law that would permit the companies to fire the most militant workers leaders (Sulmont 1981, 112–13, 137–38).

About a year after the strike of July 1977, on May 23 and 24, 1978, another successful national strike was organized. The anti-labor measures taken by the regime in March 1978 that meant the definitive end of labor stability infuriated the population.<sup>21</sup> The strike, two weeks before the elections for the Constituent Assembly, was bigger than the strike of July 1977 (Letts 2014, 282; Sulmont 1981, 117; Nieto 1983, 88). However, it did not succeed in its objective to force the government to eliminate the anti-labor measures (Sulmont 1981, 120).

Notwithstanding the fact that the strike did not achieve its main objectives, the massive participation of the Peruvian working population was a prelude for the coming elections for the Constituent Assembly on June 18, 1978. A more or less united socialist Left succeeded to obtain 31% of the vote.<sup>22</sup>

The electoral success of the socialist Left masked the structural weakening of the labor movement. Although the battles still continued,<sup>23</sup> the electoral process had definitively eliminated the political fervor of the struggle. The announcement that the Army would return to its barracks had changed the political dynamics of the class struggle.

The unity of the socialist Left in their fight against the government of Morales Bermúdez came to an end with the run-up to the elections of 1980. While during the elections for the Constituent Assembly in 1978 the socialist Left had been able to unite itself or, maybe better, was not able to divide itself a lot, during the presidential elections of 1980 it was split into a variety of presidential candidates, causing the socialist Left vote (13.8%) to be splintered among the candidates (Letts 2014, 295; Crabtree 2005, 112). Although before the presidential elections several attempts had been made to unify the socialist Left and many times electoral alliances had been established, for a variety of political and personal



reasons these alliances did not last a very long time.<sup>24</sup> In other words, in the period after the installation of the Constituent Assembly and before the presidential elections of 1980, there did not exist any political compromise to unite the forces of the socialist Left to present an electoral platform that might be able to win these elections.

## 6.2 THE PROLETARIAT VERSUS CAPITAL: 1980–1990

The 1980s was a decade in which the Peruvian proletariat put Capital and the State in a defensive position. The strength of the proletariat in the period 1980–1990 can be perfectly demonstrated by the evolution of the strikes in the private and public sector and the evolution of trade union membership.<sup>25</sup> Data of Verdera (2000, 28) show that in the years between 1981 and 1990 trade union membership in Metropolitan Lima increased with 12%. After 1991, trade union membership only decreased.<sup>26</sup> Barba Caballero (1981, 235) estimates that in 1980, 40% of the EAP was affiliated to a trade union and Yopez del Castillo and Bernedo Alvarado (1985, 52) calculated that in the period 1981–1982, 17.5% of the occupied EAP was affiliated to a union.<sup>27</sup> According to Thomas (1999, 279), during the years in which the class struggle started to “peak”, for instance in 1987, 34% of the workers in the private sector was affiliated to a trade union. In 1995, union membership had fallen to 13%. In Tables 6.4 and 6.5, we present the evolution of the strikes in the private and public sector in the period 1980–1990.

**Table 6.4** Strikes in the private sector: 1980–1990

<i>Year</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
1980	739	481,484	17,918,890
1981	871	856,915	19,973,932
1982	809	572,263	22,750,879
1983	643	785,545	20,300,000
1984	509	694,234	14,081,764
1985	579	237,695	12,228,220
1986	648	249,374	16,867,444
1987	720	309,407	9,067,930
1988	814	693,252	38,274,969
1989	667	208,235	15,223,166
1990	613	258,234	15,067,880

*Source* <http://www.inei.gob.pe/estadisticas/indice-tematico/ocupacion-y-vivienda/> (consulted 05/05/2015)

**Table 6.5** Strikes  
in the public sector:  
1980–1990<sup>a</sup>

<i>Year</i>	<i>Strikes</i>
1980	46
1981	62
1982	70
1983	94
1984	93
1985	63
1986	42
1987	34
1988	43
1989	55
1990	69

*Source* Julio Cotler (1994), *Política y sociedad en el Perú. Cambios y continuidades*, 183

<sup>a</sup>In most of the public services it is forbidden to organize trade unions (Sulmont 1981, 144). Furthermore, we would like to mention that data on strikes of the public sector, with the exception of the teachers, are scarce. Although in many occasions it was not possible to register the trade unions in the public sector, mid-1980s, 95% of individuals working in the public sector was affiliated to a trade union (Balbi 1988, 9–10). Estimates of Yepez del Castillo and Bernedo Alvarado (1985, 51, 52) show that in the period 1981–1982, 82.8% of the individuals that worked in the public sector and that might affiliate themselves to a trade union pertained to a trade union. Trade unions members in the public sector as a percentage of total salaried workers amounted to 59.9%. As percentage of the occupied EAP this was 10%

The return of parliamentary democracy in 1980 was favorable for the exploited and oppressed classes in the sense that political rights were re-established. Economically, however, the second government of Belaúnde (1980–1985) did not increase the well-being of the majority of the working population. As a matter of fact, the neoliberal policies implemented by the regime meant an attack on this well-being.

The assault on labor (Petras et al. 1983, 34) and the unfolding economic crisis in 1982–1983 triggered by the Mexican debt crisis and diminishing commodity prices were met by strikes.<sup>28</sup> Although the strength of labor helped to turn back anti-labor measures (Durand 2004, 246) such as the relaxing of the procedures to fire personnel and the privatization of state-owned companies (De la Cruz 2015, interview; Fernández Chacon 2015, interview), the struggle of the working population was not successful to reverse the negative impact of the crisis on

their social and economic well-being. Company closures continued, work hours reduced, real wages decreased, and workers were fired.<sup>29</sup> As the fear of losing one's job started to spread among the working population, the negotiation power of the unions diminished. Workers started to look for individual solutions instead of fighting against the State and Capital.<sup>30</sup> The informal sector became a source for additional income, and the fired workers started to labor as independents.<sup>31</sup> Union activities diminished as total working hours increased. Many people had more than one job and were not able to dedicate time to the union (Balbi and Gamero 1990, 76–77; Balbi 1988, 13; 1989, 155–58, 166–67; Parodi 1986, 332–34; Nieto Montesinos 1986, 51; Zapata 2015, interview).

The economic crisis and company closures definitively weakened the trade unions (Gorriti 2015, interview). The diminution of the strikes in 1983 and 1984 is an indication of the reduction in trade union power. The attack on the welfare of the proletariat, however, did not only had a negative effect on trade union power, it also helped to radicalize certain sectors of the working population, as expressed in the occupation of factories by the workers. Although these actions to avoid company closures multiplied, they did not have a structural character (Balbi 1989, 158, footnote 143).

In the period 1980–1985, the peasantry did not have a similar presence in the class struggle as in the 1970s. The peasants were still occupying lands, for instance in the department of Puno (Cáceres 2015, interview; Militant 1 Pueblo Unido 2015, interview), but there had been a “sharp decline in nationally coordinated mass peasant struggles” (Petras et al. 1983, 42). The reduction in the struggle, according to Petras et al. (1983, 42–43), was caused by “the land distribution programme and the growing complexity of the countryside” that “have created such a diversity of socio-economic demands that it has been difficult to maintain a coherent national movement. In particular, there has been a divergence between the demands of the rural cooperatives and those of peasant communities which, in many cases, have claims on land occupied by the cooperatives”.

The electoral victory of the social-democratic APRA (*Alianza Popular Revolucionaria Americana*) in 1985 did not diminish the fighting spirit of the proletariat. The strikes (and demonstrations) were principally a reaction against the limits on real wage increases and the unwillingness of the government to negotiate with the trade unions. By putting a limit on real wage increases, the State intervened in the collective negotiations

between Capital and the workers. The trade unions considered this intervention a mean to maintain the profitability levels of the companies, i.e., a measure against a possible rise of the wages (Balbi 1988, 49).

On May 19, 1987, the first national strike against the government was organized. This strike was followed on January 28, 1988, and on July 19 and 20, 1988, with a second and third national strike. Previously, in December 1987, the principal peasant organizations united in the National Agrarian Unitary Council (*Consejo Unitario Nacional Agrario*) had organized a national strike (Reyna 2000, 137; Balbi and Gamero 1990, 77–78; Balbi 1988, 53, 58, 61; 1990, 68). As a matter of fact, as demonstrated by Crabtree (2005, 237–38), the countryside was not exempted from class struggle. By using an “indicator of protests” to measure the battles in the rural areas, Crabtree comes to the conclusion that in the fourth trimester of 1988 there were 15 times more battles than in the first trimester of 1985. In 1989, this number was increased to 44 times.

Apart from the class struggle in the streets and in the companies, also the policies implemented in the first two years of the regime demonstrated the power of the proletariat. Although the government led by García did not have the purpose to install a socialist economy, in comparison with the Belaúnde regime the role of the State in the economy was clearly increased. The APRA government considered that the State not only had to assume a leading role in the elaboration and implementation of policies that pointed to stabilization, but also had to stimulate economic growth (Reyna 2000, 34). Directly at the outset of his government, García presented a political program that foresaw a reduction in inflation by fixing the prices of the exchange rate, the interest rate, public goods and services, basic foodstuffs, and house rents, among others. Periodical salary and wage increases, employment emergency programs, and subsidies for the agricultural sector accompanied the anti-inflationary measures (Wise 2010, 212; Reyna 2000, 37).<sup>32</sup>

The salary and wage increases were accompanied by the Employment Program (*Programa de Empleo*). This program gave the corporations the possibility to contract individuals up to two years without assuring any labor stability (Balbi 1988, 42). In addition, the government introduced various types of labor contracts of short duration. These contracts “liberated” the workers from any rights on benefits or protection whatsoever (Thomas 1999, 275).

The strikes against the economic policies of the APRA government and the demands for wage increases to compensate for increasing

inflation were not successful. In the course of 1988, the power of the trade unions started to diminish. Tito Prado (2015, interview), a former cadre of the PST, explains that the austerity measures of the García government started to weaken the labor movement, especially in the private sector. In the public sector, at the end of the 1980s, the struggle of the teachers union, the United Union of the Workers in Education of Peru (*Sindicato Unitario de Trabajadores en la Educación del Perú*; SUTEP for its acronym in Spanish) and the CITE, was still very strong.<sup>33</sup>

According to Crabtree (2005, 233), the reaction of the working population against the austerity measures that were announced in September 1988 was very weak. The national strikes of October 13 and December 1 did not result in massive mobilizations against the government. Cáceres (2015, interview) explains that during the government of García the national strikes were “less proletarian”. It was the demonstrations of the popular movement instead of the workers strikes that caused a standstill of the cities. The success of these mobilizations was not measured on the basis of how much factories closed but if traffic circulated or not. The obvious reduction in power of the trade unions was compensated by the increased strength of the defense fronts (Fernández Chacon 2015, interview). The local and regional defense fronts started to lead the social struggles instead of the labor movement (Prado 2015, interview).

Tables 6.1 and 6.4 evidence a reduction in strikes in 1989 and 1990. Although in 1989 still a considerable number of strikes were organized, they were less than in 1987 and 1988. Slowly, the emphasis of the struggle was put on battles within the companies instead of collective actions organized by trade union federations. Solidarity strikes started to disappear (Balbi and Gamero 1990, 83–84).<sup>34</sup>

The aggravation of the economic crisis and the loss of their jobs induced the working population, again, to search for individual solutions. The working population did not want to go on a strike anymore as this meant a loss of income for one or two days (Crabtree 2005, 234). They were also willing to accept wage reductions if this meant that they could keep their jobs (Wiener 2015, interview). Going on a strike was similar to putting one’s job on the line (Reyna 2000, 197–98; Crabtree 2005, 234). Zapata (2015, interview): “I have the idea that individualism reappears when the crisis reaches such a level that survival is threatened. One can no longer help the other because one of the two will die. One has to do everything possible to prevent that one dies. So when famine became widespread, solidarity mechanisms were much less

effective than in the past. The people began to leave the *comedores populares* and the enthusiasm for solidarity mechanisms such as the *Vaso de Leche* and the popular women's federation declined dramatically".<sup>35</sup> Juan José Gorriti (2015, interview), at the time of the interview Vice President of the CGTP, says that "crises declass. It is not that crises make you more aware of the issue of class. Crises declass because the people try to survive in one way or the other".

The severity of the crisis weakened the socialist Left as it contributed to losing its political work. Some organizations even started to dissolve (Minguillo 2015, interview).<sup>36</sup> The people were preoccupied with their own survival and retreated from politics (Militant 1 Pueblo Unido 2015, interview).<sup>37</sup> The workers left the labor parties because they had to look for work (Fernández Chacon 2015, interview). Cáceres (2015, interview): "In the first six months of the crisis the class [the proletariat; JL] is on the offensive against the crisis. If there is no change in the correlation [of classes; JL], a year of crisis and the class is exhausted".

The usefulness of the strike instrument started to be questioned when the unions were not able to get rid of the measures taken by the State and Capital (Checa 2015, interview).<sup>38</sup> As these anti-labor measures were not withdrawn, the workers started to negotiate the effects of the recession, i.e., to accept the reduction in work hours and/or temporary company closures (Balbi 1990, 69; Balbi and Gamero 1990, 79). Wiener (2015, interview) says that "there was a feeling that if one did not negotiate with the employer one would go down with the employer".

### 6.3 THE SOCIALIST LEFT IN THE 1980s AND 1990s

The return of parliamentary democracy in 1980 posed key ideological problems for the Peruvian socialist Left. While in years before it had worked underground, now some of its representatives had been elected to form part of the Senate and the Chamber of Deputies. Instead of fighting against the bourgeois political system, the socialist Left began forming part of it.<sup>39</sup> Only the *Partido Comunista del Perú – Por el luminoso sendero de José Carlos Mariátegui* (PCP-SL) and later the *Movimiento Revolucionario Túpac Amaru* (MRTA) did not participate in the parliamentary system. As Zapata (2015, interview) explains in relation to the legally left-wing oriented political organizations, "the key of the 1980s is the municipality as a space of power around which the leftist organizations developed their strategies".

Over the course of the 1980s, it became clear that the socialist Left was not fully capable to combine parliamentary work with the class struggle outside the buildings of democracy. Although it participated in the struggle of the trade unions and the popular movement in general, it was not able to adequately combine both terrains of class struggle. Responsibilities in the municipalities and issues related to electoral campaigns absorbed all energy, leaving no time for articulating the struggle inside and outside the parliamentary institutions, national, regionally and locally (Balbi 1989, 167; Roberts 1996b, 84; Diez Canseco 1997, 192; Izquierda Unida 1989, 40; Militant I Pueblo Unido 2015, interview).<sup>40</sup> According to Zapata (2015, interview), with the return of democracy “the most important work will no longer be trade union work. The most important work will be municipal work. To administer municipalities or to be the opposition of the municipalities governed by the Right or the APRA becomes the most important work in the life of the [party; JL] cells. The cells are no longer interested in the trade unions, but are interested in the territory, the towns, the districts, municipal life”.<sup>41</sup> According to Manuel Benza (2015, interview), one of the founders of the PSR, this strategy caused the socialist Left to be “bureaucratized” and led to the loss of “direct contact with grassroots work”.

Notwithstanding the problems to unite the class struggle inside and outside the parliamentary institutions, the foundation of the Popular National Assembly (*Asamblea Nacional Popular*; ANP for its acronym in Spanish) in November 1987, called together by a variety of social organizations, must definitively be considered as an important intend to unify both terrains of class struggle. At its foundation meeting, about 1200 political and social organizations participated. Around 2600 delegates were accredited (Herrera Montesinos 2002, 421). These individuals represented trade unions, federations of peasants’ organizations, neighborhood organizations, and local and regional defense fronts, among others (Crabtree 2005, 253–54).

It was supposed that the ANP would coordinate and centralize the struggle, uniting all anti-imperialist and revolutionary currents. One of the programmatic issues of the ANP was to build a democratic, anti-imperialist and united people’s power, and to construct an authentic political, economic, social, and cultural democracy (Herrera Montesinos 2002, 417, 422). The ANP believed that the country could only liberate itself from imperialism and would only be able to develop all its productive forces when it would build a socialist society. A precondition for

building socialism in Peru was the constitution of a revolutionary power. The ANP was considered the embryo of revolutionary power (Simon Munaro 1988, 168–69).

The ANP was not able to respond to its enormous tasks. Political and personal discrepancies between the different political organizations that formed part of it and the intentions of some of these organizations to dominate the ANP caused its premature death (Herrera Montesinos 2002, 423–27; Guerra García 2011, 91).

The disaster of the presidential elections of 1980 made the socialist Left conscious about the importance to unite in order to have a reasonable possibility to win the next elections (Herrera Montesinos 2002, 72, 74; Guerra García 2011, 81; Izquierda Unida 1989, 40–41). For this reason only, although some of the integrating political organizations might have had other objectives, the political platform *Izquierda Unida* (IU) was founded. The IU declared that it would struggle for the Peruvian Revolution and the building of a democratic people's state that would set the bases for socialism (Izquierda Unida 1989, 89).

The IU was an initiative of the PSR, PCP-U, PCP-PR, VR-PC, VR, UNIR, *Partido Comunista Revolucionario – Clase Obrera*, UDP, FOCEP, and the *Frente Nacional de Trabajadores y Campesinos* (FRENATRACA) (Herrera Montesinos 2002, 76, 79). Later on, other socialist-oriented organizations such as the *Acción Popular Socialista* (APS) and the *Movimiento de Afirmación Socialista* affiliated themselves to the IU. For the following nine years, the socialist Left was electorally united. Olmedo Auris (2015, interview), a cadre of the PCP-PR and Vice President of the *Movimiento de Afirmación Social* (MAS), says that the IU “was not a party. It was a coalition. And what united it us was the struggle for the structural transformation of the country”. According to Traverso (2015, interview) and Benza (2015, interview), the IU was nothing more than an “electoral front”.

The electoral unity was a success as in the municipal elections of 1980 the coalition obtained 23.9% and in 1983 it got 28.8% of the popular vote (Crabtree 2005, 126). In Lima, Alfonso Barrantes, the IU candidate for Mayor, won the municipal elections of 1983. In the presidential elections of 1985, Barrantes came second, with more than 25% of the national vote, behind Alan García of the APRA.<sup>42</sup> The IU became the strongest left-wing electoral coalition in Latin America (McClintock and Vallas 2005, 71; Adrianzén 2011a, 13).<sup>43</sup>



The electoral unity of the socialist Left did not mean its organizational and political unification. Although the IU announced in its foundation document that it was going to struggle for “the destruction of the bourgeois state and the conquest of a government that would emerge from the revolutionary action of the masses, of the working class, of the peasantry and of the entire oppressed people” (Herrera Montesino 2002, 713), as the organization did not go beyond electoral unity (Herrera Montesinos 2002, 298, 619; Guerra García 2011, 89; Lajo 1996, 301; Diez Canseco 2011, 143–47), proposals to destroy the bourgeoisie state were never implemented.<sup>44</sup>

The IU has never initiated processes of ideological and strategic unification. The general strategic line of the IU, approved in April 1984, was never put in practice. It seems that instead of building the IU, the political parties and groups that had formed the IU were busier with trying to develop their own organizations through the IU than to build the IU (Herrera Montesinos 2002, 136). According to Traverso (2015, interview), the IU was not able to transform itself into a mass front because of the “electoral ambitions of its leaders”. Benza (2015, interview) says that on paper the IU had a strategic perspective, but it did not work to construct political and social bases.<sup>45</sup>

After the 1985 presidential elections, the electoral platform started to disintegrate. Although in 1986 the IU got 30.8% of the vote, 2% more than in 1983, it lost the elections in Lima and in 23 other municipalities (Crabtree 2005, 141–42).

In January 1989, the first and last Congress of the IU was held. The Congress that supposedly had to unify the different positions within the IU only exacerbated the division. Alberto Moreno (2015, interview), President of the PCP-PR, says that “the infighting within the Left caused by its short-term vision led, later, to its division and after the division in the late 1980s and 1990s almost to its disappearance of the national political scene”. This short-term vision was manifested in (i) a political practice that seemed to prefer the trade union or economic struggle; (ii) the absence of a strategic vision (the socialist Left was principally reacting to conjunctural occurrences); and (iii) its weakness to develop an alternative that fitted to the “conditions and circumstances of the country”. According to Moreno, the proposals of the socialist Left were based on what was happening in the former Soviet Union, China, and/or Cuba.

In the municipal elections of 1989 and the presidential elections of 1990, the socialist Left presented, again, different candidates. While for the municipal elections the IU obtained 17.9% and *Acuerdo Socialista de Izquierda* (ASI) 2.3% of the national vote, in 1990 these results were reduced to 8.2 and 4.7%, respectively (Diez Canseco 2011, 103).

The disastrous results of the elections of 1989 and 1990 meant the political end of the IU. As the IU was primarily an electoral front, the defeat made it clear that the IU was no longer of use. Although it participated in the presidential elections of 1995, this was nothing more than the last convulsion of a political cadaver. The IU obtained 2% of the popular vote.

In 1995, the IU was officially dissolved. Although some of its composing organizations were able to survive, they did not have the same organizational and political power as in the 1980s. And so, “when the neoliberal project was imposed the [socialist] Left did not have the strength anymore to fight it” (Moreno 2015, interview).<sup>46</sup> As argued by Adriánzen García-Bedoya (2009, 112–13), the 1990s were a programmatic defeat for the Left. The market was being accepted as the central institution for the allocation of resources. The discussion about the accumulation of capital was replaced by a technical debate on how to diminish poverty. According to Rolando Breña (Adriánzen 2011b, 269), general secretary of the PCP-PR, neoliberalism inflicted a political, social, and ideological defeat on the Left because the socialist elements in the consciousness of the population were replaced by the market, competition, and individualism.<sup>47</sup>

#### 6.4 THE ARMED STRUGGLE OF THE PCP-SL AND THE MRTA

In 1980, the PCP-SL started a guerrilla war against the State and Capital. In mid-1980s, it was believed that the PCP-SL had about 2000 to 7000 militants (Wickham-Crowley 1992, 212).<sup>48</sup>

The PCP-SL is the result of several divisions. In 1964, the *Partido Comunista Peruano* (PCP) was divided into a party that was oriented at the Soviet Union (PCP-Unidad) and another at the People’s Republic of China (*Partido Comunista del Perú – Bandera Roja*, PCP-BR for its acronym in Spanish). In the course of the 1960s, the PCP-BR was divided into three parties: PCP-BR, PCP-PR, and PCP-SL. The PCP-PR was founded in 1967 and the PCP-SL in 1970 (Comisión de la Verdad y Reconciliación 2003a, 16–17).

The PCP-SL considered its organization central for the revolution. In their book *Memorias desde Némesis* Guzmán and Yparraquirre, undisputed leaders of the organization transcribe parts of the declarations of the VI and VII plenary sessions of the Central Committee (1977). By referring to Mao Tse Tung, the party was to be built through the development of the united front and the armed struggle. The use of violence was considered indispensable to take power (Guzmán Reinoso and Yparraquirre Revoredo 2014, 449–50).

The armed struggle of the PCP-SL had the objective to fully develop the national-democratic revolution. This revolution was still not completed as it had not entered the stage of an anti-imperialist and anti-feudal revolution. Only when this stage was completed, it was possible to pass to the phase of a socialist revolution.

The national-democratic revolution could only conclude when it would be led by a communist party. This process, as history had shown, was only possible through armed struggle. Hence, the main task of the revolution in Peru was to initiate the armed struggle (PCP-SL 1979).

The time to start the guerrilla war might have been optimal in tactical sense as the transference of governmental power from a military dictatorship to a parliamentary regime might have caused a certain political and military vacuum. Hence, it was not to be expected that the reborn “democratic” state would ask the military to lead the counter-insurgency struggle.<sup>49</sup> In strategic sense, however, the timing was definitively not adequate. Although the PCP-SL claimed that popular protests were increasing and there was a developing revolutionary situation<sup>50</sup> that urged the use of non-electoral methods of action (PCP-SL 1979, 1982), in the years after the elections for the Constituent Assembly the class struggle was diminishing in political intensity.<sup>51</sup>

Data on the strike movement and the number of workers involved in these strikes in 1979–1980 show that in these years more strikes were organized than in 1976, 1977, and 1978. However, in 1978 far more individuals were involved in these strikes than in 1979 and 1980. Although these data, excluding 1978, seem to sustain the argument of the PCP-SL that popular protests were increasing, the political character or the political dynamics of these strikes was far less intense when compared to previous years. When we take the election results of 1980 as an indicator, it can be argued that the level of class consciousness attained by the masses was very low.

The armed struggle organized by the PCP-SL was principally a militaristic struggle. It replaced the independent actions of the masses by the armed operations of the organization because of the decreasing political intensity of the class struggle. It seems that the PCP-SL hoped to politicize the masses through their armed actions.

At the beginning of the armed struggle, the replacement of the independent actions of the masses by the armed actions of the guerrilla was successful (Starn 1995, 405–6).<sup>52</sup> Nevertheless, as the organization did not work to establish a united front with a broad variety of social forces but considered the revolution the work of itself, the people’s army, and the mass organizations created by the party (PCP-SL 1988b),<sup>53</sup> it was only a matter of time before the organization had to confront its first strategic defeat. In Table 6.6, we present the number of PCP-SL attacks in the period 1980–1993.

The first strategic defeat of the PCP-SL was inflicted by peasants of self-defense committees (Degregori 2010b, 94, 224). These committees, also called *rondas*, were founded by the peasants *and* the Army,

**Table 6.6** Number of attacks by the PCP-SL: 1980–1993<sup>a</sup>

<i>Year</i>	<i>Attacks</i>
1980	219
1981	715
1982	899
1983	1122
1984	1734
1985	1960
1986	2394
1987	2252
1988	2244
1989	2979
1990	2610
1991	2523
1992	2689
1993	1729

*Source* Mario Miguel Meza Bazán (2012), *El movimiento revolucionario Túpac Amaru (MRTA) y las fuentes de la revolución en América Latina*, 307; Desco (1989), *Violencia política en el Perú 1980–1988*, 24  
<sup>a</sup>We have stopped listing the actions in 1993 as in that particular year the PCP-SL decided to officially put an end to the armed struggle. Although in the years after 1993 armed actions were still being executed in the name of the organization, these were not approved by the leadership

i.e., sometimes it was a decision of both, and in other cases, it was the peasants themselves who had founded a *ronda* or the Army had taken the initiative to create a *ronda* (Degregori 1996, 24–25; Coronel 1996, 62–63, 106; Del Pino 1996, 134–35; Starn 1996, 233–34). In 1991, when the *rondas* started to officially receive arms from the Fujimori regime (Murakami 2007, 268; Starn 1996, 237–38), the formation of *rondas* became an integral part of the counter-insurgency strategy (Del Pino 1996, 151–52; Burt 2011, 299).<sup>54</sup> The ex-chief editor Luis Arce of *El Diario*, a newspaper that supported the armed struggle of the PCP-SL, wrote that about half a million of peasants were organized in these self-defense committees (Arce Borja 2009, 69, 71).<sup>55</sup> The *rondas* provided troops to patrol in desolated areas and they participated in battles against the PCP-SL (Burt 2011, 299). Even within the *rondas* special military anti-subversive commandos were created (Del Pino 1996, 154). The *rondas* permitted the Army to strategically control rural areas (Burt 2011, 299).

In September 1992, Guzmán and Yparraguirre were arrested. Although their detention did not stop the guerrilla from fighting, it had crucial repercussions for the armed struggle of the PCP-SL. In 1993, its Central Committee declared that the popular war was over and that the struggle had to be continued for a peace accord (PCP-SL 1993).

The detention of Guzmán and Yparraguirre was a political and, of course, a military defeat. The declaration of the leadership that the people's war was over is a clear indication that it had become aware that the strategic and military line of the organization would not lead to a national-democratic revolution.

The cause of the political defeat of the PCP-SL was its inability to create a massive support base in the rural areas. The support bases were considered fundamental for the development of the armed struggle. PCP-SL (1976): “We will not win the peasantry immediately. First we are going to build support bases in large areas and thereupon to develop the People's War. To build a support base requires annihilating the enemy forces, mobilizing the peasant masses and developing our own armed forces. On these support bases the popular power is erected and the Agrarian Reform is carried out. The problem of the support bases is cardinal for the development of the people's war”.<sup>56</sup>

The emergence of self-defense committees in the rural areas demonstrates not only the effectiveness of the counter-guerrilla policies, but also the difficulties for the PCP-SL to establish a firm rural base. These

problems are grounded in the political conceptions of the organization and have less to do with factors that lie outside the organization. As Ibarra (2010, 105) argues, “the debacle of Sendero was due to internal causes (its ultra-left line) and [...] external causes (Army repression) only played a conditioning role”.

In its efforts to politically, socially, and military dominate the rural areas, the PCP-SL not only intended to eliminate whatever state presence, but also possible independent opposition to the State and Capital, i.e., political organizations and movements that might compete with it for power in the rural areas. By creating of what have been called “power vacuums” or by “removing” all forces that were opposed to its politics, or might form an obstacle for its development (Wiener 1989, 13–14, 37), the PCP-SL hoped to occupy these “power vacuums” through their popular committees.<sup>57</sup>

The committees that were supposed to occupy the “power vacuums” were, in not so few occasions, not the result of political work with the popular organizations, but had been imposed and maintained by military force.<sup>58</sup> Instead of creating a broad united front against the State and Capital, the way these committees were established helped to create enemies within the popular camp against the PCP-SL. Naturally, when the armed forces were mobilized to fight the guerrilla, these committees were not able to persist.

The struggle of the PCP-SL could never have counted on a broad popular support as it not only created enemies within the popular camp and it intended to replace the independent movements and organizations by their “*movimientos sociales generados*”, but also because it considered that a united front should function at the service of the armed struggle led and developed by the PCP-SL (1979, 1988a). As Ibarra (2010, 95) argues, the functions of the united front cannot be reduced to the armed struggle as the concept of the revolution is much broader than the armed struggle. The latter not necessarily includes the former.

The PCP-SL has not been the only organization that hoped to take state power through the development of the armed struggle. In 1982, the MRTA was founded.

The MRTA was product of the unification of the PSR-ML and the MIR-EM. In 1986, the *Movimiento de Izquierda Revolucionario – Voz Rebelde* (MIR-VR) joined to the organization (Comisión de la Verdad y Reconciliación 2003b, 398). In the course of the 1980s, also individuals from the PCP-M started to militate in the guerrilla organization.

Although the MRTA began to operate officially and publicly in 1984, in the period 1982–1984 it carried out different actions and organized its militants politically and militarily.

The organization might have counted on 1000–10,000 militants (Sterr 1997, 252; Strong 1992, 218; Polay 2007, 127). In 1992, the actions of the MRTA drastically diminished as a consequence of the detention of its leader Víctor Polay. The *ley del arrepentimiento* (repentance law), promulgated in May 1992, that foresaw benefits for jailed militants who provided information that would help to disarticulate the organization, further weakened the MRTA (Rénique 2015, 149–50; Sterr 1997, 255).<sup>59</sup>

In December 1996, the MRTA assaulted the residence of the Japanese Ambassador in Lima. For about four months, militants of the guerrilla organization occupied the residence holding hostage 72 individuals; congressmen, businessmen, Peruvian police officers, and Japanese diplomats, among others. In April 1997, commandos of the armed forces attacked the residence, liberating all but one hostage who died in the action. All guerrilla fighters died, some liquidated with just a bullet in their head. The attack was mortal for the MRTA.

The MRTA believed that Peru had entered a pre-revolutionary situation and that the conditions would be produced for revolution (MRTA 1988, 70). What these conditions would be was not explained nor was a definition of a pre-revolutionary provided. The analyses of the MRTA (1990b, 24–26) with regard to the political situation in Peru were not focused on structural trends and contradictions, but rather on what happened in the country on a day-to-day basis.<sup>60</sup>

The objective of the MRTA was, according to Polay (2007, 167), to contribute to the constitution of what it called a real democracy. Real democracy meant a political, economic, and social democracy. In order to establish this real democracy, the MRTA saw its task to help advance the pre-revolutionary situation toward a revolutionary situation (MRTA 1990c, 70). Although the organization believed that a revolutionary war should be prepared in order to be able to pass to the revolutionary stage (MRTA 1990a, 15; 1990c, 27), the MRTA did not discard other forms of struggle. Nevertheless, the armed struggle was the principal component of the revolutionary strategy (MRTA 1988, 40–41). The structural factors that were aggravating the situation of the country made the development of the guerrilla war possible (MRTA 1990a, 17).

The MRTA considered the armed struggle justified because the civil government had not changed the conditions for the use of revolutionary violence. The militarization of Peru at the beginning of the 1980s urged the existence of an organization that could defend the population (MRTA 1990b, 26). As a matter of fact, the organization hoped to convert itself into the armed wing that was able to defend the population against military and police aggression (Polay 2007, 211–12, 397; MRTA 1990c, 56).

The MRTA had a lineal conception of the development of class consciousness. During the 2nd meeting of its Central Committee in February 1985, the organization argued that because the economic and political situation of the masses had deteriorated, the principal method to accumulate forces was through the armed struggle (MRTA 1990a, 47). The worsening of the situation of the population would increase its fighting spirit (MRTA 1990d, 183). The organized violence, on the other hand, might help to generate the class consciousness that was needed to pass from a pre-revolutionary situation to a revolutionary situation (MRTA 1990b, 27).

As indicated above, in April 1997 the MRTA got mortally hurt after commandos of the armed forces attacked the Japanese Ambassador's residence that was occupied by the organization. In Table 6.7, we present the number of MRTA attacks in the period 1982–1997.

One of the principal causes of the political defeat of the MRTA was its incorrect understanding of Peruvian reality. For this reason, the organization has not been able to adequately respond to changing political situations. Although the MRTA was aware that the Peruvian population did not have the necessary class consciousness for revolution, it thought that the proper fighting experience of the population would generate this consciousness. The organization did not understand that armed struggle in times of extreme economic and social crisis does not generate logical political outcomes of class struggle. Poverty and car bombs do not create a revolutionary consciousness but, given the dominance of the ideology of the ruling class and their management of the means of communication, create apathy, survival strategies, and fascist solutions.<sup>61</sup>

The MRTA hoped that its defense of the population would help ripen the class consciousness of the population.<sup>62</sup> However, by basing the armed struggle on the defense of the population meant that the MRTA was not able to convert itself into an organization that could *lead* the revolutionary process to take state power. The MRTA depended heavily



**Table 6.7** Number of attacks by the MRTA: 1982–1997<sup>a</sup>

<i>Year</i>	<i>Attacks</i>
1982	1
1983	1
1984	26
1985	90
1986	155
1987	237
1988	171
1989	170
1990	169
1991	262
1992	306
1993	189
1994	133
1995	141
1996	91
1997	137

*Source* Mario Miguel Meza Bazan (2012), *El movimiento revolucionario Túpac Amaru (MRTA) y las fuentes de la revolución en América Latina*, 307

<sup>a</sup>Notwithstanding the fact that the organization still executed military actions, we have decided to stop listing the actions in 1997 because after the massacre in the residence of the Japanese Ambassador the organization was practically beheaded

on the class consciousness or the autonomous fighting spirit of the popular organizations to advance the struggle. When these organizations were defeated, or maybe better, destroyed, it left the MRTA without any political perspective.

## 6.5 THE CLASS STRUGGLE FROM ABOVE: 1990–2000

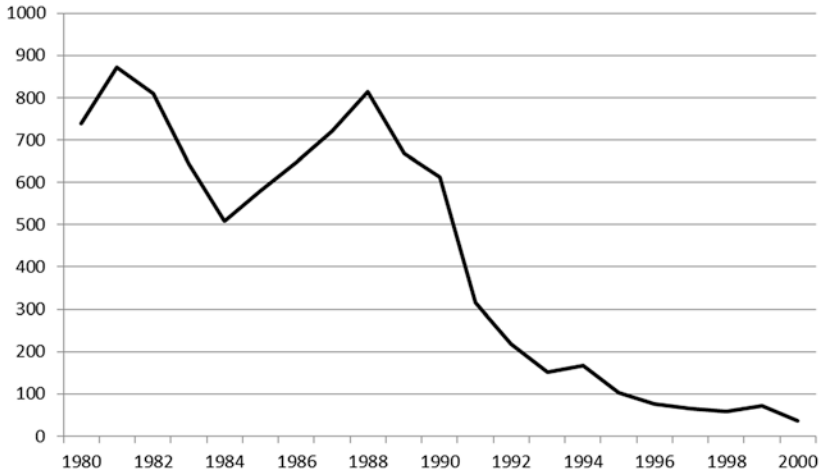
The presidential elections in 1990 marked a turning point in the political, economic, and social history of Peru. After ten years of being attacked by the proletariat, the peasantry, and the Left, a ferocious class struggle from above was initiated. Although the regime's policies did not favor the capitalist class as a whole, as the system was falling apart (hyperinflation, economic crisis, and armed attacks against the Peruvian State and Capital), the measures taken by the Fujimori presidency (1990–2000) could count on its complete support (Durand 2004, 322–23).

In April 1992, Fujimori staged an auto-coup, condemned by all oppositional bourgeois and left-wing electoral forces. The coup was meant to forcefully implement the legal apparatus of the neoliberal economic adjustment program of the Washington Consensus and to introduce a drastic repressive legislature (or the legalization of the counter-insurgency strategy of the Army) that should permit an efficient repression of the Left.<sup>63</sup> Discussions in Congress would slow down and even impede the necessary legislative framework.<sup>64</sup> As the revolutionary poet and leading member of the ML-19, Dante Castro (2015, interview) argues, it is not possible to implement neoliberalism in democracy. It needs an “authoritarian hand”.<sup>65</sup> Roberto de la Cruz (2015, interview), a former general secretary of the PCP-U, says: “These were economic prescriptions of the International Monetary Fund, the Washington Consensus. These measures could not be implemented in democracy. You could not privatize in democracy”. Wiener (2015, interview): “Since Morales it was tried to impose the economic model [the neoliberal model; JL] in Peru. At the end they had to resort to a coup”.

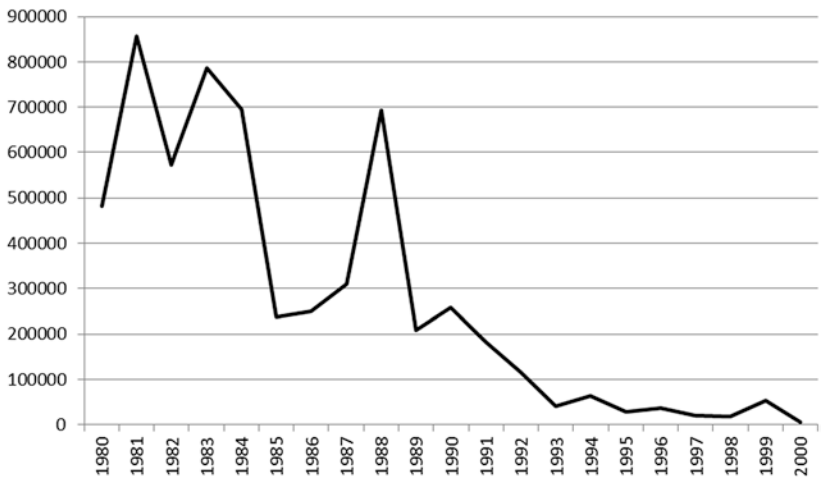
The class struggle from above was a great success for Capital. It not only helped to reduce strikes<sup>66</sup> and trade union membership,<sup>67</sup> it also increased the profitability of the corporations. In Graphs 6.1 and 6.2, we present the evolution of the strike movement in the private sector and the number of workers involved in these strikes for the period 1980–2000. Table 6.8 shows trade union membership in the years between 1990 and 2000.

Anti-labor measures formed a principal part of the neoliberal adjustment program. These measures had the objective to regulate the labor market according to the requirements and necessities of Capital (Bernedo Alvarado 1999, 171). The corporations had to be freed of laws that impeded to fire workers or that might complicate the contracting of new personnel. Sectorial or branch negotiations were to be eliminated, and collective bargaining was only allowed at company level (Verdera 2000, 31–32; Chacaltana and García 2001, 14). Salary increases started solely to depend on production increases. Wage and salary inflation indexation was eliminated (Verdera 2000, 20–21).

In November 1991, a Decree Law was enacted that permitted Capital to flexibilize work hours. In the same month, the Law of Employment Promotion was promulgated. This law (i) created the possibility to sub-contract labor; (ii) allowed Capital to maintain the labor force for up to five years on temporary contracts; and (iii) increased, without limit,



**Graph 6.1** Strikes in the private sector: 1980–2000 (*Source* Ministerio de Trabajo y Promoción del Empleo 2015a, *Huelgas en el Perú 2014*, 21)



**Graph 6.2** Workers involved in strikes in the private sector: 1980–2000 (*Source* Ministerio de Trabajo y Promoción del Empleo 2015a, *Huelgas en el Perú 2014*, 21)

**Table 6.8** Members of trade unions in Metropolitan Lima: 1990–2000 (as a percentage of salaried workers in Metropolitan Lima)<sup>a</sup>

<i>Year</i>	<i>Affiliation to trade unions (%)</i>
1990	21.9
1991	18.4
1992	16.3
1993	10.9
1994	11.7
1995	8.0
1996	5.1
1997	4.7
1998	4.0
1999	2.7
2000	2.8

*Source* Fernando Cuadros Luque (2017), “Situación del mercado de trabajo y costos laborales en el Perú”, 68

<sup>a</sup>See Gamero and Humala (2002, 58) for comparative data

the number of laborers on probation, among others (Bernedo Alvarado 1999, 175–76; Chacaltana and García 2001, 14–15). Data of Thomas (1999, 276) show that while in 1985, 38% of the labor force worked on temporary contracts, in 1990 this had increased to 41%. In 1995 already 50% of the labor force worked on a temporary basis. In 2003, this percentage had increased to 77% of the working population. According to a study of the Instituto de Estudios Sindicales (2012, 3), in 2012 the majority of the contracts of employees were temporary contracts (Instituto de Estudios Sindicales 2012, 3).<sup>68</sup> Data for Metropolitan Lima show that in 1986, 22.7% of the formal salaried employees in the private sector were on a temporary contract. Between 1992 and 1997, the percentage of the working population on temporary contracts continuously increased and was never below 37.8% (Gamero and Humala 2002, 57). In Graph 6.3, data are presented on the evolution of temporary contracts in the private sector in Lima in the period 1986–1997.

In 1996, a Decree Law lowered the compensation for overtime from 50 to 25%. It also became a lot easier for Capital to fire personnel. Economic reasons were sufficient to get a permission to fire 90% of total personnel without having to pay them any compensation (Bernedo Alvarado 1999, 174, 177).

The assault on labor stability was combined with a direct attack on the unions. Workers that went on a strike did not receive salaries or wages anymore (Gil Piedra and Grompone Velásquez 2014, 12). In July 1992,



**Graph 6.3** Individuals working on temporary contracts in the private sector in Lima: 1986–1997 (as a percentage of total salaried formal workers in Lima) (*Source* Jaime Saavedra Chanduvi 1999, “La dinámica del mercado de trabajo en el Perú antes y después de las reformas estructurales”, 41)

a Decree Law was promulgated that enabled the State to dissolve trade unions and to end strikes (Confederación General de Trabajadores del Perú 2005, 11–12). In other words, the anti-labor measures were not reduced to the objective to increase the rates of exploitation, to raise the production of absolute surplus value, and to restore profitability.<sup>69</sup> As a matter of fact, the anti-labor measures formed part of an implicit plan to destroy the organized labor movement.<sup>70</sup>

The anti-labor measures, and in particular the temporary work contracts and subcontracting, coupled with the changing class structure as argued in Chapter 5, considerably reduced the strength of the trade unions (Raffó 2015, interview; Gorriti 2015, interview; Castro 2015, interview; Prado 2015, interview). Gorriti (2015, interview): “Temporary contracts eliminate whole unions”. Fernández (2015, interview): “Every time there are lesser and lesser unions. Individuals that work on the basis of fixed contracts do not affiliate to a union”.<sup>71</sup> According to Fernández Chacon (2015, interview), “the flexibilization

of labor was the strongest weapon they had to liquidate the organizations". Zapata (2015, interview) argues that temporary contracts reduced the number of strikes as the strikes did not make sense anymore. "The workers stop to strike because the strike is a mechanism to get something. But if you do not get this something through a strike, why going on a strike?"

The anti-labor measures were accompanied by anti-terror laws. These laws were not reduced to the armed organizations of the Left. Even legally functioning social organizations were subjected to these laws.<sup>72</sup> State repression went so far as to murder trade union leaders such as Pedro Huilca (Gorriti 2015, interview).<sup>73</sup> The use of the massive means of communication to instill the logic of market thinking in the population, and the implementation of social policies that pointed to suffocate protests and to maintain popular support (the policies of what might be called *clientalismo* and *asistencialismo*), completed the class struggle from above.<sup>74</sup>

The privatization of state-owned companies and the restructuring of the State also had a negative impact on the trade unions (Gorriti 2015, interview). In the case of the *Federación de Empleados Bancarios*, for instance, the unions disappeared because state banks were liquidated (De la Cruz 2015, interview). The closure of the state-owned companies pushed the working population toward small and micro-companies (Dammert 2015, interview) with no trade union representation.<sup>75</sup> Gorriti (2015, interview) narrates that when the Fujimori regime fired hundreds of thousands of employees in state organisms, it practically eliminated the CITE. Of course, the union leaders were the first to be fired.<sup>76</sup> Fernández (2015, interview) tells that the privatization of the economic activities of the municipalities fragmented the power of the unions of the municipality workers. Instead of two big unions as before the privatization process, nowadays a whole range of small unions exists that organize individuals who are employed in the municipality of Lima.

Trade liberalization and the opening of the Peruvian economy for FDI were other factors that reduced the power of the trade unions. Peruvian Capital was not able to compete with foreign Capital and had to close their companies. Together with these companies, also the trade unions disappeared (Castro 2015, interview).

## 6.6 TRADE UNION POWER: 2000–2016

In November 2000, President Fujimori fled the country, a few months after having won the presidential elections. The replacement of Fujimori by Toledo had an important effect on the political space for oppositional forces. It seems that Fujimori’s “departure” liberated latent social unrest and social anger. Social protests rose spectacularly (Garay and Tanaka 2009, 60).

The rise of social protests, principally related to the operations of extractive Capital, during the Toledo regime was met, just as before, with police repression, deaths, detentions, and the declaration of the state of emergency in different parts of the country. The government was afraid of the possible negative effects of increasing social struggle on economic development (Pajuelo Teves 2004, 58–59). However, while during the Fujimori regime repression was a frequent and effective method to suffocate the battles of the people, the Toledo government did not succeed in obtaining the same results. In June 2002, the people of Arequipa rose against the intentions of the regime to privatize the state-owned electricity companies. The repression of the protests could not stop new battles from emerging.

The “return” of social protests was not an isolated effect of the “fall” of Fujimori. Also, the trade unions reappeared. In conversations with the government, they demanded that various anti-labor laws and anti-labor decrees that had been passed under the previous regime were revoked. Among others, they called for the reestablishment of collective bargaining at sector level, the return of profit sharing, and the reinstatement of workers who had been fired during the Fujimori regime (Solfrini 2001, 71; Garay and Tanaka 2009, 67).<sup>77</sup> In Table 6.9, we present the evolution of the strikes in the private sector in the period 2000–2016.

The “return” of the trade unions in the political and economic arena can be evidenced when we analyze the evolution of the strike movement since 2000. However, undeniable is the fact that current trade union power is incomparable with its strength in the 1980s and, even, in the 1990s. According to Juan José Gorriti (2015, interview), around 10% of the formal EAP of the private sector (25% of total EAP of the private sector) is affiliated to a union. And while in the years between 2000 and 2016 (a period of 17 years), in the case of the private sector, 1216 strikes took place that involved 465,826 workers and caused a loss of 18,845,939 man-hours, in the years 1980–1990 and 1991–1999

**Table 6.9** Strikes in the private sector: 2000–2016

<i>Year</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
2000	37	5280	181,691
2001	40	11,050	488,930
2002	64	22,925	912,648
2003	68	37,323	881,362
2004	107	29,273	582,328
2005	65	19,022	478,738
2006	67	19,565	446,584
2007	73	48,096	2,216,520
2008	63	34,011	1,520,960
2009	99	36,114	1,452,466
2010	83	30,606	1,279,380
2011	84	26,770	1,799,416
2012	89	25,845	1,878,696
2013	94	26,736	1,573,202
2014	95	40,681	3,153,018
2015	47	32,066	1,925,632
2016	41	20,463	3,084,056

*Source* Ministerio de Trabajo y Promoción del Empleo (2016), *Anuario Estadístico Sectorial 2016*, 33

these figures were respectively 7612; 5,346,638; 201,755,074; and 1227; 552,831; and 19,120,157.<sup>78</sup> In addition, although the number of trade union affiliates increased in the years between 2001 and 2011 (from 61,000 to 108,000) and the number of new officially trade union registered substantially augmented when data are compared for 2000 and 2011 (Saravia López 2017, 253), the class struggle from above initiated in the 1990s has definitively meant an epochal change, i.e., it helped to bring about a structural change in the correlation of class forces.

A detailed analysis of the strikes according to economic activities reveals that the vanguard of the urban class struggle is formed by workers in mining and manufacturing. Since 2008, employees in transport and starting from 2014 also individuals that were employed in public administration and defense can be found in the front ranks of the class struggle in the urban areas. In the years between 2008 and 2016, class struggle in the construction sector has reduced significantly when compared with the period 2000–2007.

The evolution of the strike movement in the last sixteen years is directly related to the expectations that were fostered by the governments of Toledo, García, and Humala. It was believed that in particular



the regimes of Toledo and Humala would increase the income of the working population. However, economic progress did not “trickle down”, the rates of remuneration as a percentage of GDP kept falling in favor of the exploitation surplus (profits), and the remuneration of the absolute majority of the working population was still near the minimum nominal wage level.

The commodities boom during the García regime was also not translated in income increases for the working population. Average remuneration was even allowed to decrease below the official minimum nominal wage level. Hence, the urban class struggle in the years 2000 to 2016 has mainly been fought around social and economic issues such as wage and salary demands, the improvement in the labor conditions and against the renewed attacks on what was left of the labor rights. In Tables 6.10, 6.11, and 6.12, we present the evolution of the strike movement according to economic activity in the period 2000–2016. We have divided the data in three tables as the economic activities to which the strikes correspond do not coincide in these three periods.

The fact that individuals working in mining and manufacturing are leading the urban class struggle, i.e., their organizations form the vanguard of the class struggle in the urban areas, does not tell us anything about the real power of these trade unions in society. In order to assess this power, we should analyze the importance of the mining and manufacturing sectors for employment and economic development.

In the period 2001–2016, data of the INEI showed that the mining and manufacturing sectors employed around 10 to 12% of the occupied EAP (INEI 2010, 80; 2014, 43; 2017, 46). According to information of the Peruvian Central Bank, in the period 2000–2016 the contribution of the mentioned sectors to GDP (in prices of 2007) fluctuated between 26 and 32%.<sup>79</sup>

The power of the vanguard of the class struggle is based on the economic importance of the mining and manufacturing sectors. In terms of the vanguard’s impact on employees in other economic sectors, the picture is not clear. Its effect on individuals working in other economic sectors might be considered limited because of the small number of the Peruvian occupied EAP that works in mining and manufacturing. However, more than just its reduced size in terms of employment, the fundamental reasons for the weak impact of the vanguard on the rear-guard have to be sought in the political and social weakness of the trade unions in general.

**Table 6.10** Strikes according to economic activity: 2000–2007

<i>Economic activities</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
Agriculture (i)	6	1909	211,264
Fishing	xxx	xxx	xxx
Mining	116	69,254	2,942,664
Oil and gas extraction	4	468	3744
Manufacturing	93	36,325	778,689
Electricity (ii)	62	15,358	130,112
Construction	52	27,618	793,712
Transport (iii)	80	9565	197,136
Commerce (iv)	5	392	3808
Finance (v)	xxx	xxx	xxx
Real estate activities, company activities and house renting	27	9659	298,312
Education	8	712	5696
Public administration and defense	38	4042	55,488
Social services and health	19	6809	247,700
Services (vi)	3	197	15,808
General strikes	3	2226	18,128

Source INEI (2006), *Perú: Compendio Estadístico 2006*, 335; INEI (2008), *Perú: Compendio Estadístico 2008*, 382

(i) Includes: Cattle raising, hunting, forestry

(ii) Includes: Gas and water

(iii) Includes: Storage and communication

(iv) Includes: Restaurants and hotels

(v) Includes: Assurance companies, real estate, company services

(vi) Includes: Social and personal community services

xxx = No information provided or no strikes

The current political and social weakness of the trade unions can first of all be traced back to the labor reforms introduced in the 1990s. A second cause of the weakness can be explained by the changes in the Peruvian class structure. Individuals who in the 1980s and 1990s were wage laborers have become own-account workers (Checa 2015, interview; Moreno 2015, interview; Militant 2 Pueblo Unido 2015, interview; Riso 2015, interview). As Gorriti (2015, interview) explains, a large part of these former salaried manual workers, including high-skilled workers, have become informal workers. These workers are not only very hard to organize (Fernández Chacon 2015, interview), but also for the organization of protests you cannot count on them. You never know

**Table 6.11** Strikes according to economic sectors: 2008–2013

<i>Economic activity</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
Agriculture (i)	10	4039	73,776
Fishing	4	608	16,936
Mining	202	10,939	6,468,686
Manufacturing	116	31,343	1,476,336
Electricity (ii)	17	6215	125,554
Construction	38	5408	47,592
Transport (iii)	35	7359	358,878
Commerce (iv)	15	4958	118,352
Finance	6	5636	36,168
Real estate activities, company activities, and house renting	8	911	36,808
Education	10	1335	37,488
Public administration and defense	31	7161	118,720
Social services and health	14	6137	512,722
Services (v)	3	113	14,152
Not determined	5	1760	19,920

Source [http://www.inci.gob.pe/media/MenuRecursivo/publicaciones\\_digitales/Est/Lib1173/cap07/ind07.htm](http://www.inci.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1173/cap07/ind07.htm) (consulted 26/12/2015)

(i) Includes: Cattle raising, hunting, forestry

(ii) Includes: Gas and water

(iii) Includes: Storage and communication

(iv) Includes: Restaurants and hotels

(v) Includes: Social and personal community services

if they are really going to participate in these protests (Gorriti 2015, interview).

A third factor that can explain the weakness of the trade unions is the fact that still a considerable number of the EAP is not adequately employed. While in 1979, 51.4% of the EAP was underemployed, in 1984 this had grown to 54.2%. In 1990, the rate of underemployment stood at 73.1%, in 2000 it was reduced to 42.9% (INE 1983, 99; 1987, 150; Murakami 2007, 374, 430), and in 2014 it had grown again to 46.3%.<sup>80</sup> Although in Peru a 48 hours working week is mandated by law, these long working hours do not seem to be enough to generate sufficient income for the reproduction of labor-power, obliging individuals to look for a second job. This struggle for survival reduces time available for union activities.

**Table 6.12** Strikes according to economic activities: 2014–2016

<i>Economic activities</i>	<i>Strikes</i>	<i>Workers involved</i>	<i>Man-hours lost</i>
Agriculture (i)	6	996	22,832
Fishing	2	96	768
Mining	57	31,486	2,891,288
Manufacturing	55	18,512	1,572,120
Electricity (ii)	4	542	7352
Construction	2	1108	21,952
Transport (iii)	8	2826	487,566
Commerce (iv)	9	2484	62,416
Finance (v)	5	2651	40,680
Real estate activities, company activities, and house renting	3	530	14,720
Education	4	1116	34,792
Public administration and defense	18	26,597	2,447,768
Social services, community services, personal services, and health	10	4266	76,955

Sources Ministerio de Trabajo y Promoción del Empleo (2015a), *Huelgas en el Perú 2014*, 25; Ministerio de Trabajo y Promoción del Empleo (2015b), *Anuario Estadístico Sectorial 2015*, 38; Ministerio de Trabajo y Promoción del Empleo (2016), *Anuario Estadístico Sectorial 2016*, 36

(i) Includes: Cattle raising, hunting, forestry

(ii) Includes: Gas and water

(iii) Includes: Storage and communication

(iv) Includes: Car repairation

(v) Includes: Assurance companies and pension funds

## 6.7 THE LEFT AND CIVIL SOCIETY

The rise of social protests and the “return” of the trade unions in the first years of the third millennium were accompanied by the reappearance of the Left. However, while in the 1980s the dominant fraction within the family of the Left was politically and ideologically adhered to a socialist program, in the last 16 years social-democratic political positions are dominant within the Peruvian Left. The social-democratic Left can be defined as the whole of organizations, movements, and individuals that fight for social change within the boundaries of the capitalist system.

The Peruvian social-democratic Left seems to have warmly embraced the concept of civil society.<sup>81</sup> The overwhelming influence of the concept in the Peruvian Left is evidenced by the emergence of organizations such as *Fuerza Social* (FS), *Ciudadanos por el Cambio*, and *Frente Amplio* (FA). While FS won the municipal elections of Lima in 2010,

*Ciudadanos por el Cambio* participated in the elaboration of Humala's election program *La gran transformación* (The great transformation).<sup>82</sup> Members of this organization formed part of Humala's first cabinet that lasted only six months. One of its leaders is Salomón Lerner, Humala's first Prime Minister. FA was an electoral front that came third in the presidential elections of 2016 (see below).

The definition and meaning of the concept of civil society have changed over time. The concept has, above all, a historical and philosophical connotation and was used by different political forces and organizations, in specific political, economic and social contexts, to achieve the particular objectives of these political forces and organizations (Kaldor 2005, 31–71; Fernández 2003, 31–197). In the “glory days” of neoliberalism, the concept was used as a “conservative proposal to reduce the role of the state and everything that belonged to the public sector” and to “strengthen private action” (Torres-Rivas 2001). Civil society, according to Wood (1990, 63–64), “encompasses a very wide range of institutions and relations, from households, trade unions, voluntary associations, hospitals, churches, to the market, capitalist enterprises, indeed the whole capitalist economy. The significant antitheses are simply state and non-state, or perhaps political and social”. According to Veltmeyer (2008, 229–30), civil society is “associated with the project of international cooperation for development”. In this tradition, civil society “is viewed as an array of social organizations representing ‘stakeholders’ in a process of economic development, a strategic partner in the war against global poverty waged by the World Bank and other international development associations and agencies. In this context, civil society is viewed as an agency for bringing about a *participatory* and *empowering* form of *development*—an organizational means of transforming the new *development paradigm* into practice”.

The concept of civil society is of major utility to the bourgeoisie as it helps to maintain and deepen a false image within the oppressed and exploited classes and social layers regarding the characteristics of capitalist society in general and of the capitalist state in particular. The concept contributes to a consciousness of the proletariat that is not in accordance with its objective interests. While the capitalist production process is being constructed in such a way as to prevent the working class to transform itself from a class in itself to a class for itself—the productive process is not only a technical one but also a social process, “in which the transformation of the material conditions of existence is simultaneously

the production, reproduction, and transformation of social relations between the direct producers (engaged in actual productive labor) and the appropriators of their ‘surplus product’ (those who control the means of production” (Zeitlin 1980, 2)—the concept of civil society intends to create the perception that society is composed of classless individuals or subjects. As Wood (1990, 79) comments, “the whole object of the exercise is to side-line class, to dissolve it in all-embracing categories which deny it any privileged status or even any political relevance at all”.

The concept of civil society is embedded within a discourse that eliminates class as the fundament of society, as the basic unit for the analysis of the development of capitalist society, and as the key for revolutionary social transformation. By “removing” class from society, the discourse is able to concentrate the analysis of, for instance, inequality and poverty, on its superficial appearances instead of on its causes. As a consequence, it eradicates the possibility to define strategic power relations as well as conflicts between social groups (Portes and Hoffman 2003, 9).

The “elimination” of class from society and its “removal” from social analysis makes the totalizing logic and the coercive power of capitalism invisible. The effect of civil society discourse is to “conceptualize away the problem of capitalism, by disaggregating society into fragments, with no over-arching power structure, no totalizing unity, no systemic coercions—in other words, no capitalist system, with its expansionary drive and its capacity to penetrate every aspect of social life” (Wood 1990, 65).

The elimination of class is exactly the problem of civil society discourse. By eliminating class, the relation of exploitation disappears as one of the objective conditions for the development of the capitalist system and is transformed into a subjectively and individually felt matter (Wood 1990, 79). According to Poulantzas (1986, 155), the concept of “individuals”, subjects instead of social classes, is “the fundament of the problematic of ‘civil society’ and its separation of the state”.

The civil society discourse of classless subjects corresponds to how the capitalist state is being conceptualized, or rather how it is not conceived. In this discourse, the state is considered autonomous with specific interests opposed to society. Politics and economics are conceived of as two different spheres of action. By making reference to Wood, Morton (2004, 158) argues that “by dividing politics and economics attention is diverted from social (class) struggles over subordination and exploitation that are inextricably embedded within capitalist social relations of production”.

The influence of the concept of civil society in the Peruvian Left is expressed, among others, in the objectives of FS and the electoral program of FA. One of the objectives of FS is to contribute to a good functioning of the free market. It believes that the active participation of business associations, trade unions, and civil society organizations is prerequisite for this objective to come true (Traverso Flores 2013, 434). In FA's program (Frente Amplio 2016) for the presidential elections of 2016, it reads that the organization not only wants to democratize the economy (ideals and principles), but also wishes to maintain the private ownership over the means of production and the market mechanism. This democratization implies the regulation of capitalism instead of its abolishment. The State should promote the development of all Peruvians.

The emergence of left-wing oriented political parties with a civil society profile does not necessarily imply a generalized acceptance of civil society discourse within the whole of the Left. However, its emergence characterizes the metamorphosis of the Peruvian Left in the period 2000–2016. This transformation is perfectly embodied in the former leader of the PCR—a Marxist-Leninist organization of the 1970s and 1980s—former member of *Ciudadanos por el Cambio*, and currently congressman for *Movimiento Nuevo Perú*, Manuel Dammert. Dammert is a firm adherent of what he calls the “community of citizenry”, the “power of citizenry”, and the “Republic of Citizens” (Dammert Ego Aguirre 2014, 566, 576, 586).

True to civil society discourse, Dammert argues that the governments of Toledo, García and Humala were controlled by “plutocratic lobbies”. This control impeded these regimes to introduce “substantial changes” (Dammert Ego Aguirre 2014, 586).<sup>83</sup>

The idea that society is a plurality of identities (or classless individuals) and that the state and society are separated makes it impossible for the advocates of civil society discourse to comprehend the class nature of the capitalist state. Hence, in order to understand its undemocratic nature, they invented the concept of state capture.

The concept of state capture refers to the decisive influence of Capital over the state. This influence plays a crucial role in the formulation and the execution of public policies at national, regional, and local level that precisely defend and further the interests of the corporations. The executive power, the parliament, the judicial system, and the regulatory agencies, among others, all are subject to state capture or form the objective

of state captors. State capture is not reduced to the corruption of policymakers by the companies, but encompasses the whole of processes of direct and indirect influencing of policymakers.

The theorists of state capture depart from the hypothesis that the state is an independent institution. This hypothesis limits them to solely denounce the power of the corporations within the state apparatuses and to point out the conditions that might impede state capture from taking place. Although horizontal (within and between the state apparatuses) and vertical (between the state and civil society) accountability of the state apparatuses definitively helps to form a barrier against state capture, it does not stop it from happening. Their non-class-based conception of the state impedes the adherents of the concept to comprehend that also in democracy the state is captured by the corporations (Durand 2012, 54–55).

## 6.8 THE ELECTORAL PARTICIPATION OF THE SOCIALIST LEFT

Since the return of parliamentary democracy in 1980, the participation of the socialist Left in presidential, regional, and municipal elections is not a surprise. Election periods are useful for the socialist Left as these provide possibilities to present their proposals before a big and more politicized audience. A participation of the socialist Left in national, regional, and local parliaments can be helpful to strengthen their organizations and to fortify social movements (accumulation of forces). A parliamentary presence of the socialist Left is furthermore of importance as it is a suitable platform for denouncing policies that go against the interests of the majority of the population and for the defense of these interests.

In the 1980s, the IU considered parliamentary work one of the methods to defend the interests of the population and to strengthen the organizational power of the exploited and oppressed masses (Izquierda Unida 1989, 70, 74). In the third millennium, it seems that the electoral participation of the socialist Left is motivated by political survival.<sup>84</sup> While in 2006 it presented independent presidential candidates and still had some political doubts about Humala,<sup>85</sup> in 2011 it completely backed the campaign of Humala. The political desperateness of the Left blinded it for Humala's transformation when he changed his election program The Great Transformation for the Route Sheet. This miscalculation came wide in the open when in December 2011 left-wing supporters of



Humala started to abandon the regime as it turned out that he was continuing the economic policies of his predecessors.

The run-up to the presidential elections of 2016 demonstrated that an important sector of the socialist Left was willing to give up its principles to assure its participation in the elections (PCP-PR, PCP-U). It was even prepared to participate in a coalition with the former Prime Minister of the second García government Yehude Simon as his party, the *Partido Humanista Peruano*, was inscribed in the electoral register.<sup>86</sup> Critics from the Left on Simon's participation in this coalition led the *Partido Humanista Peruano* to abandon it, impeding the electoral participation of a part of the socialist Left.

Apart from those sectors of the Left that were ready to participate in a coalition with Simon, in 2013 the FA was created. This electoral front was led by the *Movimiento Tierra y Libertad*. The FA united organizations and movements such as the *Movimiento Sembrar*, *Pueblo Unido*, and, of course, *Tierra y Libertad*. The candidate of the FA in the presidential elections of 2016 was Veronica Mendoza, a leading member of the *Movimiento Sembrar*, nowadays President of the *Movimiento Nuevo Perú*.

In the presidential elections of 2016, FA obtained 18.7% of the valid vote. Until June 2017, the alliance counted on 20 seats in Congress (of a total of 130 congressmen and women). Currently, FA is divided into FA (*Tierra y Libertad*) and *Movimiento Nuevo Perú*. This last movement is led by Veronica Mendoza. Her first vice-presidential candidate was Marco Arana, the leader of *Tierra y Libertad*. Arana is currently the leader of FA.

In May 2017, the electoral alliance *Juntos por el Perú* was created. This alliance is composed of, among others, the same organizations that in 2016 were not able to participate in the general elections under the banner of the *Partido Humanista Peruano*. FS, *Ciudadanos por el Cambio*, PCP-U, PCP-PR, the *Movimiento por el Socialismo*, and the *Partido Humanista Peruano* form part of this alliance. It seems that the socialist Left embodied by the PCP-U, the PCP-PR, and the *Movimiento por el Socialismo* has really become more than desperate. After the political treason committed by the *Partido Humanista Peruano* in the run-up to the elections of 2016, a part of the socialist Left feels not to have any other alternative than to return to this party in order to assure its political survival.

Until the first months of 2017, *Tierra y Libertad* was the principal national political organization that was fighting the development model based on the extraction of the country's natural resources. It was also the main political organization that was leading and promoting discussions on another development model. The recently established *Movimiento Nuevo Perú* will definitively join the struggle against the development model in place.

*Tierra y Libertad* considers the role of the Peruvian State crucial for the development of “new economic, social and environmental equilibriums”. For this to occur, the organization proposes to strengthen the institutional environmental framework, to apply Convention 169 (on indigenous rights) of the International Labor Organization (ILO),<sup>87</sup> to plan the pace of investments in function of the social and environmental sustainability of the country, to increase the taxes of the companies on the rents obtained from the extraction of the country's minerals, to put in force policies that should stimulate mining companies to purchase goods and services locally, and to implement economic diversification policies to make the country lesser dependent on its metals and other commodities, among others (Tierra y Libertad 2012, 3–6). The objective of the *Movimiento Tierra y Libertad* is the humanization of capitalism.

## 6.9 CLASS STRUGGLE IN THE COUNTRYSIDE: 2000–2016

The class struggle from below after the “departure” of Fujimori is being led by the indigenous and peasant communities and the small peasantry that is not organized in communities (individual small peasantry). This class struggle is principally directed against the Peruvian State and (transnational) mining Capital. In recent years, this fight has literally gotten bloody. In 2010, for instance, the struggle of communities in the Amazon region against the privatization and parceling out of their land was choked in blood. The repression of the protests in the city of Bagua caused the death of 23 policemen and 10 civilians. During the administration of Humala (2011–2016), 50 individuals died and 750 persons got hurt during protests against mining Capital.<sup>88</sup> The capitalist state has taken of its mask and is showing its real character.

The protests against the mining corporations are mainly organized in the form of demonstrations, strikes, assemblies, and the inspections of mine installations. In the case of the anti-mining movements in the department of Cajamarca, we should include the investigation of the

lakes the Yanacocha Company is pretending to use as wastebaskets for mine waste. Also, local referenda are held on the presence of mining corporations such as in Tambogrande (department of Piura) in 2002, in Ayabaca (department of Piura) in 2007, in the district of Cañaris (department of Lambayeque) in 2012 and 2013, and in 2013 in Palca (department of Tacna). Frequently, international NGOs help the protesters give the struggle international coverage. These international relations are fundamental to obtain the financial means to organize, for instance, the aforementioned local referenda (Bebbington 2009, 146–48; Hinojosa and Bebbington 2008, 11).

The communities and small peasants that do not pertain to a community fight, principally, to defend their land and water resources. Extractive Capital, especially mining Capital, has set its eye on the land beneath which gold, copper, and other lucrative mineral resources can be found. As is well known, mining corporations need land and water to perform their extractive activities; especially, open pit mining has an urgent need for big pieces of land. In a mine, Tovar Pacheco (2012, 355) explains, water plays a decisive role and so the increase in mining activities puts enormous pressure on the water demand. Landownership enables its owners to get the water that lies on and under the surface. Furthermore, mining affects the quality of the groundwater reservoirs and modifies its circuits. The hydrological cycle is changed, which affects the system of water generation. The population living in the mining area is confronted by a change in the location of the sources and the quality and volume of the water flows (Urteaga 2011, 41). The extraction of groundwater, which generally represents an obstacle for mining (Tovar Pacheco 2012, 356), decreases its volume (decreasing of the water table) as natural reservoir and diminishes its recharging rate (Preciado Jerónimo 2011, 191). In addition, the extraction of groundwater alters the flows of rivers and creeks and even makes, according to Sosa and Zwarteven (2012, 364), entire upstream lakes disappear.

Mining activities in or nearby territories that pertain to rural and indigenous communities disrupt and degrade existing social relations, and erode communal property (Bebbington and Hinojosa 2011, 329); the development models of the communities conflict with those of the mining corporations (Alayza 2009, 162–63).

The presence of mining firms in the area of the communities has important consequences for the development of these communities. Mining companies tend to transform the means and livelihoods of the

communities, the forms of governance of the natural environment (Bebbington 2011, 65) and the social fabric (Panfichi and Coronel 2011, 404). They are likely to reorient the economic activity of the community in function of the mine (Svampa 2009, 49) and to bring “big city problems”—social contamination—to the communities, such as delinquency and prostitution (Panfichi and Coronel 2011, 404). In other words, the battle of the small peasantry and/or communities is also a fight against the policies of the Peruvian State to further a development model based on the extraction of natural resources.

The struggle of the Peruvian communities against mining Capital can be divided into two phases. In the first phase that started in the 1990s, indigenous and peasant communities and the individual small peasantry accepted the presence of the mining corporations but fought for economic and social issues related to mining. This struggle was mainly about the financial compensation for the land the communities and the small peasantry not related to the communities were willing to sell to the mining corporations, job opportunities in the mine, compensation for environmental damage, the recognition of the communities’ economic, social and cultural rights that were affected by the mine, and against the pressure exercised by the mining companies on peasant families to sell their lands (Bebbington 2007, 135–36; De Echave 2009b, 3; Padilla 2009, 157; Aliaga Díaz 2014, 2).<sup>89</sup>

In the second phase, the communities began to fight against the presence of the mining companies in their territories. This phase started in 2000 when a truck of the mining company Yanacocha spilled 152 kilos of mercury affecting at least 1700 individuals in Choropampa, a district in the province of Chota of the department of Cajamarca. The receptiveness of mining Capital ended as the communities and the individual small peasantry became aware of the negative environmental effects of mining (Vásquez Huamán and Vásquez Becerra 2015, interview; Sánchez 2015, interview).

The new dynamics of the struggle got a definitive impulse by the battle for Hill Quillish in 2004 in the department of Cajamarca. At Hill Quillish originate the rivers Grande and Porcón that provide 72% of the water of the city of Cajamarca. The Hill is also an important gold reservoir. It is estimated that it covers 4.2 million ounces of gold (Rodríguez Carmona et al. 2013, 128). When the news was spread that Yanacocha was intending to start explorations at the Hill, tens of thousands of

persons demonstrated in the city of Cajamarca. The population succeeded in stopping the mining explorations (Sánchez 2015, interview).

The current battle against mining Capital is principally a fight for survival of the communities and the individual small peasantry. This is the prime reason why the government is not able to put down the fight. The struggle against the Conga Project in Cajamarca (see below), but also against the Tia María Project in the department of Arequipa (2011–2016) and the Bambas Project in Apurímac (2015–2017), was and is about the defense of their livelihoods and habitats. However, in some cases the struggle still has the objective to strengthen the position of the communities and/or small peasants when negotiating with the corporations about the price of their lands, jobs in the mine, and social benefits for their communities, among others.

### 6.9.1 *Class Struggle Against the Conga Project*

Mining corporations have been present in Cajamarca since the beginning of the 1990s. In 1993, the US-based Newmont Mining Corporation started to construct the Yanacocha mine in cooperation with the Peruvian mining company Minas Buenaventura and the International Finance Corporation (IFC). The IFC pertains to the World Bank (Bury 2004, 80).

Yanacocha was a lake that served as a water source for surrounding communities. The mining companies emptied the lake in order to get access to the gold reserves that lie beneath it. An artificial water reservoir was built to provide in the water necessities of the communities. This reservoir does not contain water anymore (Sullivan 2013; Vásquez Huamán and Vásquez Becerra 2015, interview). Yanacocha is one of the major mining projects in Peru and, according to Newmont, South America's largest gold mine.<sup>90</sup> The mine is still in operation.

The Conga Project is a new joint venture of the same companies that exploit Yanacocha.<sup>91</sup> This project is three times the size of Yanacocha (Sullivan 2013) and implies an investment of US\$4800 million.

The Conga Project will empty four lakes. The water of two lakes covers enormous reserves of copper and gold. Two other lakes are planned to be used as waste bins for the 80,000 tons of toxic waste tailings per day that the project will generate for the 17 years that the mine will be expected to operate. The four lakes will be replaced by four artificial water reservoirs. The project will affect five rivers, six lakes, 682

natural water springs, 18 irrigation canals, and 102 catchments of water for human consumption (Sánchez 2015).<sup>92</sup> In other words, the Conga Project has a major effect on the water supply of the department of Cajamarca whose population is primarily employed in agriculture and stock breeding.<sup>93</sup> Alamiro Vásquez Becerra (Vásquez Becerra 2015, interview), the President of the Defense Front of the Basin of the River Jadibamba (*Frente de Defensa de la Cuenca del Río Jadibamba*), whose community Jadibamba (district of Celendín) is one of direct affected communities by the Conga Project, tells that the project represents a threat to his community because “water is vital for us as most of us are dedicated to agriculture and stock breeding”.

The struggle of the communities in the department of Cajamarca against mining Capital has become an example of how this battle can be organized and sustained. The struggle in Cajamarca also perfectly exemplifies how the mining corporations try to gain the population for their business undertakings. It is furthermore a good illustration of the natural repressive reaction of governments that are confronted with massive and prolonged popular protests against the economic fundament of their political programs. In November 2017, the struggle entered its seventh year and there are no indications that it is coming to an end soon.<sup>94</sup>

The struggle against the Conga Project began at the outset of the third millennium. The initial problems to organize the population have definitively been influenced by the ten years of class struggle from above that has characterized the period 1990–2000. The de-politicization of society and the dominance of the ideas, in all layers of society, that private initiative instead of collective decision-making should be the point of departure for the allocation of the means of production had negatively affected the political consciousness of the population.

Since 2004, the fight against the Conga Project has been organized by the people of the provinces of Cajamarca, Bambamarca, San Marcos, Celendín, and San Pablo. These provinces are directly affected by the project.

In the province of Cajamarca, the struggle is organized by the Environmental Defense Front of Cajamarca (*Frente de Defensa Ambiental de Cajamarca*; FDAC for its acronym in Spanish).<sup>95</sup> The FDAC is composed of a variety of social organizations such as representatives of the neighborhoods of the city of Cajamarca, the university teachers’ trade union of the National University of Cajamarca (*Universidad Nacional de Cajamarca*; UNC for its acronym in Spanish),

the student federation of the UNC, the mothers of *Vaso de Leche*, and the *rondas campesinas*. Political parties are not allowed in the FDAC (Saavedra 2015, interview; Silva 2015, interview).

The battle in the province of Celendín is led by the Inter-institutional Platform of Celendín (*Plataforma Interinstitucional Celendina*; PIC for its acronym in Spanish). This platform is made up of different social organizations such as the *rondas campesinas* of Celendín, the trade union of schoolteachers of Celendín, and associations of producers and irrigators. At the end of 2009, 37 organizations formed part of the PIC. The main objective of the PIC is to defend and protect the headwater basins of Celendín. The PIC also struggles against hydroelectric power stations that are planned to be built in Celendín (Sánchez 2015, interview).

In 2009, Yanacocha started its campaign to present its environmental impact study. In the case of the province of Celendín, it reopened for this purpose its offices in the city of Celendín. These offices were closed after the municipal elections of 2004. During these elections, Yanacocha had financed the campaigns of certain candidates who then later facilitated the development of the Conga Project (Sánchez 2015, interview).

The campaign of Yanacocha meant the beginning of a prolonged battle of the communities that were going to be affected by the Conga Project. As the authorities of the provinces to which these communities pertain had been bribed by the corporation, it only depended on the struggle of the population if the Conga Project would be implemented or not. However, as the population was not informed about the devastating environmental impact of the project, it was first of all necessary to start a counter-information campaign.

The counter-information campaign began on the initiative of several worried individuals without any organizational ties (Livaque 2015, interview). These activities got a structural character under the leadership of the PIC. Scientific proof on the negative environmental effects of the Conga Project was provided by the FDAC and the Non-Governmental Organization (NGO) Grufides. This information helped to convert the resistance into anti-Conga Project experts (Sánchez 2015, interview).

The campaign started to expand when PIC members began to visit the communities that were going to be affected by the Conga Project. According to Milton Sánchez (2015, interview), general secretary of the PIC, the information that was provided on the environmental consequences of the project helped to change the previously favorable opinion of the communities on the project into a complete rejection of it.

The counter-campaign was not reduced to the province of Celendín. Since Celendín was not the only province affected by the Conga Project, it was important that the population in other provinces were informed as well. With the help of the FDAC *Frente de Defensa Ambiental de Cajamarca* (FDAC), defense fronts were erected in the provinces of San Pablo, Bambamarca, Chota, Cajabamba, and San Marcos (Saavedra 2015, interview). These defense fronts were later united in the regularly organized inter-provincial meetings that had the objective to coordinate the battle against the Conga Project (Saavedra 2015, interview; Sánchez 2015, interview).

Yanacocha did not sit aside when the protests against its project began to expand. It started judicial processes against the leaders of the resistance, it began to monitor the leaders using paramilitary forces (for instance in the case of battle for Hill Quillish), and it tried to buy the consciousness of population (Sánchez 2015, interview; Vásquez Huamán and Vásquez Becerra 2015, interview; Livaque 2015, interview; Silva 2015, interview; Hernández 2015, interview). According to Wilfredo Saavedra (2015, interview), President of the FDAC, since the start of the economic activities of the Newmont Mining Corporation and its associates in the department of Cajamarca, organisms of the judicial system have “always responded to the interests of the transnational corporation”. Hernández (2015, interview) says that Yanacocha “has corrupted mayors, governments, leaders of social organizations” and has created a power next to the established state organisms. Vásquez Huamán (2015, interview), the secretary of the Defense Front of the Basin of the River Jadibamba, says: “Our resistance is our only weapon that we have to defend our water and our lakes. Through the judicial system this is very difficult as it is in favor of Yanacocha and not of the people”.

In the years between 2006 and 2011, Yanacocha developed a variety of activities with the objective to convince the Cajamarca population of the welfare effects of the Conga Project. In the province of Celendin, the mining corporation tried to “buy” school directors by giving their students uniforms, backpacks, and hats. Communities were given “fireworks for their patron saint festivals, sport shirts, footballs and rams for their sport championships”. Even excursions for school children were organized to the old Inca town Cusco in the South of Peru, to Colombia, and to Argentina (Sánchez 2015, interview). In the case of the community of Jadibamba, presents were accompanied by talks of psychologists (Vásquez Huamán 2015, interview). The Yanacocha “gift campaign” was



complemented by massive propaganda on radio and television (Sánchez 2015, interview).

On November 9, 2011, the first regional strike against the Conga Project was organized. A few days earlier, three ministers had visited the area of the mining operations. The Regional President Gregorio Santos, a member of the MAS, rallied behind the protest. Fifteen days later, a second regional strike was organized. This strike lasted 11 days (until December 4). Seventeen people got hurt, six of them showed bullet wounds (Saavedra 2015, interview).

The city of Cajamarca was the central focus of the struggle. The FDAC succeeded to control all economic activities in the city. Transport in and around the city came to a complete standstill (Saavedra 2015, interview). Saavedra (2015, interview) says: “We have been in control of the city. All authorities and private institutions were subordinated to the Environmental Defense Front, including Goyo.<sup>96</sup> [...] We, the Environmental Defense Front, issued decrees. [...] During our struggle there was no police in the streets [...] because the *rondas urbanas* controlled the whole city. [...] The city was ours”.

Twenty days after the outbreak of the regional strike, the Conga Project was suspended. On December 4, the government declared the state of emergency in the provinces of Cajamarca, Celendín, Hualgayoc, and Contumazá. In Celendín, the police and the army were in full control, “doing their military aerobatics, scaring people, with a naked torso and well-armed” (Sánchez 2015, interview). Marle Livaque (2015, interview), member of the PIC and secretary of the *Movimiento Tierra y Libertad* in the city of Celendín, tells that around 1500 soldiers were “doing war practices in the streets, scaring the children. [...] In the streets they were doing their exercises with their weapons ready to fire”. Sánchez (2015, interview): “It seemed like war”.

Before the state of emergency was declared, in the city of Cajamarca conversations had been held between the resistance and premier Lerner. While the government considered it impermissible to affect the interests of transnational Capital, the anti-Conga coalition was only willing to end the strike “provided that the mining company would withdraw all its machinery” (Saavedra 2015, interview). Naturally, the government could not fulfill this demand and, as a consequence, the conversations ended in an impasse.

In order to solve the impasse between the resistance and the government, well-known anti-Conga leaders such as Wilfredo Saavedra,

Ydelso Hernández, and Milton Sánchez decided to travel to Lima to present their demands to the Commission of Andean, Amazonian and Afro-Peruvian Peoples, Environment and Ecology (*Comisión de Pueblos Andinos, Amazónicos y Afroperuanos, Ambiente y Ecología*) of the Peruvian Congress. After their presentation, and upon leaving the congress building, they were arrested. For ten hours, they were interrogated by the anti-terrorist division *Dircote* (Sánchez 2015, interview; Saavedra 2015, interview). It was clear that the impasse had been overcome. The government would not dialogue with the resistance.<sup>97</sup>

On May 31 until July 3, 2012, a new regional strike was organized. In the city of Celendín, the strike occasioned the death of four persons. In the city of Bambamarca, one person died. Sánchez (2015, interview): “Everything was militarized. It looked like war: helicopters flying over the city. Two people were killed by rifle bullets, coming from the helicopters here in Celendin. They killed another person in Bambamarca. Only in this way they were able to calm down the protests in Celendin”.

The deaths caused the intensity of the struggle to diminish. However, when in October 2012 Yanacocha tried to install some of its equipment, again the population of Celendín was mobilized.

The struggle against the Conga Project has entered a new phase. Sánchez (2015, interview): “The fight has cycles and I think that you have to measure the struggle. Knowing that this is a long battle, you are not going to have 365 days to mobilize the people”. Saavedra (2015, interview) tells that the defense fronts have reduced their activities because Yanacocha has stopped its work near the lakes.

### 6.9.2 *The Class Enemies of the Communities and the Small Peasantry*

The Peruvian development model is defended by transnational mining Capital and multilateral institutions such as the IMF and the World Bank. As a matter of fact, the World Bank plays a key role in the appropriation of Peru’s mineral resources by international Capital. In the 1990s, it stimulated changes in the legal framework that favored transnational Capital. It also supported the privatization of state-owned mining companies and it helped to finance important mining projects. In the period 1993–2001, the mining sector was one of the main investment objects of the World Bank (De Echave 2009a, 1–2). Through the IFC, it has a direct stake in certain mining companies such as Yanacocha.<sup>98</sup> In 2011, the IFC held an extractive industry portfolio of around 2.1 billion

US dollar: 75% in oil and gas and 25% in mining. The interests of the corporation expanded to 40 countries, of which those in Peru—valued at 387 million US dollar—occupied a second place (World Bank 2011, 19).<sup>99</sup>

The struggle of the communities and the small peasantry that does not pertain to a community face a broad range of class enemies. Principally, their battle is against the “joint venture” of the Peruvian and international bourgeoisie. This alliance of the dominant fraction of the Peruvian bourgeoisie with international Capital is a relation of dominance and dependency. As Poulantzas (2008, 200) already outlined, the interests of the local Capital “are constitutively associated with foreign imperialist capital (capital belonging to the principal foreign imperialist power) and, therefore, closely linked, politically and ideologically, to foreign capital”.

The suitability of the dominant fraction of the Peruvian bourgeoisie for the interests of transnational Capital can be demonstrated by the implementation of a large-scale privatization process and the elimination of labor stability in the 1990s, and its ability to implement free trade agreements with a broad range of countries and to successfully defend the interests of transnational extractive Capital in the first sixteen years of the third millennium.

The struggle against mining Capital is a battle against enormous corporations. Transnational extractive Capital is the hegemonic fraction of the bloc in power. As a matter of fact, the production of the country’s main minerals that determine the dynamics of the mining sector, copper and gold, is in the hands of just a few companies.

In 1965, three companies in the metallic mining sector, owned by USA’ Capital, dominated the market: the Cerro de Pasco Mining Corporation had a market share of 30%; Southern Peru Copper’s share was 28%; and Marcona Mining Company had 14% of the market (FitzGerald 1981, 154, 157). In 1970, during the military government of Velasco, the Cerro de Pasco Mining Corporation controlled 32% of Peruvian mining exports (Torres Cuzcano 2013, 38). In 1981, Southern Peru Copper controlled respectively 70 and 75% of the production and export of copper (Torres Cuzcano 2013, 39). Finally, according to data of the NGO Grupo Propuesta Ciudadana (2014, 10), in 2013 almost 80% of the production of copper was concentrated in the mining units Antamina (owned by BHP Billiton, Glencore, Teck and Mitsubishi Corporation), Southern Copper Corporation (a majority-owned, indirect

subsidiary of Grupo Mexico S.A.B.), and Cerro Verde, property of Freeport-McMoRan Copper and Gold, SMM Cerro Verde Netherlands B.V. (a subsidiary of Sumitomo Metal Mining Company) and the Peruvian Compañía de Minas Buenaventura S.A. Similarly, Yanacocha and Barrick Gold controlled about 42% of domestic gold production (Grupo Propuesta Ciudadana 2014, 10). Currently, Chinese mining companies hold around a third of the country's portfolio of mining projects.<sup>100</sup>

### 6.9.3 *Weaknesses of the Struggle Against Mining Capital*

The protests against the mining corporations are generally being organized and led by local and/or regional organizations around environmental issues and life-threatening situations caused by the operations of mining Capital. The struggle for these concrete local issues definitively assures a popular local base. However, the social movements against the mining corporations face at least four weaknesses.

The first weakness is the fact that the struggles are local and have a local projection. According to De Echave (2009b, 16), the locally organized indigenous and peasants-based social movements against mining Capital might be effective in responding to local conflicts, issues, and cases, but it is not able to articulate a national agenda related to mining.<sup>101</sup> Also, the fact that the objectives of these different battles are very diverse makes it very difficult to unify these dispersed struggles (Comisiones de Investigación Política 2013, 106).

It might be thought that it would not be so difficult to unite the struggles in the different localities in Peru as in general terms the communities face the same problems. Unfortunately, this is not the case. First of all, the National Confederation of Communities Affected by Mining in Peru (*Confederación Nacional de Comunidades del Perú Afectadas por la Minería*; CONACAMI for its acronym in Spanish) has been deactivated. Its foundation in 1999 was a big step forward in the centralization of local struggles, in the coordinated support of these local battles and the elevation of the debates on the negative impacts of mining to a national level (Padilla 2009, 158–59). Second, the CCP and the CNA are not involved in the struggle.<sup>102</sup> Third, there are almost no political parties with a consolidated national presence that defend the interests of the communities affected by mining or struggle against extractivist Capital in general.<sup>103</sup>

A second weakness has to do with the lack of ties between the movements against extractive Capital in the rural areas and the proletariat and popular organizations in the urban areas.<sup>104</sup> Although these relations might exist, there is no evidence of a strategic alliance between movements and organizations in both areas that struggle against the Peruvian State and Capital that permit to take political control of the cities.<sup>105</sup> It is interesting to observe, for instance, that the current Mayor of the capital of the department of Cajamarca is a member of the right-wing Fujimori political party (*Fuerza Popular*). The regional presidency, as we mentioned above, is in the hands of the MAS.<sup>106</sup>

The difficulties to develop strategic ties between the urban and rural areas are mainly caused by class differences. In the case of the struggle in the province of San Marcos in the department of Cajamarca against the intentions of a Peruvian subsidiary of the Brazilian corporation Vale, Miski Mayo, to exploit gold and copper deposits located at the Cerro Mogol (2005–2009), for instance, Taylor (2011, 431) describes these problems as follows: “A second thorny issue that emerged when Miski Mayo first appeared in the zone concerned divisions between town and country. A sector of the petit-bourgeoisie settled in the town of San Marcos looked favourably on the project, anticipating that an upsurge in mining activity would increase sales in shops, restaurants and bars, as well as boost the market for rented accommodation. One activist from San Marcos noted: ‘Until now, we have been growing strongly in the countryside. With the townspeople it is more complicated. Many are undecided, as they hope to take advantage and make money. They expect more business, but don’t realize how they could be affected’”. In the case of the city of Cajamarca, the same applies. Yanacocha converted the city in a “mining camp” and managed to “create a mining settlement” in which everybody is connected and dependent on each other (Saavedra 2015, interview). This brings us to the third weakness.

The organizations that are leading the struggle are not necessarily class-based. Everybody who is affected by the operations of mining Capital forms part of the organization/group/network. Hence, within the local or regional movement, there exist different points of view on the principal demands of the movement (Comisiones de Investigaciones Polítai 2013, 106). This is definitively an important condition for the struggle to weaken during a prolonged battle.

The non-class-based struggle is a strength and weakness. As the struggle might be able to count on a range of different social actors that are

united on one specific issue, the access to water for instance, it is very difficult to connect this battle to other social struggles. The contradictory class interests between the different social actors that are united on one specific issue do not permit to broaden the fight to other social issues. In other words, one-item non-class-based alliances do not allow for a broad programmatic alliance.

The fourth and last weakness of the struggle of the social movements against mining Capital is the fact that they do not seem to have a strategy that might enable them to determine the concrete battle. The movements only react on what happens in their direct environment instead of trying to determine the course of future events. The activities of the mining corporations and the measures taken by the government that favor mining Capital determine the actions of the social movements.

## 6.10 CONCLUSIONS

The heydays of the Peruvian socialist Left can be traced back to the 1970s and 1980s. The policies implemented by the Velasco regime not only increased the number of individuals pertaining to the proletariat and eliminated big landownership, they also gave a push to the organizations of the proletariat and the peasantry, and stimulated the development of socialist-oriented political organizations. The policies that aimed at class conciliation helped to bring about new terrains of class struggle.

The class struggle in the 1970s was led by the labor movement and the organizations of the peasantry. Although the struggles were principally organized around direct socioeconomic demands, not in a few instances the political dynamics of these battles pointed to much further objectives. Hence, the right-wing coup against Velasco in 1975 was the result of (i) the increasing power of the Left; (ii) the strengthening of class conscious tendencies within the labor movement; (iii) the struggle of the peasant movement that pushed for a radicalization of the military “revolutionary” process; and (iv) the development of local and regional popular movements and their increasing ties with the labor movement, among others.

Velasco’s successor General Morales Bermúdez reduced the spaces for a left-wing oriented political practice. Nevertheless, these measures came too late to save the dictatorship. The Left’s accumulated strength, the unfolding economic crisis, and the anti-labor measures implemented by

the regime enabled it to use a democratic platform to tumble the military dictatorship.

The class struggle in the second half of the 1970s, and especially the national strikes of 1977 and 1978, was translated into a considerable socialist Left vote during the elections for the Constituent Assembly in 1978. The Right, in alliance with the APRA, however, obtained the majority.

The presidential elections of 1980 were disastrous for the socialist Left. The division of the Left in competing electoral platforms is the principal explanation for the reduction in the socialist Left vote, in addition to the fact that the struggle of the labor movement started to weaken as the economic crisis prolonged.

The expulsion of 5000 trade union leaders in 1977 has definitively hurt and weakened the labor movement at the end of the 1970s and the beginning of the 1980s. The 1980s, though, must be considered as a decade in which the class struggle reached its highest levels in contemporary Peruvian history. The struggle of the proletariat, the peasantry, and their armed and legal political representatives put the Peruvian State and Capital in a defensive position.

The high tide of the class struggle from below in the 1980s seemed to have masked the structural weakening of the class struggle in the same decade. The accumulation of economic crises in the 1980s contributed to the erosion of the political bases of the legal socialist Left. Instead of fighting the Peruvian State and Capital, the “masses” started to look for individual solutions to their economic hardship.

Class struggle expressions such as the electoral power of the IU, the creation of the ANP, the military advances of the guerrilla and the wave of strikes and demonstrations of the labor and popular movement hid the trend of declining collective struggle for a radical change of the development model in place. It also masked the political weakness of the IU, i.e., to transform itself from an electoral front into a mass front. Instead of fighting against the bourgeois political system, the socialist Left began to form part of it.

The class struggle in the 1980s did not result in the taking of state power by the progressive forces. Just as in the period between the elections for the Constituent Assembly and the presidential elections in 1980, the socialist Left was not able to develop an adequate strategic and tactical response to the slowly and structurally weakening class struggle. It seems that the socialist Left was more focused on the visible

expressions of the class struggle then on working to establish a power base that would enable it to tumble the capitalist regimes.<sup>107</sup> The IU was incapable to convert itself into a revolutionary front of the masses and to organize these masses on the basis of a political program and strategy that would surpass concrete political, economic, and social demands.

The MRTA seems to have had the same difficulties as the legally functioning socialist organizations in the 1980s and the IU in particular. The MRTA reduced its activities to a reformist practice of defending the masses. It was not able to respond to changing political and economic situations as it thought that the worsening of these situations would increase the fighting spirit of the population. It believed that the armed struggle would generate the necessary class consciousness to pass from a pre-revolutionary to a revolutionary situation. However, when the bases of the popular organizations started to reduce, i.e., when the popular masses started to retreat, when the masses began to fight for individual solutions of their economic and social problems, it was too late for the MRTA to turn the tide of its own demise.

The PCP-SL was never able to become a revolutionary alternative for the exploited and oppressed masses as it replaced the independent actions of the masses by the armed actions of their own organizations. Furthermore, as it did not construct political and social power bases composed of a broad variety of popular forces but, rather, eliminated competing social actors, it converted itself into a politically and military isolated force. For this reason, its defeat was only a matter of time and depended on the success of the State to inflict irreparable military losses to the organization.

The implementation of a radical form of neoliberalism in the 1990s was facilitated by the devastating economic crisis at the end of the 1980s and the lack of a political, ideological, and organizational left-wing alternative. The thesis can be defended that the Peruvian population welcomed the neoliberal measures because it stood with its back against the wall. It was willing to accept whatever economic program that could solve the economic crisis and to cut a skyrocketing inflation to “normal” proportions.

The anti-labor measures introduced by the Fujimori regime, coupled with the changes in the class structure, the high rates of underemployment and state terror, caused heavy losses to the forces of progressive change in the sense that its historical political bases, the trade unions and the peasants’ organizations, were reduced to their minimum expression.



As a matter of fact, the neoliberal adjustment program of the 1990s had, on the one hand, the declared objective to increase the rates of exploitation and to restore profitability; on the other hand, it had the undeclared purpose to destroy the revolutionary and reformist forces of the Peruvian Left, the labor movement, and the peasants' organizations.

The current power of the vanguard of the trade unions formed by workers in mining and manufacturing is based on the economic importance of these economic sectors. Its struggle seems to have lesser impact on employees in other economic sectors or on the working population in general. The peasants' organizations are still very weak. The CCP does not play any role in the struggle of the peasants and indigenous communities against the State and extractive Capital.

In the first 16 years of the third millennium, the Left has started to recuperate its forces. Ollanta Humala's victory of the presidential elections of 2011 on the basis of a, more or less, social-democratic program, and the results of the FA during the presidential elections of 2016 evidence that the Left is starting to leave the political dungeons. However, the hegemony of class struggle positions as was the case in the 1980s has made way for positions that tend to class collaboration. Instead of a struggle for socialism, now the battle is about the humanization of the capitalist system or the struggle for reforms.<sup>108</sup> Civil society discourse is widespread within the Left.

The ideological hegemony of the social-democratic Left coupled with an employment structure and labor legislation that does not permit a rapid accumulation of forces is currently determining the spaces for revolutionary organizations. It seems that the socialist Left has been thrown back to the era of primitive political, ideological, and organizational accumulation. The participation in elections by socialist organizations is mainly motivated out of political survival.

The vanguard of the class struggle in Peru is located in the countryside. In the urban areas, the class struggle is mainly fought around social and economic issues. The struggle of the indigenous and peasant-based social movements to protect their habitats and livelihoods has not only expanded to all parts where extractive Capital, and mining Capital in particular, has set foot, but also these battles are putting the current development model in check. Although these movements have a lot of limitations such as its local and regional projection, the lack of ties with the urban class struggle and their non-class-based composition, the struggles organized by these movements are battles against the Peruvian

development model in place. This struggle is principally a political struggle. It will depend on the revolutionary forces if this struggle can surpass the local and regional frontiers and if this battle is converted into a fight for socialism.

## NOTES

1. Raúl Wiener (2015, interview), a former cadre of the PUM and a left-wing journalist, explains that “Velasco awakened a new configuration of class that had class consciousness”.
2. See also Angell (1980, 24–29).
3. According to Tovar (1985, 112), the reforms of the military government “had motivated the actions of previously calm and inoperative forces”.
4. Fernández Chacon (2015, interview), former cadre of the *Partido Socialista de los Trabajadores (PST)* and editor of the paper *Lucha Indígena*, tells that the working class became more dynamic and more militant during the Velasco regime.
5. Although only 6% of the total labor force was “affected” by the labor communities, this 6% produced 21% of Gross National Product (Haworth 1983, 102). See also Angell (1980, 33).
6. Companies that employed more than six workers in the industrial sector were obliged to install a labor community. If they did not employ six workers but their gross yearly income was more than one million soles, at that time around 25,840 US\$ (exchange rate 38.70: 1), they also had to install a labor community (Angell 1980, 31).
7. Profit sharing was limited to workers that were contracted on a permanent basis.
8. See Angell (1980, 34–36) on this Congress.
9. While in 1968 the CGTP had 140,000 affiliates, in 1972 this number had increased to 400,000 (Balbi 1989, 61). See Yopez del Castillo and Bernedo Alvarado (1985, 17–20) for data on the evolution of the number of trade unions recognized by the State in the period 1930–1982.
10. In 1970, the Law of Labor Stability was enacted. After a three month probation period, this Law established that a worker could only be fired in the case of (i) a serious misconduct and (ii) as a consequence of the “reduction or dismissal of all personnel authorized by the labor authority” (Sulmont 1977, 225).
11. According to Eduardo Cáceres (2015, interview), former general secretary of the PUM, “in the Andes, when people took the land, they distributed it to the last centimeter. They never had the expectation to work the land in an associative sense. The idea was communal

- enterprises, but the people took the land and divided it”. In his analysis of the land occupations in the province of Andahuaylas, Sánchez Enríquez (1981, 226) concludes that the main interest of the majority of the peasants was to obtain a small plot of land. The same happened after the land occupations at the beginning of the 1960s in the province of La Convención (department of Cuzco). See Lust (2013, 70–91), for this battle and the problems to politically elevate the level of the peasant struggle to a struggle for socialism.
12. Decree Law 18002 of November 1969 removed the possibility to partition the land, as was foreseen in the Agrarian Reform Law of 1969 (Havens et al. 1983, 39). On the possibility to partition the land, see “Nueva Reforma Agraria. Decreto-Ley 17716”, articles 108–11, in <http://faolex.fao.org/docs/pdf/per124295.pdf> (consulted 16/10/2015).
  13. One of the most important battles for land took place in July–September 1974 in the province of Andahuaylas (department of Apurímac). The land of 68 (out of 118) state cooperatives and individual landowners was occupied. About 30,000 peasants were involved in the struggle that gradually evolved from isolated actions into a big wave of land occupations. The struggle was organized by the Provincial Peasants Federation of Andahuaylas (*Federación Provincial de Campesinas de Andahuaylas*, FEPCA for its acronym in Spanish), affiliated to the CCP, and the political organization *Vanguardia Revolucionaria* (VR) (Sánchez Enríquez 1981, 28, 30, 185). Although the struggle ended in the repression of the movement, following the battle the Agrarian Reform was fully implemented. By June 1975, the farms of the remaining big individual landowners had been converted into state cooperatives (Sánchez Enríquez 1981, 28, 210).
  14. In the regional defense fronts converged, among others, trade unions, student unions, small businessmen and popular organizations (Sulmont 1981, 153). The defense fronts had the objective to defend the interests of its proper region.
  15. During the mid-1970s economic crisis, Peruvian Capital started to threaten to fire its workers if they went on a strike. In some branches such as the automotive industry, the companies even intended to dismantle the unions through the systematic dismissal of trade union leaders (Sulmont 1981, 109).
  16. Capital was extremely benefitted by a Supreme Decree Law that was enacted on August 14, 1976. This Law allowed the companies to fire personnel on the basis of the suspicion that a strike was being organized (Sulmont 1977, 297).

17. According to Tovar (1985, 115), the economic crisis even strengthened the class conscious tendency within the popular and organized social movements.
18. According to Cáceres (2015, interview), although the expulsion of 5000 trade union leaders had definitively an effect on the labor movement, it did not have lasting negative consequences for the class struggle.
19. Fernández Chacon (2015, interview) tells that the organized working class had reserves and managed this loss. As a matter of fact, in 1978 a much bigger strike was organized. Pablo Checa, a leader of the CGTP and former Vice Minister of Labor and Employment Promotion (2011–2012), says that a new generation of workers leaders emerged after the ousting of the 5000 trade union leaders in 1977.
20. The conversations between the political parties of the Right, the APRA, and the military regime with regard to the return of parliamentary democracy had already started at the end of 1976 (Valladares Quijano 2013, 75–76; Lynch 1996, 122–23). According to Gustavo Espinoza, a former leader of the *Partido Comunista Peruano – Unidad* (PCP-U), it was the oligarchy that came to the conclusion that it did not need the Morales Bermúdez government anymore. It was believed that the traditional political parties were in better conditions to administrate the interests of Capital (Adrianzén 2011b, 302).
21. A new law on labor instability was promulgated that extended the probation period from three months to three years (Haworth 1983, 110).
22. We should underline that although the socialist Left obtained a third of the popular vote, the majority voted for right-wing oriented political parties and the APRA.
23. The protests of public sector workers against possible massive layoffs, for instance, culminated in August–September 1978 in the annulation of the layoffs and the foundation of the *Comité Intersectorial de Trabajadores Estatales* (CITE) (Lynch 1996, 145). On July 19, 1979, another national strike against the austerity measures of the government was organized (Sulmont 1981, 125–33; Nieto 1983, 100–101).
24. In 1977, the *Unidad Democrática Popular* (UDP) was founded. The UDP was a platform of 12 organizations such as the VR, *Partido Vanguardia Revolucionaria* (PVR), *Vanguardia Revolucionaria-PC* (VR-PC), *Movimiento de Izquierda Revolucionaria* (MIR), and the PCR. In 1979, some organizations of the socialist Left formed an electoral platform: *Fuerzas Revolucionarias Antiimperialistas por el Socialismo* (FRAS). This platform was composed of: *Partido Comunista Peruano – Mayoría* (PCP-M), *Acción Revolucionaria Socialista* (ARS), *Partido Socialista Revolucionaria - Marxista Leninista* (PSR-ML), *Comité de Orientación Revolucionaria* (COR), *Movimiento de Izquierda*

- Revolucionaria - El Militante* (MIR-EM), and the *Frente de Izquierda Revolucionaria - Marxista Leninista* (FIR-ML). In 1980, the *Alianza Revolucionaria de Izquierda* (ARI) and the *Unidad de Izquierda* were established. While the first alliance was formed by the *Unión de Izquierda Revolucionaria* (UNIR), FRAS, POMR, *Partido Comunista del Perú - Patria Roja* (PCP-PR), *Partido Revolucionario de los Trabajadores* (PRT), and the UDP, the second was an alliance of the *Frente Obrero Campesino del Perú* (FOCEP), PCP-U, PSR, MIR, PVR, COR, and the *Frente Democrática Popular del Perú* (FEDEP) (Letts 2014, 293; Traverso Flores 2013, 217, 231; Adriansén 2011b, 575–76; Herrera Montesinos 2002, 50, 55, 61, 63–64; Sulmont 1981, 173–75).
25. “In the absence of legal protection and union support, collective action was perceived by many workers as a possible threat to their jobs. Workers looked with fear at possible reactions of entrepreneurs. Unions had to change their strategy to using strikes as an instrument of pressure, to be employed only in extreme circumstances —preferring direct, low-profile agreements with the enterprise itself” (Solfini 2001, 65).
  26. According to Antonio Zapata (2015, interview), a former cadre of the PRT and the PUM, in the 1980s the big majority of the mine workers was affiliated to a trade union. In the 1990s, with the generalized use of temporary contracts, this diminished considerably.
  27. On the basis of their definition of individuals that might affiliate themselves to a trade union (mainly salaried urban workers in companies that employ 20 and more individuals), Yopez del Castillo and Bernedo Alvarado (1985, 51–52) estimate that in the period 1981–1982, 67.8% of the working population pertained to a trade union. For the same period, individuals affiliated to a trade union as a percentage of total salaried workers amounted to 39.1%.
  28. On January 15, 1981, September 22, 1981, March 10, 1983, July 10, 1983, September 27, 1983, March 22, 1984, and November 29, 1984, national strikes were organized by trade union federations (Ministerio de Trabajo y Promoción del Empleo 2015a, n.p.).
  29. During the 1980s, the workers movement “not only weakened because of a problem of class consciousness”, there was also “a material process of the destruction of productive forces” going on (Militant 1 Pueblo Unido 2015, interview).
  30. Zapata (2015, interview) argues that although the working population started to solve their economic problems individually, in these crisis years solidarity prevailed. Zapata: “The people wanted to help each other to overcome the crisis and that is why some collaboration mechanisms were encouraged”. One of these mechanisms was the program Glass of Milk (*Vaso de Leche*). Currently, this is an organization that

provides breakfast to poor children. The popular kitchen (*comedores populares*) was another “collaboration mechanism” invented by the population to help each other. These kitchens prepared cheap meals.

31. Independent workers already existed in the 1970s. The economic crisis of the 1980s increased the number of independent workers (Zapata 2015, interview).
32. Reyna (2000, 42) rightly observes a contradiction in the agricultural policies of the García regime. While on the one hand it provided subsidies to the sector, on the other hand it fixed the prices. According to Reyna, the government was more worried about urban consumption than agricultural production. We think, however, that the government was preoccupied about the production of surplus value. By subsidizing agricultural production and fixing its prices, the regime contributed to stabilize, or “fix”, the costs for the reproduction of labor-power.
33. Ibis Fernández (2015, interview), a leader of the CGTP who works in the municipality of Lima, tells that the unions of the municipalities maintained their strength and succeeded in obtaining their wage demands. In relation to this, it should be mentioned that during the García regime the salaries of the public sector were indexed for inflation. Wage and salary indexation in the public sector “avoided” strikes for wage increases or against wage reductions (Gorriti 2015, interview).
34. Gonzales de Olarte (2007, 30) writes that in the period 1985–1990 union activities reduced as a consequence of high inflation or hyperinflation. Workers had to look for additional sources of income.
35. Luxemburg (1909–1910): “In general, the greater the need and the pressure in a proletarian layer, the lower the chance of union influence”. Fernández (2015, interview): “When there is more militarization the people will not fight. When there is more hunger, as was said in the past, the people will sacrifice themselves. It is not like that. Human beings are not like that”. Hurtado (2015, interview): “To more exploitation, to more poverty, more revolution, stronger parties, bigger parties. No, things do not work that way”.
36. Wise (2010, 270) argues that economic insecurity and the fear of losing one’s job had a negative effect on labor solidarity.
37. Militant 1 Pueblo Unido (2015, interview): “I think that we were blurred by the intensity of these processes [the class struggle in the 1980s; JL] of these struggles. We did not see that who was fighting was becoming a strong minority with a capacity to determine the national political agenda. But most of the people were actually not fighting anymore. They were in the struggle for survival, caused by the structural effects of the crisis”.

38. See Saravia López (2017, 250–51) on the effects of the economic crisis on the power and the strategies of the trade unions.
39. Fernández Chacon (2015, interview): “I agree with Flores Galindo. The Left and their leadership abandoned the class struggle to sit comfortably in the bourgeois parliament and to live from bourgeois democracy”. Roberts (1996b, 84): “[Electoral] success forced the IU to consider the possibility of assuming governmental responsibility nationally within the institutional confines of the ‘bourgeois’ state. This prospect proved to be highly divisive. Success also required leftist parties that had specialized in conspiratorial organization, social protest, and demands to assume positions of authority and implement public policies under severe fiscal and administrative constraints”.
40. “[...] parliamentary politics reinforced party hierarchies and shifted the focus of organizational work from the social terrain to the electoral sphere. [...] Because their leaders and cadres were preoccupied with congressional tasks and electoral campaigns, the parties became increasingly disengaged from popular struggles in the social sphere” (Roberts 1998, 247).
41. See on this issue also, Adrianzén García (2008, 19). Constante Traverso (2015, interview), a former cadre of the PSR and the IU, says that the socialist Left was focused on elections and did not work with their social bases.
42. Although García did not win with a majority of the vote, i.e., 50% + 1, Barrantes declined to participate in the second round of the presidential elections of 1985. This was a personal decision of Barrantes (Benza 2015, interview).
43. Petras et al. (1983, 41–42): “This growth of the Left in general, and Marxism in particular, is expressed in every aspect of Peruvian political and social life. Socialism is no longer confined to a small group of university leaders debating esoteric issues in student assemblies; the Left, with Marxist currents in the ascendancy, has become the principal mass opposition to the Belaúnde regime”.
44. Already at the onset of the 1980s, Jorge Hurtado (2015, interview), a former leading cadre of the PCP-PR, argued that the socialist Left not only needed organizational unity but also a revolutionary programmatic unity. If the socialist Left was not able to unite its forces behind such a program, it was possible that the IU would convert itself in a leftist wing of the liberal bourgeoisie or might even break up and disappear (Mercado 1982, 64–65).
45. The transformation of the IU into a mass front should have meant that internal elections should have been held. These elections might have gone against the interests of the parties that formed the IU and exactly

- these parties had a quota of power within the IU (Traverso 2015, interview).
46. Moreno (2015, interview): “After the 1990s we [the PCP-PR; JL] no longer struggled to grow, but we fought to keep us alive and to avoid from being destroyed”.
  47. See for the same argument, Benavides (2015, interview) and Auris (2015, interview).
  48. According to Tapia (1997, 93), the PCP-SL counted on 3000 party militants. In another work, Tapia (1993, 158) believes that organization counted on 8000–10,000 militants. Around 3000 were party militants, 5000 were members of the *Ejército Guerrillero Popular* (Popular Guerrilla Army), and the rest formed part of the popular committees and the organisms that were constructed in remote rural areas.
  49. See on this also, PCP-SL (1988c).
  50. We consider it important to fully transcribe Lenin’s definition of a revolutionary situation as the PCP-SL refers to Lenin for arguing that this situation existed in Peru. In his work “The Collapse of the Second International” (1915) Lenin (1974, 213–14) described a revolutionary situation as follows: “To the Marxist it is indisputable that a revolution is impossible without a revolutionary situation; furthermore, it is not every revolutionary situation that leads to revolution. What, generally speaking, are the symptoms of a revolutionary situation? We shall certainly not be mistaken if we indicate the following three major symptoms: (1) when it is impossible for the ruling classes to maintain their rule without any change; when there is a crisis, in one form or another, among the ‘upper classes’, a crisis in the policy of the ruling class, leading to a fissure through which the discontent and indignation of the oppressed classes burst forth. For a revolution to take place, it is usually insufficient for ‘the lower classes not to want’ to live in the old way; it is also necessary that ‘the upper classes should be unable’ to live in the old way; (2) when the suffering and want of the oppressed classes have grown more acute than usual; (3) when, as a consequence of the above causes, there is a considerable increase in the activity of the masses, who uncomplainingly allow themselves to be robbed in ‘peace time’, but, in turbulent times, are drawn both by all the circumstances of the crisis and by the ‘upper classes’ themselves into independent historical action. Without these objective changes, which are independent of the will, not only of individual groups and parties but even of individual classes, a revolution, as a general rule, is impossible. The totality of all these objective changes is called a revolutionary situation”. Not every revolutionary situation gives rise to a revolution. According to Lenin (1974, 214), “revolution arises only out of a situation in which



the above-mentioned objective changes are accompanied by a subjective change, namely, the ability of the revolutionary class to take revolutionary mass action strong enough to break (or dislocate) the old government, which never, not even in a period of crisis, ‘falls’, if it is not toppled over”. In order to define a revolutionary situation, the PCP-SL only refers to the first two objective conditions and eliminates the “independent historical action” of the masses. According to the organization, these two objective conditions generate the mobilization of the masses, i.e., the mobilization of the masses does not generate a revolutionary situation but the revolutionary situation generates the mobilization of the masses (PCP-SL 1979). Of course, as Lenin argues, conditions one and two influences condition three, but we cannot exclude the struggle of the masses in order to define a revolutionary situation. By referring to Mao, without providing the specific source, the PCP-SL (1979) claims that in a country such as Peru, semi-feudal and semi-colonial, there always exists a revolutionary situation (stationary or in development). Ibarra (2010, 72–73) refutes the thesis that Mao believed that in semi-feudal and semi-colonial countries there is a permanent revolutionary situation.

51. See Ibarra (2010, 73) on the same argument.
52. In 1991, US-based National Defense Research Institute RAND even considered a victory of the armed struggle led by the PCP-SL an increasing possibility (Lora Cam 2003, 136).
53. The mass organizations created by the party were called the Generated Social Movements (*Movimientos Sociales Generados*). These movements such as the Movement of Class Conscious Workers (*Movimiento de Obrero y Trabajadores Clasistas*), the Movement of the Poor Peasants (*Movimiento de Campesinos Pobres*), and the Popular Women’s Movement (*Movimiento Feminino Popular*) were not really mass organizations. Basically, these organizations served to broaden the party’s periphery of cadres (Degregori 2010a, 174–75, 180).
54. The regime provided 15,390 rifles, to be distributed among 400,360 members of the *rondas* (Degregori 1996, 24, footnote 11).
55. Burt (2011, 299), by referring to “experts”, writes that about 200,000 peasants formed part of the *rondas*.
56. In “Desarrollar la guerra popular sirviendo a la revolución mundial” (PCP-SL 1986) and “Bases de discusión de la línea política general” (PCP-SL 1988b), among other texts of the PCP-SL, the key importance of building support bases is reaffirmed.
57. See Manrique (2007, 38–69) on these defense committees; how they were established and how they functioned.

58. On the basis of a document attributed to Guzmán and found in January 1991 in one of Guzmán's safe houses, "Balance de la aplicación de la I campaña de impulsar el desarrollo de las bases de apoyo", Tapia (1997, 89–90) calculated 1140 popular committees. These committees had power over 211,437 individuals. The majority of these committees were clandestine.
59. Also the PCP-SL was hurt by the repentance law as it suffocated its bases, depriving it from its logistical support as the law enabled the State to "get" to "low level" PCP-SL militants (Burt 2011, 303).
60. In a critical assessment of the strategy of the MRTA by ex-militants of the organization, it is stated that some militants, fighters and leaders, considered the organization to have been shortsighted and *conyunturalista* (NN, n.d., 11).
61. The pauperization of the masses causes demobilization (Militant 2 Pueblo Unido 2015, interview).
62. According to some ex-militants of the MRTA (NN, n.d., 35), by employing the concept of masses in abstract sense, "it prevents us from understanding its dynamic and its laws in real struggle and to be able to determine a more coherent strategy. Working class masses, peasant masses, petty bourgeois masses are distinct; each of these has a different dynamic that departs from its specific situation in production".
63. The PCP-SL (1991, n.p.) believed that a counter-guerrilla struggle could only be led with "absolute centralization". State institutions should be turned into the "complete negation" of bourgeois democracy.
64. See Olano Alor (2000, 17–20) on the process that led to Fujimori's auto-coup.
65. See also Klein (2007, 32–33).
66. It should be mentioned that already at the beginning of Fujimori's regime strikes that would threaten the provision of basic social services had become illegal (Bowen 2000, 83). Gorriti (2015, interview): "In the late 1980s strikes diminished due to strong trade union action. In the 1990s, strikes diminished because of weak trade union action". According to Jorge Bernedo (2015, interview), a former cadre of the CITE, strikes had reduced because the trade unions had weakened.
67. At the start of the 1990s, the search for individual solutions replaced the collective battle against the State and Capital (Bernedo 2015, interview).
68. Manuel Dammert (2015, interview), former general secretary of the PCR and currently a congressman for the *Movimiento Nuevo Perú*, tells that the majority of productive labor is based on subcontracting and temporary contracts.

69. Martínez and Tokman (1999, 15) calculated for the manufacturing sector in 1996 the difference between the labor costs of a permanent salaried worker and a worker on a temporary contract. A temporary worker was 65% cheaper.
70. Mandel (1976, 158): “If [...] capital succeeds in decisively weakening, or even smashing, the trade unions and all other organizations of the working-class—including their political organization; if it succeeds in atomizing and intimidating the proletariat to such an extent that any form of collective defense becomes impossible and workers are once more relegated to the point from which they started—in other words, the ‘ideal’ situation, from the point of view of capital, of universal competition of worker against worker, then it is quite possible 1) to use the pressure of unemployment to bring about a significant reduction in real wages; 2) to prevent wages returning to their previous level even in the phase of an upswing following a crisis, i.e., to lower the value of the commodity of labour-power in the long term; 3) to force the price of the commodity of labour-power down, by means of manipulations, deductions and various swindles, even below this already diminished value; 4) simultaneously to achieve a significant increase in the average social intensity of labour and even to attempt, in tendency, to prolong the working day. The outcome of all these changes can only be a rapid and massive rise in the rate of surplus-value”.
71. The fear to lose one’s job is definitively a reason to not affiliate oneself to a union when on a temporary contract. This fear helps to accept salaries and wages under the value of labor-power.
72. Marta Luza (2015, interview), a human rights lawyer, an advisor of peasant communities in the department of Cusco and in the 1980s also a lawyer of trade unions, believes that the current weakness of the peasants federation and the workers federation in Cusco was “product of huge repression in the last twenty years”. This repression dispersed these organizations.
73. When Pedro Huilca was assassinated, he was the general secretary of the CGTP. See Strong (1992, 204–5) on state repression against the trade unions.
74. On *clientalismo* of the Fujimori regime, see Solfrini (2001, 62–63), Crabtree (1999, 62–63) and Roberts (1996a).
75. In the 1980s, it was believed that microcompanies emerged as a consequence of the struggle for survival. Today, an owner of a microbusiness is considered an entrepreneur (Militant 1 Pueblo Unido 2015, interview). See Iziga Núñez (1994, 338–39) on the same issue.
76. See for the anti-labor measures that negatively affected the power of trade unions, Saravia López (2017, 251–52).

77. According to data of Garay and Tanaka (2009, 66), in the period 2001–2006 protests were mainly caused by labor issues.
78. Source: <http://www.inei.gob.pe/estadisticas/indice-tematico/ocupacion-y-vivienda/> (consulted 27/08/2015).
79. Source: <http://www.bcrp.gob.pe/estadisticas/cuadros-anuales-historicos.html> (consulted 26/12/2015).
80. Source: [https://www.inei.gob.pe/media/MenuRecursivo/publicaciones\\_digitales/Est/Lib1253/cap07/ind07.htm](https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1253/cap07/ind07.htm) (consulted 20/02/2016).
81. According to Wood (1990, 65), the Left will have “to pay a heavy price for the all-embracing concept of ‘civil society’. This conceptual portmanteau, which indiscriminately lumps together everything from households and voluntary associations to the economic system of capitalism, confuses and disguises as much as it reveals”.
82. *Ciudadanos por el Cambio* was Humala’s programmatic and ideological support in the presidential elections of 2006 and of 2011 (Traverso 2013, 442–43).
83. In its manifest “For the Great Transformation of Peru” (*Por la gran transformación del Perú*) of 2010, *Ciudadanos por el Cambio* declared that the governments after Fujimori had been kidnapped in “favor of a few” (Traverso Flores 2013, 444).
84. In a document on its electoral strategy for 2016, the PCP-PR argued that the main contradiction today is not between capitalism and socialism and also not between the Left and the Right. Today, the principal contradiction is between the continuity of neoliberalism and democratic and patriotic change. An electoral bloc should be build that is be able to fight the extreme neoliberal Right, to neutralize center-right oriented sectors and to impede the isolation of the PCP-PR (PCP-PR 2015, 2–3). According to Moreno (2015, interview), this “New Course” is a “proposal of fundamental reforms”. As the correlation of forces is completely changed, it is not possible to fight for socialism. The weakness of the [socialist] Left (many organizations have disappeared) and the neoliberal ideological offensive make it inadequate “to propose revolutionary tasks”. The “New Course” should help the [socialist] Left in general and the PCP-PR in particular to leave the defensive situation. The PCP-PR’s current strategy is to “accumulate forces” (Benavides 2015, interview).
85. Wiener (2015, interview) tells that the Left “never had the idea to develop the movement of Humala, but only to ally with him to see what they would get out of it”. In 2006, the PCP-PR supported Humala. It believed that Humala would provide the possibility for the PCP-PR to regain lost terrain (Moreno 2015, interview).

86. Political organizations should be inscribed in the electoral register in order to be able to participate in the general elections (presidential elections and elections for Congress). To get an official registration is a rather complicated matter. For the presidential elections of 2016, new organizations should present, among others, the signatures of around 500,000 individuals, i.e., 3% of the citizens that voted in the general elections of 2011. Political organizations that in previous elections passed the electoral barrier of 5% or had six seats in the parliament do not have to renew their inscription for the next general elections (Sources: <http://portal.jne.gob.pe/ROP/pagweb/Preguntas%20Frecuentes.aspx>; <http://www.eleccionesperu.com/noticias-12-partidos-politicos-pierden-inscripcion-1738.html>, <http://www.eleccionesperu.com/noticias-firmas-validas-inscripcion-organizaciones-politicas-1692.html>; consulted 09/10/2015).
87. For a critique on the “Peruvian interpretation” of Convention 169, see Lust (2014, 10–11).
88. Source: <https://www.efe.com/efe/america/sociedad/los-conflictos-mineros-dejan-en-peru-50-muertos-y-750-heridos-desde-2011/20000013-2984807> (consulted 01/01/2018).
89. Bury (2011, 104) reports that in the case of the Yanacocha mine in Cajamarca, personnel of the mine organized community meetings, transported the *comuneros* to the city and guided them through the land ownership registration process that facilitated the selling of the land to the company (Special Land Ownership Registration Program, initiated in 1992).
90. By 2014, the Yanacocha mine was the fourth largest gold producer in the world (output in Australian tonnes), in “Gold’s Top 20 – Mines, miners and countries”, in <http://www.mineweb.com/news/gold/golds-top-20-mines-miners-and-countries/> (consulted 24/9/2015).
91. On an extensive description and analysis of this project, see De Echave and Diez (2013).
92. When we refer to the companies that intend to exploit the Conga Project, we use the name Yanacocha.
93. In the years between 2008 and 2013, between 54.6 and 59.5% of the economic active population of Cajamarca was employed in agriculture, in <http://webinei.inei.gob.pe:8080/SIRTOD/inicio.html#ap=8d5c&49c3-selectedIndex=1&93f0-selectedIndex=1> (consulted 31/12/2105).
94. During the struggle against the Conga Project, the Cajamarca region has endured three states of emergency and eight months of militarization (Sullivan 2015).
95. The FDAC initiated its activities in 1993. As the name suggests, the FDAC is only dedicated to environmental issues. The FDAC was first

- called the Defense Front of the Interests of the Cajamarca Region. In 2007, it changed its name in FDAC as the activities were only concentrated in the province of Cajamarca. It was also thought that the Cajamarca defense front could not represent the other provinces of the department of Cajamarca as it did not know these provinces (Saavedra 2015, interview). The Defense Front of the Interests of the Cajamarca Region (*Frente de Defensa de los Intereses de la Región Cajamarca*) still exists and is led by Ydelso Hernández, a cadre of the political parties PCP-PR and the MAS, and the *rondas campesinas* (regionally and nationally). This Defense Front consists of different social organizations and political parties and is focused on social issues in general such as labor rights, environmental problems related to mining, and the defense of the authority of the *rondas campesinas* (Hernández 2015, interview).
96. Goyo is the nickname of the Regional President of Cajamarca, Gregorio Santos. Santos is currently imprisoned on corruption charges.
  97. The only tangible result of what might be called the Conga Project Crisis was the fall of the first cabinet of the Humala government in December 2011. Prime Minister Salomón Lerner renounced on December 10.
  98. By 2014, the Yanacocha mine was the fourth largest gold producer in the world (output in Australian tonnes), in “Gold’s Top 20 – Mines, miners and countries”, in <http://www.mineweb.com/news/gold/golds-top-20-mines-miners-and-countries/> (consulted 24/9/2015).
  99. In the annual reviews of 2012, 2013, 2014, 2015, and 2016, no specific portfolio data on Peru were presented.
  100. <https://www.chambersandpartners.com/article/2109/importance-of-chinese-investment-in-perus-mining-sector> (consulted 31/12/2017).
  101. According to Minguillo (2015, interview), the main weakness of the struggle against extractive Capital is the “lack of articulation” of all the fights that are going on in the country. Auris (2015, interview) says that the weakness of the struggle is the fact that the battles of the different communities are not articulated, i.e., “there is no organization that unites all these struggles”. Prado (2015, interview) agrees with this point of view. The reason why the struggle is not nationally centralized is because of the current “crisis of social representation”. There is no “centralized movement at national level”. When the struggles are united, victory is assured. Céspedes (2015, interview), a member of the Central Committee of the PCP-PR and responsible for work with the peasantry and the communities, tells that the main weakness of the struggle is the dispersion and the atomization of the movement. Fernández Chacon (2015, interview) explains that the reason why the local and regional struggles have not been turned into a national struggle is because the fighters have not set themselves the task to do this or

- those who want to do this “are not strong enough to combat the problems within the Left”. César Risso (2015, interview), a revolutionary intellectual, argues that these movements are limited because they lack a national character.
102. A rural trade union movement is currently inexistent. The main reason for this is the fact that the big majority of the peasantry is formed by small and very small landowners and do not depend on an employer (Eguren 2014, 184).
  103. Strong political parties have a clear and important presence in the social movements (Céspedes 2015, interview).
  104. According to Auris (2015, interview), the struggles in the cities and in the countryside should support each other. This does not occur because of the fragmentation of the fights and due to a lack of understanding of the social actors of the necessity to overcome this barrier.
  105. The exception is the struggle at Hill Quillish in the department of Cajamarca in 2004.
  106. The 2014 regional presidential elections were again won by Santos.
  107. Instead of seeing or finding the essence or characteristics of the class struggle, the MRTA only looked at its superficial expressions (NN n.d., 77).
  108. The weakness of the revolutionary organizations and the predominance of social-democratic parties help to avoid a proletarian class consciousness (Parkin 1971, 143–45).

## REFERENCES

- Adrianzén, Alberto. 2011a. “Nota del editor.” In *Apogeo y crisis de la izquierda peruana*, edited by Alberto Adrianzén, 13–14. Stockholm: IDEA International/Lima: Universidad Antonio Ruiz de Montoya.
- Adrianzén, Alberto, ed. 2011b. *Apogeo y crisis de la izquierda peruana*. Stockholm: IDEA International/Lima: Universidad Antonio Ruiz de Montoya.
- Adrianzén García, Carlos Alberto. 2008. “Izquierda y postpolítica en el Perú.” Accessed March 6, 2016. <http://bibliotecavirtual.clacso.org.ar/ar/libros/becas/2008/gobpro/adrianz.pdf>.
- Adriánzen García-Bedoya, Carlos Alberto. 2009. “La izquierda peruana y los impasses de su redefinición política (1976–2006).” Bachelor Thesis, Pontificia Universidad Católica del Perú.
- Alayza, Alejandra. 2009. “Minería, comunidades y participación consulta y consentimiento previo, libre e informado en el Perú.” In *Extractivismo, Política y Sociedad*, edited by Centro Andino de Acción Popular (CAAP)/Centro Latinoamericano de Ecología Social (CLAES), 157–85. Quito: CAAP/CLAES.

- Aliaga Díaz, César Augusto. 2014. "Una experiencia de construcción de poder popular. El caso de Cajamarca." Provided by Aliaga Diaz. In archive of author.
- Angell, Alan. 1980. "Peruvian Labour and the Military Government Since 1968." University of London, Institute of Latin American Studies, Working Paper 3. Accessed March 21, 2018. [http://sas-space.sas.ac.uk/3618/1/B41\\_-\\_Peruvian\\_Labour\\_and\\_the\\_Military\\_Government\\_since\\_1968.pdf](http://sas-space.sas.ac.uk/3618/1/B41_-_Peruvian_Labour_and_the_Military_Government_since_1968.pdf).
- Arce Borja, Luis. 2009. *Memoria de una guerra. Perú 1980–2000*. Brussel: Centre d'Etudes Sociales sur Amérique Latine.
- Balbi, Carmen Rosa. 1988. "Las relaciones estado-sindicalismo en el Perú 1985–1987." *Diagnóstica y debate* 34: 9–60.
- Balbi, Carmen Rosa. 1989. *Identidad clasista en el sindicalismo. Su impacto en las fábricas*. Lima: Desco.
- Balbi, Carmen Rosa. 1990. "Un balance del sindicalismo." *Actualidad Económica* 13 (114): 65–70.
- Balbi, Carmen Rosa, and Julio Gamero. 1990. "Los trabajadores en los 80s: entre la formalidad y la informalidad." In *Movimientos sociales: elementos para una relectura*, edited by Desco, 55–109. Lima: Desco.
- Bamat, Thomas. 1983. "Peru's Velasco Regime and Class Domination After 1968." *Latin American Perspectives* 10 (2–3): 128–50.
- Barba Caballero, José. 1981. *Historia del movimiento obrero peruano*. Lima: Ediciones Signo.
- Bebbington, Anthony. 2007. "Industrias extractivas, actores sociales y conflictos." Accessed October 18, 2015. <http://www.extractivismo.com/documentos/capitulos/BebbingtonExtractivismoSociedadDesarrollo09.pdf>.
- Bebbington, Anthony. 2009. "Industrias extractivas, actores sociales y conflictos." In *Extractivismo, Política y Sociedad*, edited by Centro Andino de Acción Popular (CAAP)/ Centro Latinoamericano de Ecología Social (CLAES), 131–56. Quito: CAAP/CLAES.
- Bebbington, Anthony. 2011. "Elementos para una ecología política de los movimientos sociales y el desarrollo territorial en zonas mineras." In *Minería, movimientos sociales y respuestas campesinas. Una ecología política de transformaciones territoriales*, edited by Anthony Bebbington, 53–76. Lima: Instituto de Estudios Peruanos/Centro Peruano de Estudios Sociales.
- Bebbington, Anthony, and Leonith Hinojosa Valencia. 2011. "Conclusiones: minería, neoliberalización y reterritorialización en el desarrollo rural." In *Minería, movimientos sociales y respuestas campesinas. Una ecología política de transformaciones territoriales*, edited by Anthony Bebbington, 311–43. Lima: Instituto de Estudios Peruanos/Centro Peruano de Estudios Sociales.
- Bernedo Alvarado, Jorge. 1999. "Reforma laboral, empleo y salarios en el Perú." In *Flexibilización en el margen: la reforma del contrato de trabajo*, edited by V.E. Tokman and D. Martínez, 171–99. Geneva: Organización Internacional de Trabajo.



- Bowen, Sally. 2000. *El expediente Fujimori. El Perú y su presidente 1990–2000*. Lima: Perú Monitor S.A.
- Burt, Jo-Marie. 2011. *Violencia y autoritarismo en el Perú: bajo la sombra de Sendero y la dictadura de Fujimori*. Lima: Instituto de Estudios Peruanos/Asociación Servicios Educativos Rurales.
- Bury, Jeffrey. 2004. “Livelihoods in Transition: Transnational Gold Mining Operations and Local Change in Cajamarca.” *The Geographic Journal* 170 (4): 78–91.
- Bury, Jeffrey. 2011. “Neoliberalismo, minería y cambios rurales en Cajamarca.” In *Minería, movimientos sociales y respuestas campesinas. Una ecología política de transformaciones territoriales*, edited by Anthony Bebbington, 79–110. Lima: Instituto de Estudios Peruanos/Centro Peruano de Estudios Sociales.
- Chacaltana, Juan, and Norberto García. 2001. “Reforma laboral, capacitación y productividad.” Documento de Trabajo No. 139, Organización Internacional de Trabajo. Accessed August 22, 2015. <http://cendoc.esan.edu.pe/fulltext/e-documents/oit/139.pdf>.
- Comisiones de Investigaciones Polítai. 2013. “Los límites de la articulación de los movimientos antimneros en el Perú.” *Polítai: Revista de Ciencia Política* 4 (6): 89–109.
- Comisión de la Verdad y Reconciliación. 2003a. “Tomo II, Sección segunda: Los actores del conflicto, Capítulo 1: Los actores del conflicto, 1.1. El partido Comunista del Perú Sendero Luminoso, Cap. 1 PCP-SI Origen.” Accessed December 24, 2017. <http://www.cverdad.org.pe/ifinal/pdf/TOMO%20II/CAPITULO%20I%20-%20Los%20actores%20armados%20del%20conflicto/1.1.%20PCP-SL/CAP%20I%20SL%20ORIGEN.pdf>.
- Comisión de la Verdad y Reconciliación. 2003b. “Tomo II, Sección segunda: Los actores del conflicto, Capítulo 1: Los actores del conflicto, 1.4. El Movimiento Revolucionario Túpac Amaru.” Accessed December 24, 2017. <http://www.cverdad.org.pe/ifinal/pdf/TOMO%20II/CAPITULO%20I%20-%20Los%20actores%20armados%20del%20conflicto/1.4.%20El%20MRTA.pdf>.
- Confederación General de Trabajadores del Perú. 2005. *El mercado de trabajo y las relaciones laborales*. Serie: Estudios Sindicales no. 6. Lima: CGTP.
- Coronel, José. 1996. “Violencia política y respuestas campesinas en Huanta.” In *Las rondas campesinas y la derrota de Sendero Luminoso*, edited by Carlos Iván Degregori, 29–116. Lima: Instituto de Estudios Peruanos.
- Cotler, Julio. 1994. *Política y sociedad en el Perú. Cambios y continuidades*. Serie: Perú Problema 23. Lima: Instituto de Estudios Peruanos.
- Crabtree, John. 1999. “Neopopulismo y el fenómeno Fujimori.” In *El Perú de Fujimori, 1990–1998*, edited by John Crabtree and Jim Thomas, 45–71. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Crabtree, John. 2005. *Alan García en el poder. Perú: 1985–1990*. Lima: Ediciones Peisa S.A.C.

- Cuadros Luque, Fernando. 2017. "Situación del mercado de trabajo y costos laborales en el Perú." *Cuaderno de Investigación* 2: 34–82.
- Dammert Ego Aguirre, Manuel. 2014. *Perú Integral Bicentenario. Civilización, territorio, nación, república. Horizonte programático de la República de Ciudadanos*. Lima.
- De Echave, José. 2009a. "Minería y conflictos sociales en el Perú." In *Minería y territorio en el Perú. Conflictos, resistencias y propuestas en tiempos de globalización*, edited by José de Echave, Raphael Hoetmer, and Mario Palacios, 105–29. Lima: Programa Democracia y Transformación Global/Confederación Nacional de Comunidades del Perú Afectadas por la Minería/CooperAcción/Fondo Editorial de la Facultad de Ciencias Sociales, Unidad de Postgrado UNMSM.
- De Echave, José. 2009b. "Los retos actuales del movimiento social vinculado a la lucha por los derechos de las comunidades frente a las industrias extractivas: el caso peruano." Accessed October 19, 2015. <http://www.yorku.ca/cerlac/EI/papers/De%20Echave.pdf>.
- De Echave, José, and Alejandro Diez. 2013. *Más allá de Conga*. Lima: Red Peruana por una Globalización con Equidad/CooperAcción.
- Degregori, Carlos Iván. 1996. "Ayacucho, después de la violencia." In *Las rondas campesinas y la derrota de Sendero Luminoso*, edited by Carlos Iván Degregori, 15–28. Lima: Instituto de Estudios Peruanos.
- Degregori, Carlos Iván. 2010a. *El surgimiento de Sendero Luminoso. Ayacucho 1969–1979*. Lima: Instituto de Estudios Peruanos.
- Degregori, Carlos Iván. 2010b. *Qué difícil es ser Dios. El Partido Comunista del Perú – Sendero Luminoso y el conflicto armado interno en el Perú: 1980–1999*. Lima: Instituto de Estudios Peruanos.
- Del Pino, Ponciano. 1996. "Tiempos de guerra y de dioses: Ronderos, evangélicos y senderistas en el valle del río Apurímac." In *Las rondas campesinas y la derrota de Sendero Luminoso*, edited by Carlos Iván Degregori, 117–88. Lima: Instituto de Estudios Peruanos.
- Desco. 1989. *Violencia política en el Perú*. Tomo I. Lima: Desco.
- Diez Canseco, Javier. 1997. "Peru: Eine breite Allianz gegen Fujimori." In *Die Linke in Lateinamerika. Analysen und Berichte*, edited by Albert Sterr, 185–205. Köln: Neuer ISP Verlag GmbH.
- Diez Canseco, Javier. 2011. "Exorcizando Izquierda Unida." In *Apogeo y crisis de la izquierda peruana*, edited by Alberto Adrianzen, 97–195. Stockholm: IDEA International/Lima: Universidad Antonio Ruiz de Montoya.
- Durand, Francisco. 2004. *El poder incierto. Trayectoria económica y política del empresariado peruano*. Lima: Fondo Editorial del Congreso del Perú.
- Durand, Francisco. 2012. "El debate sobre la captura del estado peruano." In *Perú Hoy. La gran continuidad*, edited by Eduardo Toche, 19–56. Lima: Desco.

- Eguren, Fernando. 2014. "De la reforma agraria neolatifundio: el crecimiento capitalista del campo peruano." In *Capitalismo: tierra y poder en América Latina (1982–2012)*. Bolivia, Colombia, Ecuador, Perú, Venezuela. Volumen II, edited by Guillermo Almeyra, Luciano Concheiro Bórquez, João Márcio Mendes Pereira and Carlos Walter Porto-Gonçalves, 159–92. Mexico: Universidad Autónoma Metropolitana/CLACSO/Ediciones Continente.
- Fernández, José. 2003. *El despertar de la sociedad civil. Una perspectiva histórica*. México: Oceano de Mexico, S.A. de C.V.
- FitzGerald, E.V.K. 1981. *La economía política del Perú, 1956–1978. Desarrollo económico y reestructuración del capital*. Lima: Instituto de Estudios Peruanos.
- Frente Amplio. 2016. "Por la Justicia, la Vida y la Libertad. Plan de Gobierno." Accessed December 31, 2017. <http://aplicaciones013.jne.gob.pe/pecao/sipe/PlanGobiernoPDF.aspx?kohnY8YcptP43Ose4J6sXE7z8dpHvRUaHy9cZM4BU=>.
- Gamero, Julio, and Ulises Humala. 2002. *Empleo y microempresa en Lima metropolitana. Entre el desempleo y la sobrevivencia*. Lima: Desco.
- Garay, Carolina, and Martín Tanaka. 2009. "Las protestas en el Perú entre 1995 y el 2006." In *Entre el crecimiento económico y la insatisfacción social*, edited by Romeo Grompone and Martín Tanaka, 59–123. Lima: Instituto de Estudios Peruanos.
- García-Sayán, Diego. 1982. *Tomas de tierras en el Perú*. Lima: DESCO.
- Gil Piedra, Rodrigo, and Álvaro Grompone Velásquez. 2014. "Sindicalismo y política en el Perú: una breve aproximación en perspectiva comparada." *Polítai Asociación Civil*. Documento de Trabajo no. 2. Lima. Accessed March 20, 2016. <http://politai.pe/PDF/doctrab02.pdf>.
- Gonzales de Olarte, Efraín. 2007. "La economía política peruana de la era neoliberal 1990–2006." In *Después del Consenso de Washington: Dinámica de cambios político-económicos y administración de recursos naturales en los países andinos*. Center for Integrated Area Studies (CIAS), Discussion Paper no. 2, edited by Yusuke Murakami, 11–37. Kyoto: CIAS.
- Grompone, Romeo. 1991. *El velero en el viento. Política y sociedad en Lima*. Lima: Instituto de Estudios Peruanos.
- Grupo Propuesta Ciudadana. 2014. "Vigilancia de las industrias extractivas. Reporte Nacional no. 18, Perú 2013." Lima: Grupo Propuesta Ciudadana. Accessed September 23, 2014. <http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Reporte%20VIE%2018.pdf>.
- Guerra García, Francisco. 2011. "Notas preliminares sobre la experiencia de la Izquierda Unida." In *Apogeo y crisis de la izquierda peruana*, edited by Alberto Adrianzen, 61–96. Stockholm: IDEA International/Lima: Universidad Antonio Ruiz de Montoya.
- Guzmán Reinoso, Abimael, and Elena Yparraguirre Revoredo. 2014. *Memorias desde Némesis*. Lima: Copyleft.

- Havens, Eugene A., Susana Lastarria-Cornhiel, and Gerardo Otero. 1983. "Class Struggle and the Agrarian Reform Process." In *Military Reformism and Social Classes, 1968–80*, edited by David Booth and Bernardo Sorj, 14–39. London/Basingstoke: The Macmillan Press Ltd.
- Haworth, Nigel. 1983. "Conflict or Incorporation: The Peruvian Working Class, 1968–79." In *Military Reformism and Social Classes, 1968–80*, edited by David Booth and Bernardo Sorj, 94–116. London/Basingstoke: The Macmillan Press Ltd.
- Herrera Montesinos, Guillermo. 2002. *Izquierda Unida y el Partido Comunista*. Lima.
- Hinojosa, Leonith, and Anthony Bebbington. 2008. "Struggles Over Territory and Livelihood in Neoliberalized Environments: Transnational Mining Companies and Civil-Society Networks in the Andes." Accessed September 21, 2014. [http://www.sed.manchester.ac.uk/research/andes/publications/reports/Hinojosa\\_Bebbington\\_TNCsTNN.pdf](http://www.sed.manchester.ac.uk/research/andes/publications/reports/Hinojosa_Bebbington_TNCsTNN.pdf).
- Ibarra, Eduardo. 2010. *El pez fuera del agua. Crítica al ultraizquierdismo gonzaliano*. Lima: Juan Gutemberg, Editores-impresores E.I.R.L.
- INE. 1983. *Perú: Compendio Estadístico 1982*. Lima: INE.
- INE. 1986. *Perú: Compendio Estadístico 1985*. Lima: INE.
- INE. 1987. *Perú: Compendio Estadístico 1986*. Lima: INE.
- INEI. 2006. *Perú: Compendio Estadístico 2006*. Lima: INEI.
- INEI. 2008. *Perú: Compendio Estadístico 2008*. Lima: INEI.
- INEI. 2010. *Perú: Evolución de los indicadores de empleo e ingresos por departamentos, 2001–2009*. Lima: INEI.
- INEI. 2014. *Perú: Evolución de indicadores de empleo e ingresos por departamento, 2004–2013*. Lima: INEI.
- INEI. 2017. *Perú: Evolución de los indicadores de empleo e ingresos por departamento, 2007–2016*. Lima: INEI.
- Instituto de Estudios Sindicales. 2012. "La situación laboral y sindical en el Perú." Serie: Documentos de Trabajo no. 1. Accessed October 8, 2015. <https://www.iesiperu.org.pe/documentos/LASITUACIONLABORALYSINDICALENELPERU.pdf>.
- Iziga Núñez, Róger. 1994. "Perú: Clases sociales, estructura y proceso." In *Perú: sociología, clases sociales y sociedad (Diverso enfoques teóricos)*, edited by Róger Iziga Núñez, 11–68. Lima: Universidad Nacional Mayor de San Marcos.
- Izquierda Unida. 1989. *I Congreso Nacional de Izquierda Unida*. Lima: Izquierda Unida.
- Kaldor, Mary. 2005. *La sociedad civil global. Una respuesta a la guerra*. Barcelona: Tusquets Editores.
- Klein, Naomi. 2007. *La doctrine del shock*. Barcelona: Ediciones Paidós Ibérica, S.A.
- Lajo, Manuel. 1996. *Refundamos la política*. Lima: CENES.
- Lenin, Vladimir Illich. 1974. "The Collapse of the Second International." In *V.I. Lenin, Collected Works, vol. 21*, 205–59. Accessed October 6, 2015. <http://www.marx2mao.com/PDFs/Lenin%20CW-Vol.%2021.pdf>.

- Letts, Ricardo. 2014. *La izquierda peruana. Organizaciones y tendencias*. Lima: Persistiremos E.I.R.L. Segunda Edición, Ampliada.
- Lora Cam, Jorge. 2003. *Radicalismo de izquierda y confrontación político-militar en América Latina*. Lima: Juan Gutemberg Editores.
- Lust, Jan. 2013. *Lucha revolucionaria. Perú, 1958–1967*. Barcelona: RBA Libros S.A.
- Lust, Jan. 2014. “Mining in Peru: Indigenous and Peasant Communities vs. The State and Mining Capital.” *Class, Race and Corporate Power* 2 (3), article 3. Accessed October 10, 2015. <http://digitalcommons.fiu.edu/cgi/viewcontent.cgi?article=1037&context=classracecorporatepower>.
- Luxemburg, Rosa. 1909–1910. “Einführung in die Nationalökonomie.” Accessed March 28, 2016. [http://www.mlwerke.de/lu/lu05/lu05\\_en.htm](http://www.mlwerke.de/lu/lu05/lu05_en.htm).
- Lynch, Nicolás. 1996. *La transición conservadora. Movimiento social y democracia en el Perú 1975–1978*. Lima: El Zorro de Abajo Ediciones.
- Mandel, Ernest. 1976. *Late Capitalism*. London: NLB.
- Manrique, Nelson. 2007. “Pensamiento, acción y base política del movimiento Sendero Luminoso. La guerra y las primeras respuestas de los comuneros (1964–1983).” Accessed December 17, 2014. <http://www.historizarelpasadovivo.cl/downloads/manrique.pdf>.
- Martínez, Daniel, and Víctor E. Tokman. 1999. “Efectos de las reformas laborales: entre el empleo y la desprotección.” In *Flexibilización en el margen: la reforma del contrato de trabajo*, edited by Víctor E. Tokman and Daniel Martínez, 11–37. Geneva: Organización Internacional de Trabajo.
- Matos Mar, José, and José Manuel Mejía. 1984. *Reforma agraria: logros y contradicciones 1969–1979*. Lima: Instituto de Estudios Peruanos.
- McClintock, Cynthia, and Fabían Vallas. 2005. *La democracia negociada: las relaciones Perú – Estados Unidos (1980–2000)*. Lima: Instituto de Estudios Peruanos.
- Mercado, Rogger. 1982. *El Partido Comunista del Perú: Sendero Luminoso*. Lima: Ediciones de Cultura Popular.
- Meza Bazán, Mario Miguel. 2012. “El Movimiento Revolucionario Túpac Amaru (MRTA) y las fuentes de la revolución en América Latina.” PhD. diss., El Colegio de México, Centro de Estudios Históricos.
- Ministerio de Trabajo y Promoción del Empleo. 2015a. *Huelgas en el Perú 2014*. Lima: Ministerio de Trabajo y Promoción del Empleo.
- Ministerio de Trabajo y Promoción del Empleo. 2015b. *Anuario Estadístico Sectorial 2015*. Lima: Ministerio de Trabajo y Promoción del Empleo.
- Ministerio de Trabajo y Promoción del Empleo. 2016. *Anuario Estadístico Sectorial*. Lima: Ministerio de Trabajo y Promoción del Empleo.
- Ministerio de Trabajo y Promoción Social. Dirección General del Empleo. 1981. *Situación ocupacional del Perú. Informe 1980*. Lima: Ministerio de Trabajo y Promoción Social.
- Montoya, Rodrigo. 1989. *Lucha por la tierra, reformas agrarias y capitalismo en el Perú del Siglo XX*. Lima: Mosca Azul Editores.

- Morton, David Adam. 2004. "The Antiglobalization Movement: Juggernaut or Jalopy?" In *Globalization and Antiglobalization: Dynamics of Change in the New World Order*, edited by Henry Veltmeyer, 155–168. Aldershot (England)/Burlington (USA): Ashgate Publishing Limited/Ashgate Publishing Company.
- MRTA. 1988. *El camino de la revolución peruana. Documento del Segundo Comité Central de MRTA*. Document in archive of author. Accessed August 8, 2014. <http://www.nadir.org/nadir/initiativ/mrta/>.
- MRTA. 1990a. *Conquistando el porvenir*. Document in archive of author. Parts of this document can be found at: Accessed August 19, 2014. <http://www.nadir.org/nadir/initiativ/mrta/>.
- MRTA. 1990b. "Nuestra posición." (1980). In MRTA, *Conquistando el porvenir*, 22–29. Document in archive of author.
- MRTA. 1990c. "El MRTA y las tareas en el periodo pre-revolucionario. Documento aprobado en el II Comité Central." (1985). In MRTA, *Conquistando el porvenir*, 66–71. Document in archive of author.
- MRTA. 1990d. "Hiperinflación-recesión y militarización: Las dos caras del proyecto contrarrevolucionario del gran capital." (1989). In MRTA, *Conquistando el porvenir*, 182–85. Document in archive of author.
- MRTA. 1990e. "Situación política y perspectivas. I Comité Central." (1984). In MRTA, *Conquistando el porvenir*, 54–57. Documento in archive of author.
- Murakami, Yusuke. 2007. *Perú en la era del Chino. La política no institucionalizada y el pueblo en busca de un salvador*. Lima: Instituto de Estudios Peruanos. Kyoto: Center for Integrated Area Studies, Kyoto University.
- Nieto, Jorge. 1983. *Izquierda y democracia en el Perú 1975–1980*. Lima: Desco.
- Nieto Montesinos, Jorge. 1986. "El sindicalismo obrero industrial peruano: en busca del espacio perdido." In *Movimientos sociales y democracia. La fundación de un nuevo orden*, edited by Eduardo Ballón, 47–66. Lima: Desco.
- NN. n.d. "¿Qué es guerra? Balance P.M. y nuestras tareas hoy. Con nuevo cimiento, nuevo rumbo." Document of some ex-militants of the MRTA. Provided by ex-militants to author.
- Olano Alor, Aldo. 2000. "Reforma política y autoritarismo en el Perú." *Memoria y Sociedad* 2 (4): 13–26.
- Padilla, César. 2009. "El caso CONACAMI en el contexto latinoamericano." In *Minería y territorio en el Perú. Conflictos, resistencias y propuestas en tiempos de globalización*, edited by José de Echave C., Raphael Hoetmer, and Mario Palacios Panéz, 155–82. Lima: Programa Democracia y Transformación Global/Confederación Nacional de Comunidades del Perú Afectadas por la Minería/CooperAcción/Fondo Editorial de la Facultad de Ciencias Sociales Unidad de Posgrado UNMSM.
- Pajuelo Teves, Ramón. 2004. "Perú: crisis política permanente y nuevas protestas sociales." *OSAL* 5 (14): 51–68.

- Panfichi, Aldo, and Omar Coronel. 2011. "Los conflictos hídricos en el Perú 2006–2010: una lectura panorámica." In *Justicia Hídrica. Acumulación, conflicto y acción social*, edited by Rutgerd Boelens, Leontien Cremers, and Margreet Zwarteven, 393–422. Lima: Justicia Hídrica/Instituto de Estudios Peruanos/Fondo Cultural PUCP.
- Parkin, Frank. 1971. *Orden político y desigualdades de clase. Estratificación social de las sociedades capitalista y comunista*. Madrid: Colección Universitaria, Editorial Debate.
- Parodi, Jorge. 1986. "La desmovilización del sindicalismo industrial peruano en el segundo Belaundismo." In *El sindicalismo latinoamericano en los ochenta*, edited by Comisión de Movimientos Laborales de CLACSO, 325–36. Santiago de Chile: CLACSO.
- PCP-PR. 2015. *Estrategia electoral 2016. Lineamientos para la construcción de bases políticas*. Lima: PCP-PR.
- PCP-SL. 1976. "El problema campesino y la revolución". Document provided by militants of the Movimiento por Amnestía y Derechos Fundamentales.
- PCP-SL. 1979. "¡Desarrollemos la creciente protesta popular!". Document provided by militants of the Movimiento por Amnestía y Derechos Fundamentales.
- PCP-SL. 1982. "Desarrollemos la guerra de guerrillas." Accessed October 7, 2015. [http://www.solrojo.org/pcp\\_doc/pcp\\_0282.htm](http://www.solrojo.org/pcp_doc/pcp_0282.htm).
- PCP-SL. 1986. "Desarrollar la guerra popular sirviendo a la revolución mundial." Accessed October 7, 2015. <http://www.cedema.org/ver.php?id=640>.
- PCP-SL. 1988a. "Documentos fundamentales." Accessed October 7, 2015. <http://www.taringa.net/comunidades/antitrotsky/6796732/Documentos-Fundamentales-PCP-SL.html>.
- PCP-SL. 1988b. "Bases de discusión de la línea política general." Accessed October 7, 2015. <http://www.cedema.org/uploads/PCP-1988.pdf>.
- PCP-SL. 1988c. "Entrevista con el Presidente Gonzalo." Accessed October 7, 2015. <https://creandopueblo.files.wordpress.com/2011/09/8686654-pcp-entrevista-con-el-presidente-gonzalo.pdf>.
- PCP-SL. 1991. "Sobre las dos colinas (Documento de estudio para el balance de la III Campaña)." Accessed December 11, 2014. <http://www.cedema.org/ver.php?id=699>.
- PCP-SL. 1993. "¡Asumir y combatir por la Nueva Gran Decisión y Definición!" Accessed October 7, 2015. <http://www.cedema.org/ver.php?id=3527>.
- Pease García, Henry. 1981. *Los caminos del poder. Tres años de crisis en la escena política*. Lima: Desco.
- Petras, James, Morris Morley, and A. Eugene Havens. 1983. "Peru: Capitalist Democracy in Transition." *New Left Review* 142: 30–53.
- Preciado Jerónimo, Ruth. 2011. "El agua y las industrias extractivas en el Perú: un análisis desde la Gestión Integrada de Recursos Hídricos." In *Agua e industrias extractivas. Cambios y continuidades en los Andes*, edited by Patricia

- Urteaga, 171–215. Lima: Instituto de Estudios Peruanos/Justicia Hídrica/Concertación.
- Polay, Víctor. 2007. *En el banquillo. ¿Terrorista o rebelde?* Lima: Canta Editores, Colección Tamaru.
- Portes, Alejandro, and Kelly Hoffman. 2003. “Latin American Class Structures. Their Composition and Change During the Neoliberal Era.” *Latin American Research Review* 38 (1): 41–82.
- Poulantzas, Nicos. 1986. *Poder político y clases sociales en el estado capitalista*. México: Siglo Veintiuno Editores S.A.
- Poulantzas, N. 2008. *The Poulantzas Reader* (Editor James Martin). London: Verso.
- Rénique, José Luis. 2015. *Incendiar la pradera. Un ensayo sobre la revolución en el Perú*. Lima: La Sinistra Ensayos.
- Reyna, Carlos. 2000. *La anunciación de Fujimori. Alan García 1985–1990*. Lima: Desco.
- Roberts, Kenneth M. 1996a. “Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case.” *World Politics* 48 (1): 82–116.
- Roberts, Kenneth M. 1996b. “Economic Crisis and the Demise of the Legal Left in Peru.” *Comparative Politics* 29 (1): 69–92.
- Roberts, Kenneth M. 1998. *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru*. Stanford: Stanford University Press.
- Rochabrún, Guillermo. 1988. “Crisis, Democracy and the Left in Peru.” *Latin American Perspectives* 5 (3): 77–96.
- Rodríguez-Carmona, Antonio, Miguel Castro, and Pablo Sánchez. 2013. *Imaginario a cielo abierto. Una mirada alternativa a los conflictos mineros en Perú y Bolivia*. Madrid: ACSUR Las Segovias.
- Saavedra Chanduvi, Jaime. 1999. “La dinámica del mercado de trabajo en el Perú antes y después de las reformas estructurales.” Serie Reformas Económicas no. 27, Santiago de Chile, ECLAC. Accessed August 28, 2015. [http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036\\_es.pdf?sequence=1](http://repositorio.cepal.org/bitstream/handle/11362/7475/S9900036_es.pdf?sequence=1).
- Sánchez, Milton. 2015. “Perú: Minería y Energía. Proyecto Conga.” Accessed January 7, 2016. <http://es.slideshare.net/RossanaMendoza/minera-48498149>.
- Sánchez Enríquez, Rodrigo. 1981. *Toma de tierras y conciencia política campesina*. Lima: Instituto de Estudios Peruanos.
- Saravia López, Serio. 2017. “¿Nuevas orientaciones en el sindicalismo peruano?: La construcción de un discurso “apolítico” como factor de éxito en el Sincato Único de Trabajadores de Ripley S.A.”. In *Trabajo y sociedad. Estudios sobre el mundo del trabajo en el Perú*, edited by Omar Manky, 244–65. Lima: Pontificia Universidad Católica del Perú, CISEPA.
- Simon Munaro, Yehude. 1988. *Estado y guerrillas en el Perú de los ’80*. Lima: I.E.E.S.



- Solfrini, Guisepe. 2001. "The Peruvian Labor Movement Under Authoritarian Neoliberalism: From Decline to Demise." *International Journal of Political Economy* 1 (2): 44–77.
- Sosa, Milagros, and Margreet Zwartveen. 2012. "Exploring the Politics of Water Grabbing: The Case of Large Mining Operations in the Peruvian Andes." *Water Alternatives* 5 (2): 360–75.
- Starn, Orin. 1995. "Maoism in the Andes: The Communist Party of Peru—Shining Path and the Refusal of History." *Journal of Latin American Studies* 27 (2): 399–421.
- Starn, Orin. 1996. "Senderos inesperados: Las rondas campesinas de la sierra sur central." In *Las rondas campesinas y la derrota de Sendero Luminoso*, edited by Carlos Iván Degregori, 227–269. Lima: Instituto de Estudios Peruanos.
- Stephens, Evelyne Huber. 1983. The Peruvian Military Government, Labor Mobilization, and the Political Strength of the Left. *Latin American Research Review* 18 (2): 57–93.
- Sterr, Albert. 1997. "Guerrillakampf und Befreiungsbewegungen in Lateinamerika." In *Die Linke in Lateinamerika. Analysen und Berichte*, edited by Albert Sterr, 230–69. Köln: Neuer ISP Verlag GmbH.
- Strong, Simon. 1992. *Shining Path. The World's Deadliest Revolutionary Force*. London: Fontana.
- Sullivan, Linda. 2013. "Peru: Andean Self-Determination Struggles Against Extractive Capitalism." Accessed December 30, 2015. <http://upsidedown-world.org/main/peru-archives-76/4438-peru-andean-self-determination-struggles-against-extractive-capitalism>.
- Sullivan, Linda. 2015. "Peru's Tia Maria Mining Conflict: Another Mega Imposition." Accessed January 4, 2016. [http://upsidedownworld.org/main/index.php?option=com\\_content&view=article&id=5359:perus-tia-maria-mining-conflict-another-mega-imposition&catid=38:peru&Itemid=76](http://upsidedownworld.org/main/index.php?option=com_content&view=article&id=5359:perus-tia-maria-mining-conflict-another-mega-imposition&catid=38:peru&Itemid=76).
- Sulmont, Denis. 1977. *Historia del movimiento obrero peruano (1890–1977)*. Lima: Tarea. Centro de Publicaciones Educativas.
- Sulmont, Denis. 1981. *El movimiento obrero peruano (1890–1980). Reseña histórica*. Lima: Tarea. Centro de Publicaciones Educativas.
- Svampa, Maristella. 2009. "La disputa por el desarrollo: conflictos socioambientales, territorios y lenguaje de valoración." In *Minería y territorio en el Perú. Conflictos, resistencias y propuestas en tiempos de globalización*, edited by José de Echave, Raphael Hoetmer, and Mario Palacios, 33–61. Lima: Programa Democracia y Transformación Global/Confederación Nacional de Comunidades del Perú Afectadas por la Minería/CooperAcción/Fondo Editorial de la Facultad de Ciencias Sociales, Unidad de Postgrado UNMSM.
- Tapia, Carlos. 1993. "El poder y la subversión." In *El poder en el Perú*, edited by Augusto Alvarez Rodrich, 153–60. Lima: Editorial Apoyo.
- Tapia, Carlos. 1997. *Las fuerzas armadas y sendero luminoso. Dos estrategias y un final*. Lima: Instituto de Estudios Peruanos.

- Taylor, Lewis. 2011. "Environmentalism and Social Protest: The Contemporary Anti-mining Mobilization in the Province of San Marcos and the Condebamba Valley, Peru." *Journal of Agrarian Change* 11 (2): 420–39.
- Thomas, Jim. 1999. "El mercado laboral y el empleo." In *El Perú de Fujimori: 1990–1998*, edited by John Crabtree and Jim Thomas, 255–96. Lima: Universidad del Pacífico/Instituto de Estudios Peruanos.
- Tierra y Libertad. 2012. *Nueva minería exige debate nacional*. Lima: Tierra y Libertad.
- Torres Cuzcano, Víctor. 2013. *Grupos económicos y bonanza minera en el Perú. El caso de cinco grupos mineros nacionales*. Lima: CooperAcción.
- Torres-Rivas, Edelberto. 2001. "La sociedad civil en la construcción democrática: notas desde una perspectiva crítica." Accessed December 30, 2012. <http://www.insumisos.com/lecturasinsumisos/CIUDADANIA.pdf>.
- Tovar, Teresa. 1985. *Velasquismo y movimiento popular. Otra historia prohibida*. Lima: Descó.
- Tovar Pacheco, Jorge A. 2012. "Groundwater and Environment on Peruvian Mining." *Mine Water & Environment*, International Mine Water Association International Congress, Proceedings 1999, Sevilla. Accessed September 21, 2014. [http://www.imwa.info/docs/imwa\\_1999/IMWA1999\\_TovarPacheco\\_355.pdf](http://www.imwa.info/docs/imwa_1999/IMWA1999_TovarPacheco_355.pdf).
- Traverso Flores, Constante. 2013. *La izquierda en el Perú. Una historia que no ha concluido*. Lima: CT Proesa Editores.
- Urteaga, Patricia. 2011. "Agua e industrias extractivas: cambios y continuidades en los Andes." In *Agua e industrias extractivas. Cambios y continuidades en los Andes*, edited by Patricia Urteaga, 19–58. Lima: Instituto de Estudios Peruanos/Justicia Hídrica, Concertación.
- Valladares Quijano, Manuel. 2013. *El Paro Nacional del 19 de Julio. Movimientos sociales en la época del "Gobierno Revolucionario de las Fuerzas Armadas"*. Lima: Grupo Pakarina.
- Veltmeyer, Henry. 2008. "Civil Society and Local Development." *Interações (Campo Grande)* 9 (2): 229–43.
- Verdera, Francisco. 2000. "Cambio en el modelo de relaciones laborales en el Perú, 1970–1996." JCAS Occasional Paper no. 5, JCAS-IEP Series iii. Accessed November 16, 2014. <http://198.57.164.64/~ieporg/textos/DDT/jcas05.pdf>.
- Wickham-Crowley, Timothy P. 1992. *Guerrillas & Revolution in Latin America. A Comparative Study of Insurgents and Regimes Since 1956*. Princeton, NJ: Princeton University Press.
- Wiener, Raúl. 1989. *Guerra e ideología. Debate entre el PUM y Sendero*. Lima: Ediciones Amauta.
- Wise, Carol. 2010. *Reinventando el Estado: estrategia económica y cambio institucional en el Perú*. Lima: Universidad del Pacífico/Centro de Investigación.

- Wood, Ellen Meiksins. 1990. "The Uses and Abuses of 'Civil Society'." *Socialist Register* 26: 60–84. Accessed March 21, 2018. <http://www.socialistregister.com/index.php/srv/article/view/5574/2472#.WrMzV23OWM8>.
- World Bank. 2011. "The World Bank Group in Extractive Industries. 2011 Annual Review." Accessed September 16, 2014. [http://siteresources.worldbank.org/INTOGMC/Resources/WBG\\_EI\\_Annual\\_Report\\_FY11\\_Final.pdf](http://siteresources.worldbank.org/INTOGMC/Resources/WBG_EI_Annual_Report_FY11_Final.pdf).
- Yepez del Castillo, Isabel, and Jorge Bernedo Alvarado. 1985. *La sindicalización en el Perú*. Lima: Fundación Friedrich Ebert/Pontificia Universidad Católica.
- Zeitlin, Maurice. 1980. "On Classes, Class Conflict, and the State: An Introductory Note." In *Classes, Class Conflict, and the State. Empirical Studies in Class Analysis*, edited by Maurice Zeitlin, 1–37. Cambridge, MA: Winthrop Publishers, Inc.

### *Interviews*

- Auris, Olmedo, a cadre of the *Partido Comunista del Perú – Patria Roja* and Vice-President of the *Movimiento de Afirmación Social*, Lima, March 31, 2015.
- Benavides, Gerardo, cadre of the *Partido Comunista del Perú – Patria Roja*, March 31, 2015.
- Benza, Manuel, founding member of the *Partido Socialista Revolucionario*, April 12, 2015.
- Bernedo, Jorge, former cadre of the *Comité Intersectorial de Trabajadores Estatales*, April 10, 2015.
- Cáceres, Eduardo, former general secretary of the *Partido Unificado Mariateguista*, Lima, May 21, 2015.
- Castro, Dante, writer and cadre of the political organization *Movimiento de Liberación Nacional 19 de Julio*, April 12, 2015.
- Céspedes, Julio, member of the Central Committee of the *Partido Comunista del Perú – Patria Roja*, April 11, 2015.
- Checa, Pablo, a leader of the *Confederación General de Trabajadores del Perú* and former Vice Minister of Labor and Employment Promotion (2011–2012), Lima, April 10, 2015.
- Cristóbal, Juan, former militant of the *Partido Socialista Revolucionario* and a revolutionary poet, Lima, March 21, 2015.
- Dammert, Manuel, former general secretary of the *Partido Comunista Revolucionario*, April 13, 2015.
- De la Cruz, Roberto, general secretary of the *Partido Comunista Peruano – Unidad*, Lima, May 7, 2015.
- Fernández, Ibis, a leader of the *Confederación General de Trabajadores del Perú*, Lima, May 29, 2015.

- Fernández Chacon, Carlos, former cadre of the *Partido Socialista de los Trabajadores* and editor of the paper *Lucha Indígena*, April 9, 2015.
- Gorriti, Juan José, Vice President of the *Confederación General de Trabajadores del Perú*, Lima, April 10, 2015.
- Hernández, Ydelso, cadre of the *Partido Comunista del Perú – Patria Roja* and the *Movimiento de Afirmación Social*, and the peasant self-defense committees (regionally and nationally), Cajamarca, April 19, 2015.
- Hurtado, Jorge, former leading cadre of the *Partido Comunista del Perú – Patria Roja*, April 14, 2015.
- Livaque, Marle, member of the *Plataforma Interinstitucional Celendina* and secretary of the political party *Tierra y Libertad* in the city of Celendin, April 16, 2015.
- Luza, Marta, a human rights lawyer and advisor of peasants' communities in the department of Cusco. In the 1980s she also worked as a lawyer of trade unions, Cusco, April 25, 2015.
- Militant 1 *Pueblo Unido*, Lima, April 11, 2015.
- Militant 2 *Pueblo Unido*, Lima, April 11, 2015.
- Minguillo, Héctor, former cadre of the *Partido Socialista Revolucionario*, April 6, 2015.
- Moreno, Alberto, President of the *Partido Comunista del Perú – Patria Roja*, Lima, May 7, 2015.
- Prado, Tito, former cadre of the *Partido Socialista de los Trabajadores*, Lima, April 8, 2015.
- Raffo, Renan, former general secretary of the *Partido Comunista Peruano – Unidad*, Lima, May 6, 2015.
- Risso, César, revolutionary intellectual, Lima, April 7, 2015.
- Saavedra, Wilfredo, President of the *Frente de Defensa Ambiental de Cajamarca*, Cajamarca, April 18, 2015.
- Sánchez, Milton, general secretary of the *Plataforma Interinstitucional Celendina*, Celendin, April 16, 2015.
- Silva, Narda, militant of the *Frente de Defensa Ambiental de Cajamarca*, Cajamarca, April 19, 2015.
- Traverso, Constante, former cadre of the *Partido Socialista Revolucionario* and member of the *Izquierda Unida*, Chorillos, March 30, 2015.
- Vásquez Becerra, Alamiro, President of the *Frente de Defensa de la Cuenca del Río Jadibamba*, Celendin, April 17, 2015.
- Vásquez Huamán, Elvira, secretary of the *Frente de Defensa de la Cuenca del Río Jadibamba*, Celendin, April 17, 2015.
- Wiener, Raúl, former cadre of the *Partido Unificado Mariateguista* and left-wing journalist, Lima, April 9, 2015.
- Zapata, Antonio, former cadre of the *Partido Revolucionario de los Trabajadores* and the *Partido Unificado Mariateguista*, April 6, 2015.



## The Erosion of the Political and Social Bases of the Socialist Left

A proper understanding of capitalist development requires a comprehension of the objective and subjective conditions that determine this development. The objective conditions of the capitalist development of society are the country's economic structure, social structure, and superstructure. The economic and social structures are called the basis. The superstructure is composed of the state apparatuses, culture, and ideology (Callinicos 2004a, 202; Carchedi 1977, 19), among others.

The relation between the basis and the superstructure is a dialectical relation. All elements that compose the superstructure react upon each other and upon the basis. As Engels (1894) wrote, “it is not that the economic position is the *cause and alone active*, while everything else only has a passive effect. There is, rather, interaction on the basis of the economic necessity, which *ultimately* always asserts itself”<sup>1</sup>.

The subjective conditions of capitalist development refer to the class struggle. The relations between the objective and subjective conditions are dialectical relations, in which the objective conditions are to be considered as the determinant instance.<sup>2</sup> Both the objective and the subjective conditions should be understood in a historical context and as determined by forces that operate in the national and international economy. Petras and Veltmeyer (2010, 57–58) formulate this question as follows: “[...] the dynamics of capitalist development and imperialism have both an objective-structural and a subjective-political dimension and [...] a class analysis of these dynamics should include both. This means that it

is not enough to establish the workings of capitalism and imperialism in terms of their objectively given conditions that affect people and countries according to their class location in this system. We need to establish the political dynamics of popular and working-class responses to these conditions—to neoliberal policies of structural adjustment to the purported requirements of the new world order”.<sup>3</sup>

This chapter concludes the analysis of the subjective conditions of capitalist development that started with our presentation in Chapter 6 on the development of the class struggle in the period 1980–2016. It examines the Peruvian socialist Left’s contemplation of the changes in the country’s class structure in the 1980s and 1990s, and their strategic and tactical responses to these changes. In other words, it intends to shed light on how (and if) the changes in the class structure have been analyzed by the socialist Left and how (and if) these changes have influenced its political practice. We analyze documents of the PCP-U, PCP-PR, IU, PCR, PUM, VR, PCP-SL, and the MRTA. This analysis is enriched by interviews with a variety of leaders, cadres, militants, and intellectuals of the Peruvian legal socialist Left.<sup>4</sup> Excluded are all those political parties and organizations that might be considered part of the Left’s family but do not have the objective to radically change the system, i.e., to install a society based on socialist principles. The prime objective of socialist organizations is to take state power and to destroy the capitalist system.

In Chapter 2, we explained that one of the reasons why the Peruvian socialist Left has not been able to take state power in the last thirty-six years was the fact that it had not addressed, politically and organizationally, the changes in the country’s class structure that resulted from the political and economic dynamics of capitalist development in general and that of a country at the periphery of the capitalist world system in particular. The 1980s and 1990s are of utmost interest to us as in these decades important changes in the class structure have taken place that have laid the foundation for its current “shape” and “content”. As demonstrated in Chapter 5, the principal changes in the Peruvian class structure are related to the composition of the proletariat, the independent intermediate class, and the proletarian fraction of the independent intermediate class.

It is expected that the strategies of socialist organizations are principally determined by a political, economic, and social analysis of society, the long- and short-term objectives (minimum and maximum program) of the organizations, and the correlation of class forces. The tactics that

are used by the organizations have (or should have) the objective to help further the process toward the attainment of the strategy or the strategic objectives.

For the elaboration of their tactics, socialist organizations must take notice of the level of class consciousness of the proletariat, the proletarian fraction of the independent intermediate class, and the peasantry. The organizations should also be armed with an analysis of the political consciousness of possible allies of these classes and class fraction such as the middle-class fraction of the independent intermediate class and the dependent intermediate class. Furthermore, it should have an appraisal of the national and international political and economic conjuncture.

This chapter is based on an analysis of the documents of the principal legally functioning socialist organizations that operated in the 1980s and 1990s, and interviews with leaders, cadres, militants, and intellectuals of these organizations. The information we have been able to gather has been sufficient to determine if changes were introduced in the strategies of the socialist Left to politically and organizationally respond to the modifying social-economic infrastructure of Peru in general and its changing class structure in particular. The political practice of the socialist Left helps to indicate if the tactics were changed in accordance with the country's evolving class structure.

Wrong strategies, wrong tactics, and a low level of class consciousness of the social bases of the socialist Left cannot fully explain why it lost its political and social power in the 1990s. As outlined in Chapter 2, a complete analysis should also include elements such as the political and military errors of the socialist Left in the 1980s and 1990s, state terror in the 1980s and 1990s, the economic and social disaster of state-led development between 1985 and 1990, and the neoliberal attack on the proletariat, the peasantry, and, in particular, on the labor movement, in the 1990s. However, while the effects of these elements on the socialist Left have been widely discussed, an analysis of the strategic and tactical responses of the socialist Left to the changing class structure has not been elaborated yet. This chapter intends to fill this vacuum.

This chapter is organized into ten sections. Section 7.1 identifies the political and social bases of the socialist Left, and in Sect. 7.2 we discuss the problem of class consciousness. Sections 7.3 and 7.4 analyze how the legally functioning socialist organizations and the armed socialist Left understood the evolution of the Peruvian class structure in the 1980s and 1990s. In Sect. 7.5, we examine the political work of the legal

socialist Left in relation to its social bases, and Sect. 7.6 discusses the weakening of trade union power in the 1980s and 1990s and the effects of the neoliberal ideology on the political consciousness of own-account workers. Section 7.7 delves into the diminution of legal socialist Left's social bases, and in Sect. 7.8 we look into the socialist Left's difficulties to operate in a changed social and economic environment. In Sect. 7.9, we address the relation between social reality and revolutionary political practice, and in Sect. 7.10 we present our conclusions.

## 7.1 THE POLITICAL AND SOCIAL BASES OF THE SOCIALIST LEFT

It is generally known that in the Marxist tradition, the proletariat, the urban semi-proletariat, the peasantry and the rural semi-proletariat, are considered the objective social bases of socialist organizations. Through the socialist revolution, it is supposed that the proletariat, peasantry, and the semi-proletariat will be freed in the sense that they will not be exploited and oppressed anymore. State power in the hands of these classes and class fractions is a precondition for the abolishment of exploitation and economic oppression.

The dependent intermediate class and the middle-class fraction of the intermediate class might be considered allies of the classes and class fraction that objectively pertain to the socialist Left. Although this class and class fraction might also be exploited and economically oppressed, they do not form part of the objective social bases of the socialist Left as they may perform the function of capital *and* the collective worker.<sup>5</sup>

Trade unions, peasants' organizations, and the social organizations of the popular movement are the political bases of the socialist Left.<sup>6</sup> While trade unions and peasants' organizations are class-based organizations and have, in general, proper class objectives, the social organizations of the popular movement are composed of different social classes and their objectives are not reduced to one class or one class fraction in particular.

## 7.2 CLASS CONSCIOUSNESS

There is no direct relationship between class structure and class consciousness. Class consciousness is the product of a variety of interrelated factors. These factors are not only political, economic, social, and



ideological, but also national, international, historical, and country-specific. Hence, “treating class-consciousness as something which can be imputed to agents simply by virtue of their objective relationship to the means of production massively understates the difficulties involved in subordinate classes actually becoming collectivities. Moreover, it mistakes the role played by class-consciousness in the process: it is not the ‘objective’ property of the class but rather a means by which the latter forms itself into a collectivity” (Callinicos 2004a, 157).

The class structure of a given society provides the economic basis on which the class consciousness of individuals is founded. However, class consciousness emerges in class struggle and can be attained by intellectual labor or political clarification by workers organizations and socialist-oriented political organizations.

It is possible to differentiate between an economistic class consciousness and a political class consciousness. Due to their position in the production process, individuals that pertain to the proletariat might easily be able to attain the economistic class consciousness that they belong to the proletariat. On the other hand, persons that form part of what we call the proletarian fraction of the independent intermediate class do not have this possibility. Their position in the production process leads them to attain a class consciousness that is located on the frontiers of a working class and intermediate class economistic class consciousness.

The proletariat may have an economistic class consciousness, but this does not guarantee that it also has a political class consciousness. The proletarian fraction of the independent intermediate class may have an economistic class consciousness that tells him or her that he or she pertains to the intermediate class, but its political consciousness may lead it to belong to the proletariat.

In contrast to the proletariat and the urban semi-proletariat, the economistic and political class consciousness of the bourgeoisie coincides. When this class does not exploit and/or oppress the proletariat and the intermediate class, it will lose its economic power base. If it does not use all political, economic, social, and ideological means at its disposal to withhold the exploited and oppressed masses from attaining political class consciousness, it contributes to its own elimination.<sup>7</sup>

The analysis of the evolution of the class structure gets its importance for class-based social organizations and socialist political organizations as it indicates the types of possible economistic class consciousness that exist or are emerging. On the basis of this analysis, these organizations

might be able to develop strategies and tactics that help to transform concrete economic proletarian class consciousness in political (socialist) class consciousness and the economic consciousness of the intermediate class, and especially its proletarian fraction, into an anti-capitalist class consciousness.

The lack of an analysis of the evolution of the class structure, the inability to visualize trends within the class structure, and weaknesses to point out contradictory class fractions within classes is politically and organizationally disastrous for the forces of socialist change. They will be condemned to political impotence as they will lack an understanding of the evolution of their social bases.

Political impotence sets the conditions for the political and organizational self-elimination of the socialist forces as they will not have the capacity to elaborate on political proposals—on the economic level though—that might enable it to maintain and/or to increase their social bases, and to put into practice strategies and tactics that might win these bases for projects toward socialist change.

### 7.3 THE CLASS STRUCTURE AND THE LEGAL SOCIALIST LEFT

Documents for congresses and conferences, Central Committee reports on the economic and social reality of Peru, texts on the political and economic conjuncture, and papers on the strategic line of active socialist organizations evidence that Peruvian legally functioning socialist organizations were aware that in the 1980s and 1990s the class structure was starting to change (Izquierda Unida 1989; PCP-PR 1984, 1993, 1996, 2001; PCP-U 1991; Dammert E. 1990, n/p; PCR 1981; VR 1983; PUM 1993).<sup>8</sup> This awareness, however, has not resulted, in most cases, in studies of these changes.<sup>9</sup>

The continuous study of political, economic, and social developments in the country must be considered as one of the key features of an organization that fights for the installation of socialism and the destruction of capitalism. According to the Peruvian socialist Letts (2014, 280), “the program, the strategy, the tactic, the forms of struggle, should be based” on the description and analysis of the character of Peruvian society; the structure of the economy; and the class structure of society, the government, power, and the workers movement; among others. The revolutionary intellectual César Riso says that it is “necessary to make a study of the development of capitalism in the country. This is indispensable.

To talk about strategy is not only to talk about how to get to power, but also what you do with this power. So what are the social classes that will fight against the current power and what are the classes that will transform the new power into a socialist society? If you do not have this as a premise, everything dissolves in concrete and specific struggles. There will be a series of movements, but they will not go further than their direct objectives”.

In the PCP-U “study and research were not stimulated. No cadres were formed to do research” (De la Cruz 2015, interview). De la Cruz explains that in the 1990s the Left did not intent, “individually or collectively, to produce political proposals, ideas for change, for the transformation of society”. Gustavo Espinoza, a former Central Committee member of the PCP-U, tells that the party was definitively aware of the changes in society’s social structure. This awareness, however, did not lead the organization to analyze these changes (Adrianzén 2011, 295). According to Olmedo Auris (2015, interview), a cadre of the PCP-PR and Vice-President of the MAS, the PCP-PR has not “made significant progress” in the analysis of the Peruvian class structure. “That is our Achilles heel. That is why I say that we should renew our politics and our tactics. [...] Our programs are very general. There are no specific policies for certain key sectors. That is a limitation”. Guillermo Herrera, a former leading member of the PCP-U, writes that the IU did not take notice of the changes in the country’s economic and social structure (Herrera 2002, 96). In the case of the rise of small and micro-companies, Dammert (2015, interview) tells that the Left was aware of the changes in the social structure, but it “had not systematized it theoretically”. And although the Left developed some political activities toward small and micro-companies, it did not form part of the political strategy of the Left. Edmundo Murrugarra (2015, interview), a founding member of the VR, says that the question of own-account workers was “not addressed, studied and examined in depth by the Left because of a theoretical obstacle”. Individuals who represented small and micro-companies were not accepted in the Left.

The political importance of having knowledge about the changing class structure is, of course, not neglected by the Peruvian socialist Left. In its analysis of the informal sector in 1993, the PCP-PR (1993, 21) underlined that over 90% of the informal sector was located in the hundreds of slums and shantytowns of the major cities. While in the 1970s, individuals that pertained to this sector formed neighborhood

movements that constituted the bases for “quasi-insurreccional movements”, in the 1990s important sectors of the masses in the shantytowns set their hopes on the “Fujimori Dictatorship”.<sup>10</sup> According to the PUM (1993, 129), in the 1970s informality did not impede left-wing militancy. In the 1980s, however, with radically declining living standards, the neoliberal discourse of free enterprise, and the weakness of the Left, this has been a lot more difficult. In 1991, the PCP-U (1991, 97) believed that informality was a key feature of the lives of the working population.

The PCR, the PUM, and one of the predecessors of the PUM, the VR, might be considered as the only legally functioning Peruvian socialist organizations that have really intended to study the evolving class structure. Unfortunately, the main documents of the PCR were written in the 1970s. In its second conference in 1979, it clearly described the “enemy classes”, the “unsteady classes” (petty bourgeoisie, etc.), and the classes that were supposed to lead the socialist revolution and that were considered the motors of the revolution (PCR 1979a, 117–24).<sup>11</sup> Since the return of parliamentary democracy in 1980, however, the PCR seems to have reduced its capacity (or interest) to analyze the class structure. For instance, while in the 1970s it discussed that the majority of the working population that lived in the shantytowns was not organized in trade unions and it differentiated between individuals that worked in big, small, and micro-companies (PCR 1979b, 11), in its document of 1981 the organization only schematically elaborated on the class structure (PCR 1981, 65–71). It also did not delve into the “particularities of the classes” as was argued to be necessary in 1979 (PCR 1979b, 21). In its documents for its third congress in 1993, the PUM, for its turn, reserved a chapter on how the class structure had changed in the 1980s.<sup>12</sup>

The analyses of the class structure by the PUM (1993, 117–36) and the VR (1983, 29–38) encompass a description of all classes in society.<sup>13</sup> They include empirical data and present some of the important changes that have taken place within classes since the beginning of the 1980s. These analyses discuss the relative diminution of the salaried working class,<sup>14</sup> the increase of own-account workers, the increase of underemployed individuals, the effect of underemployment on informality, and the relation between the increase of informality and the decrease of trade union representation, among others.

The PUM’s examination of the class structure is completed with an analysis of the political and strategic consequences of the changes in the

class structure for projects that point to the socialist organization of society. The changes in the occupational structure, for instance, structurally eroded the social bases of the trade unions. Hence in order to determine the situation of the mass movements, the PUM explains, it is not sufficient anymore to look at the number of strikes and the number of workers involved in these strikes. There are new social expressions that the organization should be informed about and should manage in order to shape future popular movements.<sup>15</sup> The organization took even a “strategic decision” regarding its political and organizational work toward the informal sector (independents, small and micro-companies, etc.).<sup>16</sup>

The fact that most of the socialist Left has not elaborated profound studies on the position of the exploited and oppressed masses in the class structure does not mean that they have not occupied themselves with the issue of class and class structure. In the documents for their fifth congress in 1984, the PCP-PR elaborated a complete chapter on the Peruvian class structure (PCP-PR 1984, 269–89). It described, in very general terms, the ruling classes and the dominated classes. Empirical data to sustain these descriptions were not provided. For the 1996 Lima regional congress of the PCP-PR, a socioeconomic diagnostic of Lima was presented. A part was dedicated to the importance of small and micro-companies for the economy in general and for employment in particular. The effects of small businesses on the organized labor movement were not discussed.

The scarcity of analyses on the evolution of the Peruvian class structure by the socialist Left might have to do with the lack of intellectual capacity of the organizations and insufficient time to do this research. In the preparatory documents for its sixth congress, the PCP-PR (1993, 21) stated that the party and the Left in general had not studied, from a Marxist and class struggle point of view, the question of informality. Three years later, in reports for its third regional congress of Lima, we read that “one known aspect but not thoroughly studied or addressed from the perspective of our political work is informality” (PCP-PR 1996, 51). In the papers for its seventh congress, the PCP-PR (2001, 46) mentions that the “class configuration of contemporary Peru is extremely complex” but does not describe the class configuration. It only indicates some classes and social sectors that pertain to this “class configuration”.

A third reason for the scarcity of analyses on the class structure might have been the socialist Left’s prime focus on practical political work. In the preparatory documents for the sixth congress of the PCP-PR in

1994, it reads that the organization believed that the common problems of the informal sector “create favourable conditions for the Party, provided that it defines the general and specific programmatic alternatives that it [the informal sector; JL] needs”. It was thought that through hard political work the party would be able to win individuals that were employed in the informal sector “for the national democratic revolution and for socialism” (PCP-PR 1993, 21). In its documents for its third ordinary Lima regional congress in 1996, the party stated that it should build the organization in the informal sector and small industrial businesses (PCP-PR 1996, 22–23). There is no evidence that the organization really built a political presence in the informal sector or that it established political ties with the owners of small businesses.

The scarcity of analyses on the Peruvian class structure is not the only worrying issue. Also, the lack of profoundness of existing analyses is disturbing. Classes and class fractions are not thoroughly described and when important phenomena such as informality, semi-proletariat, workers on temporary contracts, and the emergence of small and micro-businesses are mentioned, the analyses are reduced to point out that these phenomena are the consequence of capitalist development. Obviously, these analyses do not help to get an adequate comprehension of the political, economic, and social situation in the country.

Some of the organizations that pertained to the socialist Left clearly indicated which individuals belonged to the proletariat, the petty bourgeoisie, and the peasantry. Other organizations did not make this very clear. None of the investigated organizations provided a definition of class. In a report of the Central Committee of the PUM (1988, 21), intellectuals, the semi-proletariat, and the poor petty bourgeoisie were considered revolutionary classes. The VR (1983, 36–38) seems to have regarded the middle strata (professionals, white-collar workers, the population occupied in small jobs), the semi-proletariat, the national minorities, and even the youth and women as separated classes. The PCP-PR (1984, 285–86) classified the ethnic minorities and the lumpenproletariat as distinct classes. In its strategy document of 1984, the PUM (1984, 12), without providing a definition, talked about democratic and national classes.

True to their socialist character, in their publications the socialist Left makes reference to the masses, to the people (*el pueblo*), to the unity of the people, to the working class, to the semi-proletariat, to the peasantry,<sup>17</sup> to the alliance of the working class with the peasantry, and

to the alliance of the working class and the peasantry with the petty bourgeoisie and the progressive sectors of the national bourgeoisie. However, as these classes and class fractions are not concretely defined, reference to these classes and class fractions are meaningless for the development of a political revolutionary practice that strategically and tactically respond to the capitalist development project of the Peruvian ruling class.

#### 7.4 THE CLASS STRUCTURE AND THE ARMED SOCIALIST LEFT

The social bases of armed socialist organizations are the same as those of legally functioning socialist organizations. With the objective to broaden their political and organizational scope, armed socialist organizations, just like legal socialist organizations, consider it necessary to create a united front of all those classes that are exploited and oppressed by capitalism and imperialism. This front not only includes the proletariat and the peasantry, but also sectors of the intermediate class and, in some cases, the national bourgeoisie.

For political and military reasons, armed socialist organizations should be more preoccupied with their social bases than legally functioning socialist organizations. Although both “types” of socialist organizations get politically isolated when they lose their social bases, in the case of the guerrilla organizations this is far more problematic. Political isolation makes it easier for the state to militarize the conflict and helps to politically, ideologically, and militarily strengthen the state through mass counterrevolutionary propaganda and the generalized application (and propagation) of anti-terrorist laws. The violent confrontations with the police and the armed forces can only be maintained if the armed organizations have well-structured logistic apparatuses and if there is a continuous flow of new militants.

In Chapter 6, it was explained that the PCP-SL created enemies in the popular camp when it began to establish “power vacuums” and Popular Committees through the elimination of state representatives, the “removal” of competing left-wing-oriented political and social organizations, and by forming *movimientos sociales generados* that should replace existing autonomous social organizations. One of the principal causes for the defeat of the MRTA was precisely the loss of social bases for socialist politics. This loss was expressed, among others, in the weakening of trade union power and the generalized turn to individual instead of

collective solutions for the unfolding economic and social crisis at the end of the 1980s. According to one of the former leading members of the MRTA, Alberto Gálvez, the MRTA became isolated as a consequence of the division of the IU and diminishing social struggles (Polay 2007, 435).

The documents of the PCP-SL tell us a lot about how the organization conceptualized the economic character of society and the class nature of the Peruvian State. This emphasis, however, seems not to have been accompanied by a profound analysis of the country's class structure. The economic characterization of society and the description of the class nature of the Peruvian State seem to have been sufficient for the PCP-SL as these analyses would ground the character of the Peruvian revolution and would provide the political "tools" for the elaboration of strategies that should advance the revolution.

The class analysis of the PCP-SL was reduced to a schematic analysis of the class composition of Peru. The organization did not empirically analyze the classes that were supposed to make the revolution.

The PCP-SL believed that Peru was composed of six classes: the big bourgeoisie (bureaucratic and comprador),<sup>18</sup> the feudal landowners, the national bourgeoisie, the petty bourgeoisie, the proletariat, and the peasantry (PCP-SL 1979, n.p.). The democratic and socialist revolution proposed by the organization should be led, through the party, by the proletariat. As the peasantry was the biggest class, it was the principal force of the revolution (Guzmán 1974, n.p.).<sup>19</sup> Together with the petty bourgeoisie and, "under certain circumstance and conditions", the national bourgeoisie, these four classes, united, would battle against semi-feudalism and imperialist dominance (PCP-SL 1975, n.p.).

The papers that have been published and authorized by the PCP-SL indicate that the organization had a rudimentary conception of the Peruvian class structure. Nevertheless, we cannot rule out that the organization might have had more profound analyses of the Peruvian class structure. These analyses might have existed only for internal use. The declaration "¡Que el equilibrio estratégico remezca más el país!" of 1991, for instance, could be considered as an indicator that the PCP-SL had more elaborated analyses of the Peruvian class structure. In this document, the organization analyzed the country's economic structure according to the distribution of employment by enterprise size groups and discussed the labor conditions of individuals working in small and micro-companies (PCP-SL 1991, n.p.).



The documents of the MRTA are, in general, analyses of the political and economic situation in Peru, assessments of the policies implemented by the different regimes, and discussions about the legal left-wing-oriented political organizations and the PCP-SL. Especially, the IU is subject of discussion and is frequently attacked for its reformism. The papers seem to reflect the practice of the MRTA to continuously respond to conjunctural occurrences. Yet, this focus does not mean that the organization was not concerned about class and class structure.

In the text “El camino de la revolución peruana. Documento del Segundo Comité Central de MRTA”, published in 1988, we can find the MRTA’s rather confusing conceptualization of the Peruvian class structure (MRTA 1988, 26–28). On the one hand, it divides the country’s class structure in the class of bosses, independents, non-remunerated family members, and remunerated individuals; on the other hand, it described the class fractions of the bourgeoisie (big bourgeoisie, middle bourgeoisie, and agrarian bourgeoisie), the remainders of semi-feudal landowners, the petty bourgeoisie, and the revolutionary classes (working class, peasantry,<sup>20</sup> urban semi-proletariat). The working class, defined as “salaried workers that produce the wealth of our country” and the agricultural proletariat, were considered the only classes that would be able to lead the struggle of the Peruvian people (MRTA 1988, 28). The urban semi-proletariat, defined as all non-salaried workers, was considered an ally of the very narrowly defined urban and rural proletariat. Apart from being confusing and making use of a limited and inadequate definition of the proletariat and semi-proletariat (not adequate to the economic and social reality of Peru), data of 1981 were used for an analysis of the Peruvian class structure in 1988.

The fact that in the principal documents of the MRTA (1988, 1990) no attention has been given to the changes in the Peruvian class structure does not mean, just as in the case of the PCP-SL, that the organization was completely blind for what was changing in Peruvian society. For instance, in an interview with Néstor Cerpa, the MRTA commander that led the assault on the residence of the Japanese Ambassador in 1996, one can read that the organization was definitively aware of the changes in the Peruvian class structure. According to Cerpa, in addition to the fear of losing one’s job, the economic and social consequences of the neoliberal policies implemented in the 1990s contributed to the loss of fighting power of the Peruvian workers federation CGTP.<sup>21</sup> The considerable reduction of union membership went hand in hand with an increase of the informal sector (MRTA, Dirección Estratégica 2008, n.p.).

The weakness of the MRTA's analysis of the country's class structure might have had a negative effect on the organization's strategy. Although it considered that to "properly define the principles and laws that govern" its struggle to take power and to build socialism, it was "first necessary to understand the character of Peruvian society, its class composition, its location within the capitalist system" (MRTA 1988, 38), the organization did not succeed in profoundly understand the country's class structure. In their assessment of the organization's strategy, ex-militants of the MRTA considered that because the organization had not specified the development trends of capitalism, it was not able to see that in the 1980s and 1990s the working class disintegrated as the companies started to shut down and/or were privatized (NN, n.d., 62).

## 7.5 POLITICAL WORK AND SOCIAL BASES

In the 1980s, the focus of the socialist Left's political practice started to change from working with their social bases or with grassroot organizations to working in local and regional governments. It became increasingly difficult to combine a political practice in and outside parliamentary buildings.

It seems that the participation of the socialist Left in local and regional governments has not been very successful (Moreno 2015, interview). These socialist administrations did not really distinguish themselves from local and regional governments led by the Right or the APRA. Tito Prado (2015, interview), a former cadre of the PRT, says: "In reality, Barrantes [the Mayor of Lima in 1983; JL] managed the municipality like anyone else. His hallmark was the program *Vaso de Leche*. This program did not differentiate his administration from the municipal administration by another class. He did not organize, he did not mobilize".<sup>22</sup> Héctor Minguillo (2015, interview), a former cadre of the PSR, tells that the "leftist sectors that succeeded to enter local governments got corrupt. They did the same as the Right always did. This generated discouragement in the social bases, in the militants".

The impossibility of the IU to transform itself into a mass revolutionary front has everything to do with its focus on elections and its politics to continuously respond to conjunctural issues.<sup>23</sup> Instead of broadening and deepening its social bases, the socialist Left started to prefer short-term success. It believed that this would bring it more quickly to its long-term objectives, i.e., the destruction of the capitalist system and the installation of socialism.

The focus on short-term success led the socialist Left to assume that electoral or trade union success meant that it had the political support of the masses. Strong socialist parties were not built because it supposed that its strength was assured as the social movements pertained to the political orbit of the socialist Left. According to Militant 1 Pueblo Unido (2015, interview) and former member of the UDP, the number of tasks, the pressing need to carry out these tasks, and the fact the organization were not illegal anymore and had to act publically, disabled the UDP in the 1980s, to “read the complex processes of transformation” that were going on in Peruvian society.

The focus on electoral participation by the socialist Left did not mean that it did not work with its social bases. In the 1980s, the PCP-U had party cells in trade unions and in companies. The existence of big state-owned companies strengthened the organization through its work in the unions. In the course of the 1980s, this practice reduced considerably (De la Cruz 2015, interview; Raffo 2015, interview).

Just like the PCP-U, also the PST developed a political practice in trade unions. Party cells were especially built in the metallurgical and textile branches. Furthermore, it worked with teachers and was active in the bank sector, i.e., in the *Federación de Empleados Bancarios* (Prado 2015, interview; Fernández Chacon 2015, interview). Prado (2015, interview): “We had workers leaders who were very important in their unions, even at national level. At that time, Trotskyism was characterized by work in the labor movement”.

The PSR worked with the proletariat and the peasants (Benza 2015, interview; Minguillo 2015, interview; Traverso 2015, interview). The leader of the CNA was a militant of the PSR (Benza 2015, interview; Traverso 2015, interview). The organization also developed political activities with individuals in state organisms and with left-wing-oriented sectors of the petty bourgeoisie in general. This work was primarily based on the heritage of the reforms implemented by the Velasco regime (Benza 2015, interview; Minguillo 2015, interview).<sup>24</sup> According to Juan Cristóbal (2015, interview), a former militant of the PSR and a revolutionary poet, the PSR did not have specific workers cells that attended issues related to the proletariat. The cells of the organization were composed of different classes and social strata. The PSR looked at the “population as population”. Traverso (2015, interview) tells that the PSR did not have systematically organized political work among the proletariat and the peasantry.

The PUM was primarily focussed on the peasantry. It even succeeded in controlling the CCP. It also worked with students and developed a political practice in the CGTP. On the basis of its work in local and regional Defense Fronts that started to emerge in the 1970s, it was able to realize political activities with informal workers (Cáceres 2015, interview).

## 7.6 THE WEAKENING OF THE TRADE UNIONS AND THE NEOLIBERAL IDEOLOGY

During the 1980s, the socialist Left was starting to lose one of its principal political bases: the trade unions. The economic crisis and the restructuring of the corporations caused important changes in the distribution of employment. Companies with lots of workers were replaced by small and micro-companies and own-account workers. This considerably reduced the power of the trade unions as they are only allowed in business undertakings that employ 20 or more employees.

The replacement of wage labor performed in big companies for employment in small and micro-companies and own-account workers was accompanied by the neoliberal ideology of the free market. Disseminated through the massive means of communication, this ideology helped to create the idea within the proletariat, the peasantry, and the proletarian fraction of the independent intermediate class that the solution to their economic problems was the proper development of capitalism based on the free and unregulated functioning of the markets. Workers who were fired during the crises in the 1980s and who began to work as independents did “no longer feel themselves to be part of the working class” (Gorriti 2015, interview). Own-account workers started to consider themselves entrepreneurs instead of workers (Benavides 2015, interview).

The accumulation of economic crises in the 1980s not only diminished trade union power as it helped to bring about a change in the distribution of employment, it also weakened the power of the workers organizations because the crises caused company closures and individuals retreated from political and trade union activities. Instead of fighting the Peruvian State and Capital, they started to look for individual solutions to their economic hardship. The socialist Left was not able to adequately respond to this situation as it thought that victory was near. It did not

see that a structural change was underway that would radically change the correlation of class forces.

The introduction of neoliberalism in the 1990s fragmented and eroded social and political organizations (Auris 2015, interview). Trade unions, for decades organized with great sacrifice, quickly disappeared (Benza 2015, interview). According to De la Cruz (2015, interview), starting from the 1990s the country's political, economic, and social structures were beginning to change. The Left was not able to respond to these changes. Auris (2015, interview) explains that neoliberalism caused the fragmentation of the working class in formal and informal workers. The 80% of informal workers, as Auris (2015, interview) tells, are small businessmen. They do not believe in revolution and social change anymore. Dammert (2015, interview) indicates that it is not that the working class and the peasantry have disappeared, but that their composition has changed.

### 7.7 THE REDUCTION OF THE SOCIAL BASES OF THE LEGAL SOCIALIST LEFT

The economic crisis in the second half of the 1980s considerably reduced the social bases of the socialist Left. In the case of the PST, for instance, when their militants started to get fired, the party began to lose its roots. The closure of the factories was a very hard blow for the PST as it reduced its political work in the unions and the factories. Fernández Chacon (2015, interview): "The PST was a party of the working class. Upon entering the working class in crisis, it almost disappeared. It had lost its fundamental axis for its construction". In addition, according to the former secretary-general of the PUM, Eduardo Cáceres (2015, interview), although the socialist discourse attracted the poor and the excluded, it was not supported by a solid basis.

Workers in small and micro-businesses were not object of politicization by the socialist Left. Prado (2015, interview) tells that it "did not occur to us to articulate a policy towards small or medium entrepreneurs. We did not see that it was a new sector". As the organization lacked a strategy to recruit workers in small and micro-companies and the strike movement weakened, the organization was disabled to politically relate itself to individuals that were employed in these businesses (Prado 2015, interview).

The introduction of neoliberalism in the 1990s helped to further the reduction of the social bases of the socialist Left. The anti-labor measures that were introduced by the Fujimori regime caused a diminution of the number of formal workers and an increase of the number of informal workers (Auris 2015, interview). The increased informalization of the proletariat made it much harder to organize them (Auris 2015, interview). However, according to Jorge Hurtado, a former leading cadre of the PCP-PR, organizations such as the PCP-PR did not develop political activities with the mass of informal workers and the semi-proletariat. The privatization of state-owned companies caused trade unions to disappear.

The reduction of the socialist Left's social bases was not restricted to the proletariat. Also, it saw its bases in the countryside reduced. While in the 1970s, the socialist Left's "historical basis" in the countryside was formed by the "proletariat of the communities", the crises in the 1980s and the increasing presence of the market in the countryside contributed to the emergence of a rural semi-proletariat (Cáceres 2015, interview). According to Renán Raffo (2015, interview), former general secretary of the PCP-U, the socialist Left's bases in the rural areas got smaller because of the atomization of the peasantry. The individualization of the land of the cooperatives converted former workers of these cooperatives into small landowners.<sup>25</sup> Raúl Wiener (2015, interview), a former cadre of the PUM and left-wing journalist, argues that also the CCP lost its bases because of the socioeconomic changes that were going on in the countryside.

## 7.8 POLITICAL WORK IN A CHANGED SOCIAL AND ECONOMIC ENVIRONMENT

The organizations of the socialist Left have enormous difficulties to reorganize their social bases. This will not only take a very long time as Cáceres (2015, interview), Auris (2015, interview) and Militant 3 Pueblo Unido (2015, interview) explain, but it will also mean that the socialist Left should use all its creative powers to reinvent its political work with the masses.

The dispersion of laborers over thousands of small and micro-companies and the fact that they are not organized in trade unions, the disappearance of many trade unions,<sup>26</sup> the deregulation of the labor market, and the widespread use of temporary contracts by the Peruvian

State and Capital make political work with the masses very complicated (Moreno 2015, interview; Auris 2015, interview; Minguillo 2015, interview; De la Cruz 2015, interview).<sup>27</sup> According to Risso (2015, interview), Peru is mainly a country of “independent workers and workers in micro-companies. This does not allow a form of self-organization”.<sup>28</sup>

The deregulation of the labor market has created a labor regime in which the working population is completely tied to the necessities of Capital. This means that it is not the proletariat that through their trade union representatives negotiates its working hours, but these hours are imposed by Capital. The lack of time to develop political activities has negatively influenced the organizational strength (and membership) of the socialist organizations and the trade unions (Fernández Chacon 2015, interview; Militant I Pueblo Unido 2015, interview).

Individuals that work on their own account are very difficult to organize (Raffo 2015, interview). Auris (2015, interview): “For your political work what do you prefer? Do you prefer a worker who is the owner of a small bus or a taxi driver or do you prefer a salaried worker? I prefer to work with this salaried worker instead of working with the taxi driver because the taxi driver, although he is a worker, has another orientation, a different mentality. The other knows completely what it means to be exploited. He knows that he is the producer of wealth and yet does not enjoy his wealth. It is much easier to work with him and to convince him. But this social base has decreased, has been reduced. We have permanently lost a very important sector of our revolutionary army”. According to Risso (2015, interview), the owners of micro-companies who emerged in the 1990s have “basically a bourgeois mentality but live the life of a worker”.<sup>29</sup>

It is a known fact that informal workers do not tend to organize themselves. This lack of self-organization makes it very hard for the socialist Left to capture informal workers for their revolutionary projects. It is, however, not only objectively very hard for the socialist Left to organize individuals in the informal sector, but most of the time they have not even intended to develop a political presence in the informal sector.<sup>30</sup> According to Wiener (2015, interview), the Left did not know how to organize the workers in the informal sector. The PST has tried to organize these individuals (Prado 2015, interview; Fernández Chacon 2015, interview), but this work resulted in a complete disaster (Prado

2015, interview). The PSR did not have organized political work with informal workers (Traverso 2015, interview). Militant 1 Pueblo Unido (2015, interview) and Militant 2 Pueblo Unido (2015, interview) tell that the Left did not develop political activities toward the workers in the informal sector. A very critical Auris, cadre of the PCP-PR, indicates that the changing character of the masses has not induced his party to modify its discourse. This should change in order to politically capture the informal workers and the proletariat in the micro-companies. Currently, the PCP-PR has no political practice directed toward individuals that are employed in micro-companies.

Since the 1980s, political work in the countryside has become more and more arduous. The organization of the rural proletariat is very difficult because they are mainly employed on a temporary basis. The dispersion of very small landowners, often with important cultural differences and conflicting social and economic interests, is one of the principal barriers to politically organize them (Céspedes 2015, interview).

## 7.9 SOCIAL REALITY AND REVOLUTIONARY PRACTICE

The lack of studies on the Peruvian class structure seems to have disabled the socialist Left to elaborate on strategic and tactical responses to politically and organizationally address the changes in the class structure. This brings Moreno (2015, interview) to declare that the theoretical weakness of the Left explains a big part of the Left's problems. The socialist Left was not able to react on the neoliberal version of capitalism as it had not studied the development of capitalism. According to Moreno (2015, interview), the Left "did not even understand the new phenomenon that was presenting itself". Raffo (2015, interview) believes that the PCP-U had a correct understanding of Peruvian social and economic reality. It only had not adequately adapted itself to the economic and social changes that were going on. Raffo (2015, interview): "It is not an erratic reading of reality but it is an erratic reading of the changes that were occurring since the 1980s with the globalization process and the hegemony of the neoliberal capitalist system that changed the relations of production and changed the administrative structure of the system. For example, the decentralization of production and the triangulation of labor with contracts and subcontracts. That has radically changed the production relations and has curbed, for example, collective bargaining and unionization".



The awareness of the changes in the class structure did not lead organizations such as the PCP-PR and the VR to draw political and strategic conclusions that would enable it to respond to these changes. In a report of the VR of 1983, the organization declared that it should work to attract the “progressive, national and democratic sectors” of small and medium-sized agricultural and industrial producers and businessmen (VR 1983, 54). In the case of the IU, things seem to be worse. In the documents for its first (and last) congress in 1989, we cannot find any reference to the Peruvian class structure (Izquierda Unida, 1989).<sup>31</sup>

The lack of discussions on the evolving Peruvian class structure has been accompanied by a complete absence of analyses on the development of capitalism in Peru.<sup>32</sup> In the PSR, for instance, no debates were organized regarding the political, economic, and social character of Peru and about the revolution that was necessary to install socialism (Minguillo 2015, interview). The organization fought to further the reforms of Velasco (Minguillo 2015, interview; Traverso 2015, interview). According to Cristóbal (2015, interview), the PSR did not study the country and nobody worked on issues related to class and class structure. The strategy of the PSR was not based on a class analysis but on the particular development of the political and economic conjuncture (Traverso 2015, interview).

The absence of a thorough understanding of the evolution of the class structure impedes the elaboration of strategies and tactics that might enable socialist organizations to win the masses for a revolutionary change of society. In this context, it is interesting to read that according to the same IU, one of the reasons for its electoral defeat in 1990 was the fact that it had maintained “an image of the country that did not correspond to reality” (Traverso Flores 2013, 314). In documents for its third national congress, the PUM (1993, 79) writes that “the huge delay in the study of the changes that occur in Peruvian society, together with schematic criteria for the definition of social classes” prevented it from directing a part of its strategy toward new social groups or class fractions that started to emerge.

In its 1985 analysis of the presidential elections of the same year, the PUM (1985, 19) arrived at the conclusion that the lack of an “adequate evaluation of the situation of the country’s sectors and social classes” disabled the IU to determine the “link of the mass movements with the competing political alternatives”. However, as Eduardo Cáceres (2015, interview), former general secretary of the PUM points out, because

the PUM thought that the crisis in the second half of the 1980s would lead to revolution, not a lot of work was done to broaden the organizations' social bases that were starting to reduce and to disappear. Moreno (2015, interview) explains that one of the reasons why the Left did not have the capacity to respond to neoliberalism and not even understood this "new phenomenon" was the fact that the Left thought that it was "ascending" (Moreno 2015, interview).

The political necessity for socialist organizations to have a clear understanding of underlying social and economic trends can be demonstrated when we review the PUM's characterization of the political situation at the end of the 1980s. In 1989, the organization thought that Peru was entering a prerevolutionary phase (PUM 1989, 8).<sup>33</sup> This conclusion was based, among others, on the evolution of the strike movement in the years before. The organization believed that the struggle might culminate in a national strike against the economic policies of the government (PUM 1989, 15). When in August 1990, the first austerity measures were implemented by the new government led by Fujimori, the PUM even thought that "the revolutionary situation has reached its highest level" (PUM 1993, 46).<sup>34</sup> The revolutionary situation did not turn into a revolution but a counter-revolution.

## 7.10 CONCLUSIONS

The erosion of the political and social bases of the legal socialist Left is principally caused by the particular development of capitalism in Peru. This enabled the representatives of Capital to attract the proletariat, the peasantry, and the proletarian fraction of the independent intermediate class with a discourse in favor of the free market.<sup>35</sup>

Factors that have contributed to the erosion of the political bases of the legal socialist Left are the accumulation of economic crises in the 1980s, the implementation of large-scale privatization processes, and the liberalization of the economy in the 1990s. The closure of private and state-owned companies meant the closure of trade unions. The replacement of companies with strong trade unions by small and micro-companies<sup>36</sup> without unions considerably reduced the power of the workers organizations in society and their strength in negotiations with the State and Capital. The dispersion of the working population over thousands of small economic units complicated the political activities of the socialist Left.

The implementation of a radical form of neoliberalism in the 1990s meant an all-out attack on the organized labor movement and the legal socialist Left. The widespread use of temporary contracts, subcontracting, and the deregulation of the labor market made trade unions superfluous and increased the difficulties for the legal socialist Left to develop political activities with the working population. As the informal workers and the own-account workers (including the proletarian fraction of the independent intermediate class) were disconnected from the organized labor movement, and the proletariat and the peasantry became increasingly disengaged from the organized labor movement and/or peasant movement, the neoliberal ideology of the free market that accompanied the class struggle from above helped to erode the social bases of the legal socialist Left. Instead of fighting the system, an important part of individuals pertaining to these classes, class fractions, and social category became the support of the system. In addition, as the legal socialist Left did not succeed in organizing the independents and the informal workers or did not take them into account, it practically abandoned a major part of its social bases.<sup>37</sup>

The erosion of the political and social basis of the legal socialist Left in the countryside began in Belaúnde's second term and was deepened during the Fujimori regime. The individualization of landownership not only formed an ideological barrier for socialist propaganda, but also, in the context of the factual political disappearance of the CCP and the CNA, principally caused by the atomization of the countryside, helped to disperse the legal socialist Left's social basis in the countryside. Political organizational work to rebuild the peasant movement is a very tough endeavor because of the geographical dispersion of the peasants and the heterogeneity of peasants' interests, even conflicting economic interests between the owners of small plots of land.

The awareness of changes in the Peruvian class structure has not led the Peruvian legal and armed socialist Left to profoundly study these changes. Although the socialist Left would not have been able to reverse the changes in the class structure, primarily the result of the particular course of capitalist development in Peru, a thorough comprehension of these changes could have enabled it to theoretically, politically, and organizationally address these changes in order to maintain and/or expand its social bases.

The lack of a profound understanding of the country's continuously changing social reality has been one of the principal reasons why

the Peruvian socialist Left has not been able to attain state power in the last thirty-six years. It seems that it was unaware that, in the 1980s, it was structurally losing its social bases although it appeared that the class struggle reaches its highest levels. When in the 1990s it saw that a considerable part of its social bases had disappeared, it was already too late to introduce strategic and tactical responses to reverse this situation.

A thorough understanding of the development of capitalism in Peru, of its political, economic, and social expressions, is a precondition for the elaboration of strategies and tactics by the socialist Left that might help it to take state power. It is exactly this understanding that should determine the political practice of the socialist Left. However, it seems that in the 1980s its political practice, and that of the MRTA, has been determined by a supposed continuous necessity to respond to conjunctural issues.

The legal socialist Left knew in what kind of country it was living. Its documents on the political and economic conjuncture, the country's role in the international division of labor, the submission of the country to imperialism, and the battle between the different fractions of the ruling class show that the socialist Left knew what was going on. However, this dispersed and, more or less, superficial knowledge has not been used as a starting point for a more profound and systemic elaboration of reports on the development of capitalism in Peru. The existing information was also not used to get a full understanding of the changes in the country's class structure that would enable it to timely change its strategic and tactical conceptions.

The legally functioning socialist organizations often stated the importance of the study of the class structure and social phenomena such as informality. It even decided to do political work in emerging class fractions and social strata. It appears, nevertheless, that all this has been stuck at the level of good intentions. In addition, when the legal socialist Left succeeded to obtain an institutional presence in local and regional governments, political work with grassroot organizations reduced.

The Peruvian guerrilla organizations have also not paid the necessary attention to the study of the country's class structure. The PCP-SL seemed to have thought that it did not need a deep comprehension of the class structure because it believed that it was possible to create its own political bases. Its struggle against the Peruvian State blurred the reality that the organization was structurally lacking real political *and* social bases.<sup>38</sup>

The MRTA was definitively aware that its political and social bases were eroding. Nonetheless, it appears that the organization was theoretically and politically unable to address this question. Its declared intention to become the armed wing of the “population” caused that the organization led its political practice to be determined by, primarily, the political and economic conjuncture instead of by a strategic project that was directed toward the taking of state power.

## NOTES

1. See for this relation also, Callinicos (2004b, 96) and Jakubowski (1936).
2. “Class struggle modifies the objective conditions [...]. The results of class struggle alter the conditions of the “model”: they act upon the allocation of resources, the rates of productivity growth, etc.”. (Amin 2010, 27).
3. “If the ‘structure’ really is ‘in dominance’; if the independent variables are simply ‘given’, and the dependent variables uniquely determined by them; of capital really is ‘dominant subject’; then we are left without a material basis for political action” (Elson 1979, 173).
4. Unfortunately, we have not been able to interview former leaders, cadres, and militants of the MRTA. Interviews with cadres and militants of the PCP-SL were not authorized by the PCP-SL. Only its leaders Guzmán and Yparraguirre were allowed to be interviewed. It has not been possible to interview Guzmán nor Yparraguirre.
5. The collective worker is “formed by the combination of a number of detail laborers” (Marx 1973, 343). Marx (1973, 340): “The collective labourer, Briareo, with his thousand hands armed with different tools, draws the wire, with another set, armed with different tools, he, at the same time, straightens it, with another, he cuts it, with another, points it, and so on. The different connecting processes, successive in time, become simultaneous in space that permit to considerably increase the mass of produced commodities in a given time”. The collective worker is “the complex division of labour involved in producing commodities, are productive workers, even if they do not work with their hands” (Callinicos 2006).
6. Roberto de la Cruz (2015, interview), at the time of the interview the general secretary of the PCP-U, tells that in the 1980s the strength of the PCP-U was based on its presence in the trade unions.
7. According to Bresser-Pereira (1981), it is the bourgeoisie or the dominant class that “always had class consciousness and exercised its domain not only through control of the means of production and the repressive apparatus, but also through ideological hegemony, while the dominated

class is not necessarily endowed with it. In order to maintain its dominant position, the dominant class transmits its ideology to the dominated class through the ideological apparatuses existing in society”.

8. Dammert E. (1990, n.p.), a former leading member of the PCR, even considered “popular entrepreneurship” revolutionary. This type of entrepreneurship corresponded to a new society that was starting to take root.
9. According to the leader of the PCP-PR, Alberto Moreno, in the 1980s there was a lot of discussion about the character of Peruvian society but this “strongly dogmatized debate [...] lost sight on the reality of the country and the class movements in that period” (Adrianzén 2011, 415). Gerardo Benavides (2015, interview), a cadre of the PCP-PR, says that although the PCP-PR discussed the changes in the class structure and the deregulation of the labor market, he believes that the PCP-PR “abandoned the working class”.
10. During the municipal elections of 1983 and 1986, the IU got the support of the informal sector. In the 1990 presidential elections, it was Fujimori who received this support (Crabtree 2005, 276–77). “By 1991 the level of unionization had fallen by one-third to 12 percent of the workforce, while over half of the economically active population in Lima worked in the informal sector and 49 percent of salaried workers in the private sector had temporary contracts. In short, structural changes in the Peruvian economy had fragmented and atomized the workforce, obstructing organizational efforts that relied upon class-based collective interests and identities. These changes made organized labor less broadly representative of diverse working-class interests, and it ceased to be the axis of popular political movements. Fujimori’s economic model was therefore able to challenge the interests of a politically prostrate labor movement at relatively little cost--through wage cuts, decreased public and private sector formal employment, and changes in the labor law that emasculated collective rights. [...] Indeed, Fujimori had more to gain politically by aiming his message at the burgeoning microenterprise and informal sectors; they incorporated nearly five times as many people as the labor unions, and their ambiguous class identities, malleable political loyalties, and lack of autonomous organizational power facilitated personalist mobilization. [...]. Likewise, the weakening of organized labor and the informalization of the workforce created a fragmented, heterogeneous mass electorate that lacked autonomous organizational power” (Roberts 1995, 99–100).
11. See for the development of the class structure in the 1970s also the political report of the Lima Regional Committee of the PCR (PCR 1979b).
12. It should be mentioned that in its text “La estrategia del poder popular”, elaborated in 1984 in light of the PUM’s foundation congress, nothing was said about the country’s class structure. This is very odd as one of the

foundations of whatever political strategy that is oriented toward the seizure of power should have this part of social reality as one of its indissoluble components. In the 1988 report of the sixth plenary session of the Central Committee on strategy and tactics, again nothing was said about class and the Peruvian class structure (PUM 1988).

13. In what follows, we have concentrated ourselves on the PUM as its analysis is focused on the 1980s. As the document of the VR is of 1983, it does not provide a complete panorama of the changes in the class structure but can only mention the first observable modifications. However, we may not forget to mention what the former leader of the VR and founding member of the PUM, Ricardo Letts, had to say on the evolving Peruvian class structure. According to Letts (2014, 191), the class structure shows that the working class forms a minority. Even the peasantry does not form a majority of the EAP. In fact, the majority is formed by the “middle strata” such as small proprietaries, independent workers, students, artisans, and micro-businessmen. See for the same analysis, VR (1983, 47).
14. It should be mentioned that the organization did not provide a definition of the working class. For its analysis of the class structure, the PUM (1993, 118) used data of the Ministry of Labor and the Promotion of Employment.
15. In an interview in 1993, Letts (2014, 257–58) argued that the worker–peasant alliance would not be sufficient to change the neoliberal policies that were introduced by the Fujimori regime. This alliance should be broadened with small and medium-sized entrepreneurs. The big majority of the Peruvian population is not composed of workers or peasants but of all those that form part of the informal sector. In order to attract these “big majorities”, the politics of the Left should include business notions and should accept, within certain margins, mechanisms for the accumulation of surplus value.
16. We not only do not know the results of this work, but we also do not have any knowledge about the concrete meaning or implications of this strategic change. It should be mentioned, however, that in 1994 the PUM was dissolved (Cáceres 2015, interview), i.e., two years after this “strategic decision” was taken.
17. In the preparatory documents for its seventh congress, the PCP-PR (1993, 4) wrote that the peasantry was the biggest class in the country. Our data in Chapter 6 contradict this point of view. The data of the PCP-PR cannot be discussed as the organization did not present a definition of the peasantry. The PCR (1979a, 213) also considered the peasantry the biggest class in Peru. Although it made clear which individuals pertained to the peasantry, it did not provide empirical data that might

- sustain why it considered the peasantry the biggest class in Peruvian society.
18. Bureaucratic capitalism is “the capitalism that imperialism develops in backward countries, which includes capital of the big landowners, the big bankers and the magnates of the big bourgeoisie”. It is a “capitalism that represents the big bourgeoisie, the landlords and the rich peasantry of old type, classes that constitute a minority and exploit and oppress the great majorities, the masses”. Bureaucratic capitalism goes through a process which it “combines with the power of the State and becomes state monopoly capitalism, ‘comprador’ and feudal” (PCP 1988).
  19. In 1988, the PCP-SL estimated that 60% of the population pertained to the peasantry. Unfortunately, no references were given to sustain this data (PCP-SL 1988, n.p.).
  20. Without providing data and a definition of the peasantry, the MRTA (1988, 28) believed that the peasantry was the biggest class in Peruvian society.
  21. According to Moreno (2015, interview), the deregulation of the labor market contributed to the weakening of the trade unions and left-wing-oriented political parties because the people feared to lose their employment when affiliating to these organizations.
  22. “[...] by acquiring municipal authority, the IU too often demonstrated how little its practices differed from those of traditional parties” (Roberts 1998, 264).
  23. Constante Traverso (2015, interview), a former cadre of the PSR and member of the IU, says that “the political parties of the Left were dedicated to the conjuncture and did not study the past and the possible future”. Carlos Bernal (2015, interview), a former leading member of the PRT, tells that the party meetings were organized to elaborate responses to the political conjuncture.
  24. According to Cristóbal (2015, interview), the work of the PSR was concentrated on those social sectors that in the past had been prioritized by Velasco. Manuel Benza (2015, interview), one of the founding members of the PSR, explains that over the years the memory of the Velasco regime started to fade. This was a problem for the PSR as it “lived” from this memory.
  25. In this context, it is interesting to review Marx’s work *Formaciones económicas precapitalistas*. Herein Marx (1973b, 36) wrote the following regarding the urban communities and the emergence of private property over the means of production: “Where the members of the community have already acquired separate existence as private proprietors from their collective existence as an urban community and owners of the urban territory, conditions already arise which allow the individual to *lose* his



- property, i.e., the double relationship which makes him both a citizen with equal status, a member of the community, and a *propietor*".
26. Fernández Chacon (2015, interview): "Today unions are decoration".
  27. In the past, the concentration of workers in large units made it relatively very easy to establish party cells (Murrugarra 2015, interview).
  28. Today, the Peruvian economic structure is principally based on small and micro companies (Dammert 2015, interview). In their article on the first three years of the Belaúnde government (1980–1985), Petras et al. (1983, 42) write the following on trade union weakness during first three years of Belaúnde government: "The union movement, however, faces several critical problems. First, the distorted structure of Peruvian capitalism, with its bias towards rentier and speculative accumulation, has shaped an employment pattern in which only 38 per cent of the economically active population were reported to be wage or salary earners in 1980; the rest were 'self-employed', a designation which encompasses the mass of subsistence farmers, pauperized artisans, street vendors, and so on. This retarded proletarianization is combined with a low level of unionization: over two-thirds of salaried and waged workers remain unorganized, as do 90 per cent of non-waged producers. Efforts to organize the vast army of street vendors, it should be noted, have not extended to the even larger layers of temporary workers, sub-contractors and the unemployed".
  29. See Durand (2004, 317) on the "business mentality" of small businessmen at the end of the 1970s and beginning of the 1980s.
  30. According to Lynch (2014, 171), the political vanguard, i.e., the Left, was not able to adequately respond to the increased informality of the economy.
  31. Traverso (2015, interview) does not remember any debate in the IU on the evolving Peruvian class structure.
  32. Cristóbal (2015, interview) tells that the Left did not have an integral vision on the political, economic, and social characteristics of the country. It also lacked knowledge about the social changes that were going on. A serious and systematic study on the development of capitalism in Peru, on the modes of exploitation, and on the emergence of new social classes and strata, among others, has not been executed. "They have been stuck in a purely rhetorical discourse of what revolution is, what socialism is, what the working class and peasant alliance is. They have repeated the same what Lenin said in 1917". Luza (2015, interview): "The left never knew how to interpret Peruvian reality. It was always a biased interpretation. It was always an interpretation from the point of view of the West".
  33. In its congress documents of 1993, the PUM (1993, 237) wrote that the revolutionary situation lasted five years, i.e., from 1987 to 1992 (sic).

34. It must be noted that in 1989 the PUM talked about a prerevolutionary situation and in 1990 about a revolutionary situation. Unfortunately, the organization has not clarified the difference between these two concepts. It is interesting to observe that the MRTA talked about a prerevolutionary situation without defining this.
35. We do not disregard that also the social disaster of the project of state-led development of García's first term (1985–1990) alienated the working population from a socialist alternative to capitalism.
36. The social programs implemented by the Fujimori government coupled with the replacement of big companies with lots of wage laborers by small and micro companies and own-account workers contributed to what Wiener (2015, interview) calls a “popular *Fujimorismo*”.
37. In this context, it is of no surprise that the popular movement, in the 1970s and 1980s allied with the labor movement, became, in the 1990s, Fujimori's political support.
38. This came wide in the open after the arrest of its leader Guzmán in September 1993.

## REFERENCES

- Adrianzén, Alberto (ed.) 2011. *Apogeo y crisis de la izquierda peruana*. Stockholm: IDEA International; Lima: Universidad Antonio Ruiz de Montoya.
- Amin, Samir. 2010. *The Law of Worldwide Value*. New York: Monthly Review Press.
- Bresser-Pereira, Luiz Carlos. 1981. “Social Classes and Strata in Contemporary Capitalism.” Accessed December 18, 2013. <http://www.bresserpereira.org.br/papers/1981/81-ClassStrata.i.pdf>.
- Callinicos, Alex. 2004a. *Making History. Agency, Structure and Change in Social Theory*. Leiden/Boston: Brill.
- Callinicos, Alex. 2004b. *The Revolutionary Ideas of Karl Marx*, London/Sydney: Bookmarks Publications Ltd.
- Callinicos, Alex. 2006. “The ‘New Middle Class’ and Socialists.” *International Socialism. A Quarterly Review of Socialist Theory*. Accessed January 11, 2018. <http://isj.org.uk/the-new-middle-class-and-socialists/>.
- Carchedi, Guglielmo. 1977. *On the Economic Identification of Social Classes*. London/Boston: Routledge/Kegan Paul.
- Crabtree, John. 2005. *Alan García en el poder. Perú: 1985–1990*. Lima: Ediciones Peisa S.A.C.
- Dammert E., Manuel. 1990. *Renovación ahora*. Lima: Partido Comunista Revolucionario.
- Durand, Francisco. 2004. *El poder incierto. Trayectoria económica y política del empresariado peruano*. Lima: Fondo Editorial del Congreso del Perú.

- Elson, Diane. 1979. "The Value Theory of Labour." In *The Representation of Labour in Capitalism*, ed. Diane Elson, 115–80. London: CSE Books; Atlantic Highlands, NJ: Humanities Press Inc.
- Engels, Friedrich. 1894. "Letter to Starkenburg." Accessed July 16, 2013. [http://www.marxists.org/archive/marx/works/1894/letters/94\\_01\\_25.htm](http://www.marxists.org/archive/marx/works/1894/letters/94_01_25.htm).
- Guzmán, Abimael. 1974. "La problemática nacional." Accessed November 15, 2015. <http://www.cedema.org/ver.php?id=621>.
- Herrera Montesinos, Guillermo. 2002. *Izquierda Unida y el Partido Comunista*. Lima.
- Izquierda Unida. 1989. *I Congreso Nacional de Izquierda Unida*. Lima: Izquierda Unida.
- Jakubowski, Franz. 1936. "Ideology and Superstructure in Historical Materialism." Accessed August 19, 2013. <http://www.marxists.org/archive/jakubowski/1936/Ideology-Superstructure.pdf>.
- Letts, Ricardo. 2014. *La izquierda peruana. Organizaciones y tendencias*. Lima: Persistiremos E.I.R.L. Segunda Edición, Ampliada.
- Lynch, Nicolás. 2014. *Cholificación, república y democracia. El destino negado del Perú*. Lima: Otra Mirada.
- Marx, Carlos. 1973a. *Formaciones económicas precapitalistas*. Buenos Aires: Editorial Polémica.
- Marx, Carlos. 1973b. *El Capital, Crítica de la Economía Política, Libro primero*. Buenos Aires: Editorial Cartago, SRL.
- MRTA. 1988. *El camino de la revolución peruana. Documento del Segundo Comité Central de MRTA*. Document in archive of author. The document can also be downloaded at: Accessed August 18, 2014. <http://www.nadir.org/nadir/initiativ/mrta/>.
- MRTA. 1990. *Conquistando el porvenir*. Document in archive of author. Parts of this document can be found at: Accessed August 19, 2014. <http://www.nadir.org/nadir/initiativ/mrta/>.
- MRTA, Dirección Estratégica. 2008. "Tomar por asalto el siglo XXI. Biografía y documentos del comandante obrero MRTA-Néstor Cerpa Cartolini." Accessed November 13, 2015. <http://www.cedema.org/uploads/TOMAR-PORASALTO.pdf>.
- NN. n.d. "¿Qué es guerra? Balance P.M. y nuestras tareas hoy. Con nuevo cimiento, nuevo rumbo." Document of some ex-militants of the MRTA. Provided by ex-militants to author.
- PCP-PR. 1984. *V Congreso Nacional*. Lima: PCP-PR.
- PCP-PR. 1993. *VI Congreso Nacional. Proyecto de documentos. Segunda Parte*. Lima: PCP-PR.
- PCP-PR. 1996. *III Congreso Ordinario. CR José Carlos Mariátegui*. Lima: PCP-PR.
- PCP-PR. 2001. *Un partido y un programa para el siglo XXI*. Lima: Ediciones Aleph.com.

- PCP-SL. 1975. "Retomamos a Mariátegui y reconstituimos su partido." Document provided by militants of the Movimiento por Amnistía y Derechos Fundamentales.
- PCP-SL. 1979. "¡Desarrollemos la creciente protesta popular!" Document provided by militants of the Movimiento por Amnistía y Derechos Fundamentales.
- PCP-SL. 1988. "Bases de discusión de la línea política general." Accessed October 7, 2015. <http://www.cedema.org/uploads/PCP-1988.pdf>.
- PCP-SL. 1991. "¡Que el equilibrio estratégico remezca más el país!" Accessed November 15, 2015. [http://www.cedema.org/uploads/PCP\\_1991-11.pdf](http://www.cedema.org/uploads/PCP_1991-11.pdf).
- PCP-U. 1991. *X Congreso del Partido Comunista Peruano. Proyecto de Tesis Políticas*. Lima: PCP.
- PCR. 1979a. *II Conferencia Nacional*. Lima: PCR.
- PCR. 1979b. "Informe político orgánico: mayo 78 a febrero 79." In archive of author.
- PCR. 1981. *3ª Conferencia Nacional del Partido Comunista Revolucionario. Persistir en Mariateguismo, vía peruana al socialismo*. Lima: PCR.
- Petras, James, and Henry Veltmeyer. 2010. "Neoliberalism and the Dynamics of Capitalist Development in Latin America." In *Globalization in the Twenty-First Century*, edited by Berch Berberoglu, 57–86. New York: Palgrave Macmillan. Unpublished Version.
- Petras, James, Morris Morley, and A. Eugene Havens. 1983. "Peru: Capitalist Democracy in Transition." *New Left Review* 142, 30–53.
- Polay, Víctor. 2007. *En el banquillo. ¿Terrorista o rebelde?* Lima: Canta Editores, Colección Tamaru.
- PUM. 1984. *La estrategia del poder popular. Congreso de Fundación*. Lima: PUM.
- PUM. 1985. "Los resultados de 14 de abril y el reajuste de la táctica." *Partido Unificado Mariateguista, Serie Teoría y Práctica* 1.
- PUM. 1988. "Informe del VI pleno del Comité Central." *El Mariateguista, Boletín Interno de la Dirección Nacional* 4 (13): 17–32.
- PUM. 1989. *I Congreso Nacional de Izquierda Unida. Perú 1989. Crisis política y salida política*. Lima: PUM.
- PUM. 1993. *Documentos aprobados en el III Congreso Nacional*. Lima: PUM.
- Roberts, Kenneth M. 1995. "Neoliberalism and the Transformation of Populism in Latin America: The Peruvian Case." *World Politics* 48 (1): 82–116.
- Roberts, Kenneth M. 1998. *Deepening Democracy? The Modern Left and Social Movements in Chile and Peru*. Stanford: Stanford University Press.
- Traverso Flores, Constante. 2013. *La izquierda en el Perú. Una historia que no ha concluido*. Lima: CT Proesa Editores.
- VR. 1983. *Tercer congreso nacional de Vanguardia Revolucionaria. Acuerdos y resoluciones*. Lima: VR.

### *Interviews*

- Auris, Olmedo, cadre of the *Partido Comunista del Perú – Patria Roja* and Vice-President of the *Movimiento de Afirmación Social*, Lima, March 31, 2015.
- Bernales, Carlos, former member of the Executive Committee of the *Partido Revolucionario de Trabajadores*, April 9, 2015.
- Benavides, Gerardo, cadre of the *Partido Comunista del Perú – Patria Roja*, March 31, 2015.
- Benza, Manuel, founding member of the *Partido Socialista Revolucionario*, April 12, 2015.
- Cáceres, Eduardo, former general secretary of the *Partido Unificado Mariateguista*, Lima, May 21, 2015.
- Céspedes, Julio, member of the Central Committee of the *Partido Comunista del Perú – Patria Roja*, April 11, 2015.
- Cristóbal, Juan, former militant of the *Partido Socialista Revolucionario* and a revolutionary poet, Lima, March 21, 2015.
- Dammert, Manuel, former general secretary of the *Partido Comunista Revolucionario*, April 13, 2015.
- De la Cruz, Roberto, general secretary of the *Partido Comunista Peruano – Unidad*, Lima, May 7, 2015.
- Fernández Chacon, Carlos, former cadre of the *Partido Socialista de los Trabajadores* and editor of the paper *Lucha Indígena*, April 9, 2015.
- Gorriti, Juan José, Vice President of the *Confederación General de Trabajadores del Perú*, Lima, April 10, 2015.
- Luza, Marta, a human rights lawyer and advisor of peasants' communities in the department of Cusco. In the 1980s she also worked as a lawyer of trade unions, Cusco, April 25, 2015.
- Minguillo, Héctor, former cadre of the *Partido Socialista Revolucionario*, April 6, 2015.
- Militant 1 *Pueblo Unido*, Lima, April 11, 2015.
- Militant 2 *Pueblo Unido*, Lima, April 11, 2015.
- Militant 3 *Pueblo Unido*, Lima, April 11, 2015.
- Moreno, Alberto, President of the *Partido Comunista del Perú – Patria Roja*, Lima, May 7, 2015.
- Murrugarra, Edmundo, founding member of the *Vanguardia Revolucionaria*, Lima, April 9, 2015.
- Prado, Tito, former cadre of the *Partido Socialista de los Trabajadores*, Lima, April 8, 2015.
- Raffó, Renan, former general secretary of the *Partido Comunista Peruano – Unidad*, Lima, May 6, 2015.
- Risso, César, revolutionary intellectual, Lima, April 7, 2015.

Traverso, Constante, former cadre of the *Partido Socialista Revolucionario* and member of the *Izquierda Unida*, Chorillos, March 30, 2015.

Wiener, Raúl, former cadre of the *Partido Unificado Mariateguista* and left-wing journalist, Lima, April 9, 2015.



## Conclusions

Capitalism in Peru is not the result of a historical process of the development of the country's productive forces and the class struggle, but it was forcefully introduced by foreign powers. This can explain why capitalist development in Peru has never been a politically, economically, and socially articulated and interconnected process. Independent societal development in Peru before the introduction of capitalism was aborted and replaced by a societal development that was dominated by foreign powers.<sup>1</sup> Hence Peru's role in the international division of labor is not the consequence of its possession of abundant natural resources necessary for capitalist development in the global North (and the global South), but the historical result of having its proper (capitalist) development been cut off by colonial exploitation and oppression.

Capitalist development in Peru is a particular capitalist development process. The general laws and contradictions of capitalist development do not mechanically apply on Peru. While in the countries of the global North the profit rate has a tendency to fall, in Peru the profit rate shows a rising trend.

Just like in the advanced capitalist countries, the organic composition of Capital in Peru has a tendency to rise. Although this should lead, in the last instance, to a fall in the profit rate, the increase of the rate of exploitation and the price mechanism (inflation) has enabled Capital in Peru to almost permanently offset the tendency of the profit rate to fall by increasing the appropriation of value and surplus value.

It might be argued that capitalist development in Peru does not force Capital to innovate as an abundant and easily to exploit labor force is forehanded. This argument might be sustained by the fact that the majority of the Peruvian proletariat and the proletarian fraction of the intermediate class primarily perform manual labor. The dominance of manual labor in the proletariat as well as in the proletarian fraction of the intermediate class is completely in accordance with the country's role in the international division of labor.

Economic growth and economic crises are the logical consequences of accumulation. In Peru, however, these crises are not caused by the decrease of the profit rate. They are also not manifested as overproduction crises.

In general, the production of value in Peru is not meant to be realized inside the country. The activities of international Capital and big national corporations are principally determined by the world market. The continuously rising rate of exploitation evidences that capitalist production is not focused on the internal market. Economic crises in Peru are not caused by problems to realize the produced value.

The reduced interest in the development of the internal market does not mean that Capital neglects its importance for accumulation. Capital not only invests in Peru to appropriate, abroad, the value produced inside the country. It also hopes to make a profit within the country. However, the development of the internal market is conditioned by the development of the possibilities to realize value (and surplus value) abroad. It depends on these prospects if foreign investments and National Income increase.

Capitalist development in Peru has principally been determined by economic developments in the countries at the center of world capitalist development. The necessity of Capital to accumulate induces it to increase its markets and to look for new investment possibilities. These processes have given rise to the concentration and centralization of Capital, the internationalization of Capital and the monopolization of national economies.

The dependence of the Peruvian economy on the global North is the principal reason for the particular development of capitalism in Peru. Economic growth and economic slowdown in these countries determine growth and slowdown in Peru. In more concrete terms, economic growth principally depends on the following four factors:



1. The international demand for the country's minerals (export).
2. The prices of the country's minerals on the international markets.
3. The possibilities of transnational Capital to extract the country's natural resources.
4. The possibilities of transnational Capital to appropriate produced value.

The demand for the country's minerals, the prices of Peru's commodities and the possibilities to extract its natural resources determine the investments of transnational extractive Capital in the mining sector. Economic crisis or depression in the advanced capitalist countries and China not only lowers the demand for the country's commodities, decreases the investments by transnational extractive Capital and diminishes economic growth, but also reduces the possibilities to realize produced value (and surplus value) by local Capital.

The dependency of Peruvian economic growth on economic development in the advanced capitalist countries and China, and in particular on the interests of transnational extractive Capital (hegemonic fraction of the bourgeoisie), obliges the country's policy makers to create and maintain a political and economic environment that enables the hegemonic fraction of the bourgeoisie, product of national and international political and economic developments, to accumulate. As a matter of fact, since the 1990s the economic policies that have been pursued and implemented by the different Peruvian regimes have furthered the country's dependency on external political and economic factors. However, it should be mentioned that the Peruvian bourgeoisie is not only dominated by international Capital, it is also a partner of the international bourgeoisie.

The military regime of Morales Bermúdez (1975–1980) was forced out as it could not assure the political conditions for sustained accumulation by Capital. García's first term was profitable for Capital as the stimulation of internal demand helped to reduce its unutilized capacity. However, investments reduced when the economic policies of the regime put the interests of Capital in danger, i.e. when the profit rates started to diminish. The government of Fujimori restored profitability through the introduction of anti-labor measures and policies that pointed to the destruction of the labor movement and left-wing-oriented political organizations. The combined result of these measures and policies was the increase of the rate of exploitation. The implementation of

large-scale privatization processes increased Fujimori's credit with (transnational) Capital as these processes augmented its investment possibilities. Fujimori's time was up when the development of the profit rate started to stagnate, investment possibilities for Capital began to reduce and when the regime was not able anymore to provide stable political conditions for accumulation. The regime of Toledo, García's second term and the government of Humala, all assured the interests of transnational extractive Capital. During the Toledo government, the profit rate and the rate of exploitation increased. García deepened and broadened the scope of the development model in place by increasing the investment and accumulation possibilities for extractive Capital (the profit rate boosted as a consequence of booming commodity prices). The Humala regime introduced policies that had the objective to suffocate the protests against extractive Capital. On the one hand, for instance, it began to redistribute the wealth to those social layers that were affected the most by this model; on the other hand, it signed the Law on the Right to Prior Consultation to Indigenous or Native Peoples as recognized by Convention 169 of the International Labor Organization. As the indigenous or native peoples do not have the right to veto but are only to be consulted, this Law is a useful mechanism to legally bind communities to their own dissolution through their integration into the market and the promotion of the ideology of private property. This Law allows to incorporate the communities in the extractivist development model and to engage them with this model.

The presidential elections of 2016 consolidated the strength of the Right. Although she was not chosen for President, the extreme Right led by the daughter of Fujimori received in the first round 39.9% of the valid vote. The elections were won by the neoliberal Pedro Pablo Kuczynski, one of the two Peruvians who participated in the famous or, maybe better, infamous conference in 1989 that led to the Washington Consensus.

The administration of Martín Vizcarra, Kuczynski's former Vice President who replaced him in March 2018, appears to be continuing the modified economic development model of Humala. It hopes to accelerate mining investments by reducing legal and environmental bureaucratic "paper work".

Since the 1990s no fundamental changes have been introduced in the economic development model. It might even be argued that this model was already in place starting from the Morales Bermúdez government of the 1970s. Of course, the economic policies of the consecutive governments of

Fujimori, Toledo, García, and Humala were not the same. However, these differences were more the result of the national and international political and economic conjuncture than were caused by fundamental differences as regards, for instance, to the role of the State in the economy.

The role of the State in the development of capitalism in Peru has been determined by the class struggle, the correlation of class forces, and political and economic developments in the global North. It was the development of the class struggle from below, the correlation of class forces in favor of the labor movement and the strength of the socialist Left that made it impossible for the Peruvian State, in the 1980s, to embark on a full attack against the proletariat and the peasantry. The weakening of the class struggle at the end of the 1980s, a correlation of class forces that turned in favor of the Right and the implementation of the prescriptions of the Washington Consensus in the 1990s set the conditions for a fundamental modification of the role of the State in society.

Since the 1990s the role of the Peruvian State has been reduced to caretaker of the interests of Capital. It directly operates against the interests of the dominated classes, class fractions, and social layers. Repression is a normal procedure of the Peruvian governments to put down social protest movements. The politics of *clientalismo* and *asistencialismo* are used to control the possibility of social outbreaks and to contain the spread of social protest movements.

Peru's economy can be defined as an economy which is divided into an advanced economy at the service of the mayor private corporations—especially the transnational corporations in the extractive sector—and a CSE of micro-enterprises characterized by low levels of productivity and expressed in remuneration rates at or near (below or above) the minimum wage level. The CSE is product of the country's role in the international division of labor, i.e. the country is primarily a provider of natural resources.

The division of the Peruvian economy into an advanced economy and a CSE does not mean that the Peruvian economy is a dual economy. Both economies are functionally inseparable for the production of value. Although the country's economy manifests itself as a dual economy, it is essentially an organically unified economy as both economies are intimately tied and need each other for their production and reproduction.

The relation between the advanced economy and the CSE is not just a relation of dependency but also of dominance. The development of the advanced economy determines, in the last instance, the development

of the CSE. The internal structure of the Peruvian economy is a factor that helps to explain, apart from the imperialist forces, the dependency of Peru on the countries in the global North.

The CSE in Peru finds its expression in the distribution of employment by enterprise size groups and in the character of labor performed by the proletariat and the semi-proletariat. The absolute majority of the Peruvian working population is employed in micro companies and the proletariat and semi-proletariat mainly perform manual labor. The existence of a CSE is also expressed in the structural character of underemployment and informality.

Underemployment and informality suit Capital's objective to accumulate. It helps to put downward pressure on the wage demands of the working population, to increase productivity, and to curtail the power of the trade unions in the formal sector.

The CSE is functional for the development of the advanced economy. Certain productive tasks are outsourced to the CSE in order to reduce costs in the advanced economy. It is a key provider of labor and materials (at low costs) for the advanced economy, and it is the principal supplier of the goods and services for the reproduction of labor-power in the advanced economy. As it produces these commodities at low costs, this production helps to reduce labor costs in the advanced economy. Businesses in the CSE function as a safety net for all those individuals that have not been able to find employment in the advanced economy.

The class structure of Peru at the level of its economic structure is composed of the bourgeoisie, the intermediate class, the proletariat, and the peasantry. It is also possible to distinguish social categories.

In the years between 1986 and 1994, the overall class structure of Metropolitan Lima remained relatively stable. In the case of the country as a whole, at first sight, in the period 1997–2016 the class structure did not present real changes also. A closer look, however, shows that it definitively has undergone some important modifications. The principal changes can be found within the different classes and/or class fractions.<sup>2</sup> These can be resumed as follows:

1. The bourgeoisie. The implementation of a development model based on the extraction of the country's mineral resources, the privatization of state-owned companies and a free and (relatively) unregulated functioning of the markets in the 1990s caused changes in the structure of the bourgeoisie. Transnational

extractive Capital became the hegemonic fraction of the bourgeoisie. The dismantling of the Velasco reforms initiated under the Morales regime and continued by the government of Belaúnde, coupled with the liberalization of the markets and the accumulation of economic crises in the 1980s, replaced big (national and international) companies for small and micro-capitalists, helping to give rise to a CSE. In the rural areas, economic crises and the individualization of land contributed to the reemergence of a rural bourgeoisie. During the Fujimori regime, the CSE was consolidated and expanded. The re-concentration of land in few hands became policy.

2. The intermediate class. Data show that between 1986 and 1994 (for Metropolitan Lima) and in the period 1997–2016 (for Peru as a whole) the dependent intermediate class remained stable. Nevertheless, when we compare their weights in the EAP remarkable differences can be observed. Of course, Lima is not Peru, however, given Lima's dominant economic weight in Peru and its advanced economic structure in comparison with the rest of the country, it might be concluded that a big part of the former dependent intermediate class became part of the independent middle class fraction of the intermediate class or even of its proletarian fraction. This might explain, comparing both periods, the phenomenal rise of the weight of the independent intermediate class in the intermediate class as whole. When we look at both periods separately, the dependent and independent intermediate class structures have been relatively stable. Important changes can be noted when we compare both time intervals and when we examine what has happened inside the independent intermediate class. The proletarian fraction of the independent intermediate class increased remarkably. The accumulation of crises in the 1980s, and the privatization of state-owned companies and the anti-labor measures implemented in the 1990s might be considered as the principal reasons for the modifications in the structure of the dependent and independent intermediate class.
3. The proletariat. The Peruvian proletariat is predominantly composed of individuals that carry out manual labor. Notwithstanding the fact that the implementation of neoliberalism has not really increased the weight of manual labor performing individuals in the proletariat, the development model introduced in the 1990s has

also not increased the weight of mental labor. It seems that Peru's role in the international division of labor does not force the country to have a more skilled labor force. The data for 1985–1994 on Metropolitan Lima show that the economic crisis in the second half of the 1980s caused a reduction of employment in companies that employed 100 and more individuals with proletarian occupations and an increase in companies that employed two to nine and 20–99 “proletarian” individuals. The data for Peru as a whole indicate that the absolute majority of individuals with proletarian occupations are employed in micro companies. Since 2005, however, an increasing number of “proletarian” individuals labor in companies that employ more than 100 individuals. This result might be attributed to considerable economic growth caused by the commodities boom.

4. The peasantry. The Peruvian rural proletariat is very small. The big majority of the peasantry is composed of small plot owners. Although the land reform of Velasco helped to bring about the emergence of a *mini-latifundio* system, it was on the one hand the counter-reform initiated under the Morales regime and continued by the government of Belaúnde, and on the other hand the neoliberal measures introduced by the Fujimori administration that have decisively contributed to the current structure of the peasantry. As these small pieces of land do not generate sufficient income, a considerable part of the peasants has a second job. This socioeconomic situation creates incentives for the peasants to sell their land and furthers the concentration of landownership.

The development of the class struggle from below in the 1970s and 1980s confused the socialist Left in sense that it believed that the expressions of social reality coincided with structural trends. Of course, the class struggle before the elections for the Constituent Assembly in 1978 was clearly reflected in a considerable left vote, but the expressions of class struggle after these elections did not coincide with the underlying evolving trend. It seems that the Left was not able see and to politically and organizationally internalize that the class struggle was starting to weaken. This weakening coupled with the division of the Left are the main causes for its electoral disaster during the presidential elections of 1980.

In the course of the 1980s, the legal socialist Left believed that it was near the taking of state power. The strikes and demonstrations of the

workers unions and the popular movement, the guerrilla struggle of the PCP-SL and the MRTA, and the electoral strength of the Left seemed to be putting the Peruvian State and Capital in check.

The development of the class struggle in the 1980s masked the fact that the class struggle was structurally weakening and that the bases of the socialist Left started to erode. The Right began to recuperate its strength when the accumulation of economic crises put life itself in danger and the strikes and demonstrations did not help to solve the urging economic problems of the population.

The legal socialist Left was not able to see that its political and social bases started to erode as they were concentrated on conjunctural issues. The apparently strong development of the class struggle seemed to have given the IU leadership an alibi to evade its responsibility to transform the electoral front into a mass revolutionary front. Political and organizational power bases to tumble the capitalist regimes were not erected, maintained, broadened, and/or deepened. The political retreat of the mass movements and the individual struggle against economic hardship was not addressed by the socialist Left. This space was used by the Right to foment its ideology of the free market.

The class struggle from above that was initiated in the 1990s caused heavy losses on the socialist forces and reduced their historical political bases to their minimum expression. This class struggle complemented the changes that were going in the country's social structure and resulted in what we call an epochal change. Since the 1990s the correlation of class forces is in favor of Capital and the ideology of the free market.

The relation between the political and social bases of the socialist Left is a dialectical relation. Although the social bases determine, in the last instance, the political bases of the socialist Left, the political bases definitively influence the development of the social bases. Furthermore, some factors that have caused the erosion of the political bases of the socialist Left have no relation with its social bases. The erosion of the social bases of the socialist Left was principally caused by:

1. The particular Peruvian capitalist development process that resulted in the division of its economy into an advanced economy and a CSE. The majority of the working population labors in the CSE.

2. Peru's capitalist development model structurally atomized the peasantry.
3. The accumulation of economic crises in the 1980s caused a structural weakening of the labor movement. The working population started to become ready objects for the ideology of the bourgeoisie.
4. Temporary contracts, subcontracting, and the deregulation of the labor market radically changed the labor conditions of the proletariat.
5. The widespread dissemination of the neoliberal ideology of the free market among the traditional social bases of the socialist Left and in the popular masses found fertile ground after the economic and social disaster of the state-led development project of the APRA government in the second half of the 1980s. Large sections of the proletariat, the proletarian fraction of the independent intermediate class and the peasantry became supporters of the system. As a matter of fact, class consciousness contributes to class formation, but the lack of class consciousness contributes to the "declassing" of class.<sup>3</sup>

Political, economic, and social factors that helped to erode the political bases of the socialist Left were, among others:

1. The absolute majority of individuals with proletarian occupations labor in small and micro companies. In the 1980s, large companies with strong trade union participation were replaced by business undertakings without any representation of the workers unions. Furthermore, as these workers lack any form of labor stability, they do not even think to rise up against their bosses.
2. Peru's capitalist development model structurally augmented the relative weight of own-account workers (independents) in the EAP. Although the urban semi-proletariat forms part of the social bases of the socialist Left, this class fraction is politically and ideologically difficult to organize.
3. When the trade unions and other people's representations were not able to solve or reduce the economic and social hardship of the working population, individual solutions started to increasingly replace collective actions against the causes of the population's economic and social hardship. Economic crises had an adverse effect on the development of the class struggle.



4. The anti-labor measures helped to destroy the strength of the trade unions and reduced the space for political activities of the socialist Left. The privatization of state-owned companies eliminated trade unions.
5. An all-out attack on the labor movement and the socialist Left considerably reduced the strength of the trade unions and the political organizations that pointed to the overthrow of the capitalist regime. The weakening of these organizations coupled with the assault on the well-being of the majority of the population caused it to look for individual solution for its socioeconomic hardship. The history of the class struggle shows that impoverished masses do not necessarily opt for a revolutionary path as survival is their main preoccupation.
6. The implementation of massive social support programs by the Fujimori regime enabled helped to create a certain popular support for structural adjustment programs that were being introduced. The objective of these programs was to reduce the hardship caused by the implemented economic adjustment measures and to stimulate popular support for these measures.
7. The focus on electoral participation and political work in local and regional governments instead of working to construct new political and social bases and to broaden and deepen existing ones replaced political work with its political and social bases.<sup>4</sup>

The socialist Left has not responded to the erosion of its political and social bases. We believe that adequate strategic and tactical responses to the process of erosion might have enabled the socialist Left to maintain and even broaden their political and social bases. This has not occurred.

The socialist's Left deviation to continuously respond to political and economic conjunctural issues helped it to confuse the expressions of social reality for the underlying trends and to abandon the necessary focus on structural changes and trends. The electoral successes in the 1980s led it to overestimate its power and political influence. This seemed to have caused it to put practically less to no interest in the study of the evolving class structure which disabled it to develop and implement adequate strategic and tactical responses to their eroding political and social bases. The socialist Left forgot that a thorough understanding of social reality is a precondition for changing it.

The erosion of the political and social bases of the socialist Left was not reduced to the legal socialist Left. Also the armed socialist Left, and in particular the MRTA, was affected by their erosion.

The social bases of the PCP-SL were the same as the social bases of the legal socialist Left and the MRTA. It did, however, not share their political bases. The organization hoped to create its proper political bases based on the use of violence. The militaristic deviation of the PCP-SL inflicted mortal damage to the political bases it was trying to erect.

The “fall” of the Fujimori regime in October 2000 coincided with the “return” of the class struggle from below. This struggle, however, cannot be compared with the class struggle in the years of the IU and the armed struggle. In numbers and objectives, politically and economically, the class struggle in the 1980s and 1990s was completely different when compared to the class struggle in the third millennium. Of course, the trade unions are still defending the interests of the working population but it is not able anymore to organize a complete standstill of the production process. The socialist Left still exists, but it is politically and organizationally dominated by currents that represent social democratic positions. In addition, socialist organizations seemed to have been captured by civil society discourse and the notion that it is possible, some how, to humanize the capitalist system.

The struggle for the humanization of Peruvian capitalist society appears to have made it superfluous to organize the exploited and oppressed classes (as such) against the ruling class (as such). The socialist Left has been thrown back to the stage of primitive political, ideological, and organizational accumulation.

The future seems to be bleak for the Peruvian socialist Left. Nevertheless, new social actors are starting to emerge. As capitalism produces its own gravediggers, indigenous and peasants-based social movements are currently leading the class struggle in Peru. This struggle is not about reforms but is against the development model in place. It is principally a political struggle. It depends on the socialist Left if this struggle becomes a nationwide battle for socialism.

## NOTES

1. Baran (1964, 168): “They [the people that got in the orbit of Western capitalist expansion] found themselves in capitalism, but there was no accumulation of capital. They lost their means of livelihood, their arts and

crafts, but there was no modern industry to provide new ones in their place. They were put into extensive contact with the advanced science of the West, yet remained in a state of profound backwardness”.

2. According Manuel Dammert (2015, interview), former leader of the PCR, former member of *Ciudadanos por el Cambio* and currently congressman for *Movimiento Nuevo Perú*, it is not that the working class and the peasantry have disappeared, but that their composition has changed.
3. Political activities of the socialist Left are of key importance to help the exploited and oppressed masses to advance from an economic class consciousness to a political class consciousness. A considerable reduction of class struggle from below and a lack of class consciousness are politically very harmful for political projects that point to the destruction of capitalism.
4. The socialist Left’s deviation toward an electoral struggle for electoral power does not mean that we reject the possible benefits that might be obtained by a participation in elections. Elections may be used as a platform for the dissemination of revolutionary proposals. These proposals might receive a push in the case revolutionaries would be elected in national, regional, and local parliaments. Electoral participation also enables the socialist forces to not only present their proposals to a more politicized national audience, but it also might contribute to accumulate forces, to gain political experiences and to increase political credibility. However, the participation in elections can only benefit the objectives of socialist transformation when (i) the struggles in and outside the parliamentary buildings are articulated; (ii) when the revolutionary organizations are deeply inserted in these struggles; and, (iii) when these organizations have an organized national political presence. It should be remembered that even in its strongest period the IU was not able to articulate the struggle in and outside the parliamentary building.

## REFERENCE

Baran, Paul A. 1964. *La economía política del crecimiento*. Mexico: Fondo de Cultura Económica.

## *Interview*

Dammert, Manuel, former general secretary of the *Partido Comunista Revolucionario*, April 13, 2015.

# INDEX

## A

*Acción Popular Socialista* (APS), 172  
*Acción Revolucionaria Socialista* (ARS), 216  
Accumulation, 3, 6, 8, 18, 44, 48, 49, 52, 53, 60, 74, 77, 86, 88, 89, 91, 99, 120, 127, 147, 156, 174, 196, 211, 213, 256, 262, 267, 269, 276–278, 281, 283, 284, 286  
*Acuerdo Socialista de Izquierda* (ASI), 174  
Advanced capitalist countries, 52, 53, 65–66, 69, 71, 81, 89, 94, 98, 120, 126, 275, 277  
Advanced economy, 7, 81, 84–87, 98, 145, 279, 280, 283  
Agrarian reform, 92, 159, 160, 177, 215  
*Alianza Popular Revolucionaria Americana* (APRA), 20, 55, 62, 118, 137, 167, 168, 171, 172, 211, 216, 254, 284  
*Alianza Revolucionaria de Izquierda* (ARI), 217

Armed struggle, 17, 21, 155, 156, 174–180, 212, 221, 286  
*Asamblea Nacional Popular* (ANP), 171, 172, 211  
Auris, Olmedo, 172, 220, 226, 227, 247, 257–260

## B

Barrantes, Alfonso, 172, 219, 254  
Belaúnde, Fernando, 53–57, 72, 118–120, 137, 138, 158, 166, 168, 219, 269, 281, 282  
Benavides, Gerardo, 220, 224, 256, 266  
Benza, Manuel, 171–173, 219, 255, 257, 268  
Bernedo, Jorge, 149, 222  
Bloc in power, 118, 144, 145, 207  
Bourgeoisie, 2, 7, 25, 26, 35, 39, 41, 43, 44, 88, 92, 115, 117–120, 126, 141, 143–144, 147, 173, 193, 245, 265, 265, 277, 280, 281, 284. *See also* Capitalist class; Dominant class; Ruling class

Breña, Rolando, 174

## C

Cáceres, Eduardo, 56, 167, 169, 170, 214, 216, 256–258, 261, 267

Capitalist class, 43, 181

Capitalist subsistence economy (CSE), 7, 48, 53, 81, 84–87, 91, 98, 99, 144, 145, 279–281, 283

Castro, Dante, 92, 182, 185, 186

*Central de Trabajadores de la Revolución Peruana* (CTRP), 158, 162

Cerpa, Néstor, 253

Céspedes, Julio, 226, 227, 260

Chávez, Hugo, 15

Checa, Pablo, 170, 190, 216

*Ciudadanos por el Cambio*, 192, 193, 195, 197, 224, 287

Civil society, 16, 18, 156, 192–196, 213, 224, 286

Class, 2, 3, 5, 7, 25–32, 35–43, 115–117, 122, 135, 141, 145, 146, 156, 161, 170, 193–196, 244–246, 254, 261, 284, 287

Class analysis, 5–7, 26–28, 42, 241, 252, 261

Class consciousness, 7, 8, 25, 28–30, 41, 159, 175, 180, 181, 212, 214, 217, 227, 243–246, 265, 284, 287

Class formation, 4, 29–30, 284

Class fraction, 7, 26, 28, 31, 32, 35, 39, 43, 44, 115–117, 135, 138, 141, 146, 243, 244, 246, 250, 251, 253, 261, 263, 264, 279–281, 284

Class interests, 30, 145, 210, 266

Class structure, 2–5, 7, 19, 25, 26, 28, 31–33, 35, 115, 116, 127, 141, 143–145, 212, 242, 244–246,

248, 249, 251, 253, 260, 261, 263, 264–267, 280

Class struggle, 5, 7, 8, 11, 17–19, 25, 28–31, 43, 57, 155–158, 162, 164, 165, 167, 168, 171, 175, 176, 180, 186, 188, 189, 198, 202, 210–213, 216, 218, 219, 227, 241, 242, 245, 249, 263–265, 275, 279, 282–286. *See also* Class struggle from above;

Class struggle from below

Class struggle from above, 18, 57, 80, 92, 155, 156, 181, 182, 186, 188, 202, 263, 283

Class struggle from below, 79, 80, 92, 155, 198, 211, 279, 282, 286, 287

Collective worker, 33, 41, 43, 147, 244, 265

*Comedor popular*, 170, 218

*Comité de Orientación Revolucionaria* (COR), 216, 217

*Comité Intersectorial de Trabajadores Estatales* (CITE), 149, 169, 186, 216, 222

Comprador bourgeoisie, 144, 145

*Confederación Campesina del Perú* (CCP), 157, 161, 208, 213, 215, 256, 258, 263

*Confederación General de Trabajadores del Perú* (CGTP), 159, 170, 185, 214, 216, 218, 223, 253, 256

*Confederación Nacional Agraria* (CNA), 158, 162, 208, 255, 263

Constituent Assembly, 163–165, 175, 211, 282

Cristóbal, Juan, 164, 255, 261, 268, 269

## D

Dammert, Manuel, 74, 95, 186, 195, 222, 247, 257, 269, 287

- De la Cruz, Roberto, 99, 159, 161, 166, 182, 186, 247, 255, 257, 259, 265
- Dependency theory, 47, 48, 52, 91
- Dependent intermediate class, 40, 128, 129, 145, 147, 242, 243, 244, 281
- Development model, 2, 7, 8, 16, 48, 57, 61, 62, 65, 67, 68, 141, 144, 156, 198–200, 206, 211, 213, 214, 278, 280, 281, 284, 286
- Division of labor, 26, 32, 40, 126, 131
- Dominant class, 3, 117, 118, 120, 138, 145, 146, 158, 265, 266
- E**
- Economic Active Population (EAP), 14, 20, 26, 60, 73, 75, 81–84, 93, 99, 100, 127, 129–132, 134–136, 140–142, 144, 148, 163, 165, 166, 187, 189, 191, 225, 267, 281, 284
- Economic oppression, 34, 42, 100, 244
- Espinoza, Gustavo, 216, 247
- Exploitation, 2, 5, 7, 16, 41, 42, 53, 67, 80, 81, 94, 97, 101, 127, 135, 194, 218, 244, 275
- Exploitation surplus, 97, 189
- Extractive Capital, 93, 94, 118, 122, 144, 187, 199, 207, 209, 213, 226, 277, 278, 280–281
- F**
- Fernández Chacon, Carlos, 159, 164, 166, 169, 170, 185, 190, 214, 216, 219, 226, 255, 257, 259, 269
- Fernández, Ibis, 185, 186, 218
- Flexibilization, 74, 185
- Foreign direct investments (FDI), 13, 54, 58, 59, 67, 68, 70, 72, 79, 81, 86, 87, 92, 94, 101, 186
- Frente Amplio* (FA), 17, 21, 192, 193, 195, 197, 213
- Frente de Defensa Ambiental de Cajamarca* (FDAC), 202–205, 225, 226
- Frente de Defensa de la Cuenca del Río Jadibamba*, 202
- Frente Democrática Popular del Perú* (FEDEP), 217
- Frente de Izquierda Revolucionaria-Marxista Leninista* (FIR-ML), 217
- Frente Nacional de Trabajadores y Campesinos* (FRENATRACA), 172
- Frente Obrero Campesino del Perú* (FOCEP), 172, 217
- Fuerza Popular*, 1, 209
- Fuerza Social* (FS), 192, 195, 197
- Fuerzas Revolucionarias Antimperialistas por el Socialismo* (FRAS), 216, 217
- Fujimori, Alberto, 1, 7, 12–15, 21, 57, 58, 60, 67, 70, 79, 80, 95, 118, 138, 177, 181, 186, 187, 212, 223, 258, 263, 267, 281, 285, 286
- G**
- Gálvez, Alberto, 252
- García, Alan, 15, 19, 20, 55, 172
- Globalization, 120, 146, 260
- Global North, 47, 52, 53, 67, 69, 70, 72, 79, 81, 84, 88, 89, 91, 95, 101, 275, 276, 279, 280
- Global South, 53, 67, 91, 95, 275
- Gorriti, Juan José, 54, 167, 170, 185–187, 190, 191, 218, 222, 256

Gross Domestic Product (GDP),  
13, 14, 55, 56, 59, 61, 62, 65,  
69–72, 87, 93, 94, 97, 100, 105,  
106, 118, 189  
Guerrilla, 157, 174–179, 211, 251,  
283. *See also* Armed struggle  
Guzmán, Abimael, 175, 177, 222,  
252, 265, 270

## H

Hernández, Ydelso, 204, 206, 226  
Humala, Ollanta, 15, 62, 213  
Hurtado, Jorge, 218, 219, 258

## I

Independent, 33, 34, 36–39, 43, 44,  
48, 62, 91, 97, 126, 127, 129,  
134, 135, 138, 143, 145, 146,  
149, 159, 167, 176, 178, 196,  
212, 218, 220, 221, 249, 253,  
256, 259, 265, 267, 275, 284.  
*See also* Own account workers;  
Self-employed  
Independent intermediate class, 40,  
126–130, 145, 147, 242, 243,  
245, 256, 262, 263, 281, 284.  
*See also* Proletarian fraction of the  
independent intermediate class;  
Middle class fraction of the inde-  
pendent intermediate class  
Indigenous communities, 12, 33, 35,  
69, 199, 213  
Industrial bourgeoisie, 118, 119  
Inflation, 7, 14, 56, 59, 77, 97, 119,  
162, 168, 169, 182, 212, 218,  
275  
Informal, 14, 18, 20, 35, 38, 60, 84,  
86, 99, 100, 105, 106, 127, 129,  
167, 190, 247, 249, 250, 253,  
256–260, 263, 266, 267

Informal economy, 14, 86  
Informality, 18, 101, 248–250, 264,  
269, 280  
Informal sector, 14, 55, 86, 100, 105,  
106, 167, 247, 249, 250, 253,  
259, 260, 266, 267  
*Instituto Nacional de Estadística e  
Informática* (INEI), 32, 33, 38,  
42, 60, 61, 75, 83, 84, 116, 122,  
125, 129–131, 133, 134, 136,  
140, 143, 148, 149, 189  
Intermediate class, 5, 7, 26, 39, 57,  
99, 116, 126–129, 141–145,  
244–246, 251, 276, 280, 281  
Internal market, 53, 55, 87, 88, 101,  
120, 158, 276  
International division of labor, 7, 47,  
48, 52, 65–71, 72, 73, 79, 81,  
84, 88, 141, 145, 264, 275, 276,  
279, 282  
International Monetary Fund (IMF),  
12, 56, 57, 61, 70, 182, 206  
*Izquierda Unida* (IU), 17, 21, 171,  
172, 173, 196, 211, 246, 261

## J

*Juntos por el Perú*, 197

## K

Kuczynski, Pedro Pablo, 1, 16, 278

## L

Labor movement, 15, 17, 18, 85,  
159–161, 164, 169, 185, 210,  
211, 213, 216, 243, 249, 255,  
263, 266, 270, 277, 279, 284,  
285  
Labor-power, 26, 31, 33–37, 39, 40,  
43, 44, 48, 49, 51, 53, 74, 84,

85, 87, 88, 89, 91, 117, 126,  
134, 135, 137, 146, 149, 191,  
218, 223, 280

Labor stability, 12, 19, 74, 86, 127,  
155, 157, 159, 161, 162, 164,  
168, 184, 207, 214, 284

Landowner class, 137, 138, 145

Left, 1–4, 6–8, 11, 15–21, 25, 29, 55,  
57, 67, 147, 155–158, 161–165,  
170–174, 181, 182, 186,  
189, 192–196, 197, 210–213,  
219, 224, 242–244, 246–251,  
253–260, 262–265, 267–269,  
279, 282–287

Liberalization, 13, 14, 19, 54, 57–59,  
74, 120, 186, 262, 281

Livaque, Marle, 203–205

Luza, Marta, 223, 269

## M

Micro business, 33, 72–76, 85, 87,  
94, 95, 131, 138, 144, 250, 257,  
267. *See also* Micro company

Micro company, 73–77, 81, 84, 87,  
94–96, 102–104, 144, 145, 186,  
223, 247–249, 252, 256–260,  
262, 269, 270, 280, 282, 284

Micro-enterprise, 47, 72, 74, 81, 279

Middle class, 5, 25, 39–41, 115, 116,  
126–128, 130, 145–147, 243,  
244, 281

Middle class fraction of the independ-  
ent intermediate class, 128, 130,  
243, 244, 281

Militant 1 Pueblo Unido, 167, 170,  
171, 217, 218, 223, 255, 259,  
260

Militant 2 Pueblo Unido, 190, 222,  
260

Minguillo, Héctor, 163, 170, 226,  
254, 255, 259, 261

Mining business, 66

Mining Capital, 58, 65, 67, 69,  
94, 156, 198–202, 206–207,  
208–210, 213. *See also* Mining  
corporations; Mining companies;  
Mining business

Mining companies, 67, 69, 198–201,  
205–208

Mining corporations, 16, 58, 198–  
202, 204, 207, 208, 210

Ministry of Labor and the Promotion  
of Employment, 32, 33, 38, 116,  
122, 267

Morales Bermúdez, Francisco, 95,  
163, 164, 210, 216, 277, 278

Moreno, Alberto, 149, 173, 174, 190,  
220, 224, 254, 259, 260, 262,  
266, 268

*Movimiento de Afirmación Social*  
(MAS), 172, 205, 209, 226, 247

*Movimiento de Afirmación Socialista*,  
172

*Movimiento de Izquierda*  
*Revolucionaria* (MIR), 216, 217

*Movimiento de Izquierda*  
*Revolucionaria - El Militante*  
(MIR-EM), 178, 216

Movimiento de Liberación Nacional  
19 de Julio (ML-19), 92, 182

*Movimiento Nuevo Perú*, 17, 195, 197,  
198, 222, 287

*Movimiento Revolucionario Túpac*  
*Amaru* (MRTA), 17, 21, 156,  
170, 176, 178–181, 212, 222,  
227

*Movimiento Sembrar*, 197

*Movimiento Tierra y Libertad*, 197,  
198, 205. *See also* Tierra y  
Libertad

## N

National bourgeoisie, 144, 146, 207,  
251–252, 277



Neoliberal/Neoliberalism, 2, 4, 6, 8, 11–13, 15–19, 25, 57–59, 61, 62, 74, 120, 137, 166, 174, 182, 193, 212, 213, 224, 242–244, 248, 253, 256–258, 260, 262, 263, 267, 281, 282, 284

Non-remunerated family workers, 138, 140

## O

Organic composition of capital, 48, 275

Outsourcing, 74

Over-accumulation, 90, 91, 120

Overproduction, 50, 74, 88, 90, 101, 120, 276. *See also* Overproduction crisis

Overproduction crisis, 50, 74

Own account workers, 31, 40, 87, 99, 127, 190, 244, 247, 248, 256, 259, 263, 270, 284

## P

*Partido Comunista del Perú – Patria Roja* (PCP-PR), 149, 172–174, 197, 217, 219, 220, 224, 226, 242, 246, 247, 249, 250, 258, 260, 261, 266, 267

*Partido Comunista del Perú – Por el luminoso sendero de José Carlos Mariátegui* (PCP-SL), 17, 21, 156, 170, 174–181, 212, 220–222, 242, 251–253, 264, 265, 268, 283, 286

*Partido Comunista Peruano – Mayoría* (PCP-M), 178, 216

*Partido Comunista Peruano – Unidad* (PCP-U), 172, 174, 182, 197, 216, 217, 242, 246–248, 255, 258, 260, 265

*Partido Comunista Revolucionario* (PCR), 95, 157, 172

*Partido Comunista Revolucionario – Clase Obrera*, 172

*Partido Humanista Peruano*, 197

*Partido Obrero Marxista Revolucionaria* (POMR), 157, 217

*Partido Revolucionario de los Trabajadores* (PRT), 96, 217, 254, 268

*Partido Socialista de Trabajadores* (PST), 157, 164, 169, 214, 255, 257, 259

*Partido Socialista Revolucionaria – Marxista Leninista* (PSR-ML), 178, 216

*Partido Socialista Revolucionario* (PSR), 163, 171, 172, 217, 219, 254, 255, 260, 261, 268

*Partido Unificado Mariateguista* (PUM), 96, 101, 214, 217, 242, 246, 248–250, 256–258, 261, 262, 266, 267, 269, 270

*Partido Vanguardia Revolucionaria* (PVR), 216, 217

Peasant movement, 157, 159, 161, 210, 263

Peasantry, 4, 7, 17, 25, 26, 35, 40, 99, 100, 115, 117, 135–138, 141, 143–145, 156, 167, 173, 177, 181, 198, 200, 201, 210, 211, 226, 227, 243, 244, 250–253, 255–258, 262, 263, 267, 268, 279, 280, 282, 284, 287

Peasants communities, 28

Petty bourgeoisie, 126, 147, 248, 250–253, 255

*Plataforma Interinstitucional Celendina* (PIC), 203, 205

Polay, Víctor, 179, 180, 252

Prado, Tito, 169, 185, 226, 254, 255, 257, 259

- Privatization, 12, 13, 54, 58, 60–62, 67, 77, 79, 80, 119, 120, 127, 137, 138, 166, 186, 198, 206, 207, 258, 262, 278, 280, 281, 285
- Production relations, 4, 26, 27, 33, 34, 126, 127, 137, 260
- Productivity, 19, 49, 50, 77, 81, 87, 89, 96, 98, 100, 118, 144, 158, 265, 279, 280
- Profit, 7, 43, 44, 48–51, 53, 74, 75, 77–81, 87, 88, 90, 91, 96, 97, 105, 106, 117, 120, 146, 149, 158, 187, 189, 214, 275–278. *See also* Exploitation surplus
- Profitability, 60, 74, 79, 100, 168, 182, 185, 213, 277
- Profit rate, 7, 48, 51, 53, 74, 77–81, 87, 90, 93, 96, 105–106, 120, 146, 275–278. *See also* Rate of profit
- Proletarian fraction of the independent intermediate class, 5, 40, 127, 128, 130, 145, 242, 243, 245, 256, 262, 263, 276, 281, 284
- Proletariat, 4, 5, 7, 17, 19, 25, 26, 28, 33, 40, 41, 43, 56, 99, 115, 116, 122, 126, 127, 129–134, 135, 136, 141, 143–145, 156, 163, 165, 167, 168, 170, 181, 193, 209–211, 223, 242–245, 250–253, 255, 256, 258–260, 262, 263, 276, 279–282, 284. *See also* Working class
- Pueblo Unido*, 197, 258
- R**
- Raffo, Renan, 74, 185, 255, 258–260
- Rate of exploitation, 50, 51, 77–80, 89, 90, 97, 161, 275–278. *See also* Rate of surplus value
- Rate of profit, 7, 49–51, 77, 80, 90, 91
- Rate of surplus value, 53, 89, 223
- Reserve army of labor, 51, 86, 100, 144, 149
- Risso, César, 190, 227, 246, 259
- Ronda*, 177. *See also* *Rondas campesinas*
- Rondas campesinas*, 203, 226
- Ruling class, 60, 156, 180, 220, 249, 251, 264, 286
- Rural bourgeoisie, 35, 39, 117, 135, 138, 281
- Rural proletariat, 40, 135, 136, 253, 260, 282
- Rural semi-proletariat, 28, 40, 135, 136, 145, 244, 258
- S**
- Saavedra, Wilfredo, 204, 205, 206, 209
- Sánchez, Milton, 203, 206
- Self-employed, 138, 269
- Semi-proletariat, 28, 40, 56, 127, 130, 131, 135, 136, 144, 145, 147, 244, 245, 250, 253, 258, 280, 284
- Silva, Narda, 203, 204
- Sindicato Unitario de Trabajadores en la Educación del Perú* (SUTEP), 169
- Social category, 38, 141, 143, 263
- Socialism, 156, 164, 172, 213–215, 219, 224, 246, 254, 261, 269, 286
- Socialist Left, 1–8, 12, 15, 17, 19, 21, 25, 29, 147, 155–158, 164, 170–173, 196, 197, 210, 211, 213, 216, 219, 242–244, 246, 249–251, 254–260, 262–264, 279, 282–287

Social strata, 28, 41, 255, 264  
 Standard Classification of Occupations, 32, 35, 38, 42  
 State capture, 195, 196  
 Subcontracting, 18, 19, 74, 100, 185, 222, 263, 284  
 Super-exploitation, 53, 84, 85, 91. *See also* Super-exploited  
 Super-exploited, 84, 85, 87  
 Surplus labor, 34, 37, 147  
 Surplus product, 44, 147, 194  
 Surplus value, 37, 42, 43, 48–50, 53, 69, 79, 80, 86–90, 97, 99, 129, 146–148, 185, 218, 267, 275–277

## T

Terms of trade, 53, 62–64, 101  
*Tierra y Libertad*, 197, 198, 205  
 Toledo, Alejandro, 7, 15, 21, 61, 62, 68, 80, 93, 118, 122, 187–189, 195, 278, 279  
 Total Factor Productivity (TFP), 77. *See also* Productivity  
 Trade union, 8, 19, 86, 92, 144, 155, 156, 158, 159, 163, 165, 167–169, 171, 173, 182, 184–193, 195, 202, 203, 211–217, 219, 222, 223, 227, 244, 248, 249, 251, 255–259, 262, 263, 265, 268, 269, 280, 284–286. *See also* Workers organization  
 Transnational Capital, 118, 141, 205–207, 277  
 Transnational class fraction, 146  
 Traverso, Constante, 162, 172, 173, 195, 217, 219, 220, 224, 255, 260, 261, 268, 269

## U

Under-consumption, 50, 51, 88, 91

Underemployment, 14, 20, 56, 60, 61, 79, 93, 95, 97, 132, 134, 144, 148, 162, 163, 191, 212, 248, 280  
 Unemployment, 14, 18, 20, 60, 61, 79, 86, 95, 97, 132, 134, 148, 162, 163, 223  
*Unidad de Izquierda*, 217  
*Unidad Democrática Popular* (UDP), 172, 216, 217, 255  
*Unión de Izquierda Revolucionaria* (UNIR), 172, 217  
 Urban semi-proletariat, 40, 127, 130, 131, 145, 147, 244, 245, 253, 284  
 Use value, 37, 89, 90, 148

## V

Value, 13, 14, 19, 37, 42, 43, 48–51, 53, 59, 62–65, 69, 72, 76, 79, 84, 86, 89–91, 95–97, 99, 102, 122, 147, 223, 275–277, 279  
*Vanguardia Revolucionaria* (VR), 172, 215, 216, 242, 246–248, 250, 261, 267  
*Vanguardia Revolucionaria-PC* (VR-PC), 172, 216  
 Vargas Llosa, Mario, 12  
*Vaso de Leche*, 170, 203, 217, 254  
 Vásquez Becerra, Alamiro, 200–202, 204  
 Vásquez Huamán, Elvira, 200, 201, 204  
 Velasco, Juan, 118, 137, 146, 156–159, 161, 207, 210, 214, 255, 261, 268, 281, 282

## W

Washington Consensus, 16, 64, 182, 278, 279

Workers organization, 29, 158, 245, 256, 262  
Workers union, 17, 18, 283, 284  
Working class, 2, 18, 29, 34, 41, 43, 51, 131, 159, 163, 164, 173, 193, 214, 216, 222, 223, 242, 245, 248, 250, 251, 253, 254, 256, 257, 266, 267, 269, 287  
World Bank, 54, 57, 67, 72, 92, 193, 201, 206, 207

**Y**

Yanacocha, 121, 123, 199–201, 203, 204, 206, 208, 209, 225, 226  
Yparraguirre, Elena, 175, 177, 265

**Z**

Zapata, Antonio, 96, 167, 169–171, 186, 217, 218