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THE AMBIGUITY OF PERU'S THIRD WAY: COSTS AND BENEFITS

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ABSTRACT

The Ambiguity of Peru's Third Way: Cost and Benefits

This paper has two main concerns: to understand how, from inauspicious beginnings, the Velasco government was able to go as far as it did with leftist reforms; and to understand why, despite these reforms, the Velasco government failed to win popular support, even among those groups gaining the most from the government's policies. The paper suggests that the key to both the government's successful movement toward a Third Way and its inability to win popular support was ambiguity. By ambiguity, I mean that the ultimate designs of the government were unclear, and that specific policies were confused, and changed frequently.

The paper presents three specific ways in which ambiguity helped (or at least might have helped) but also hurt the Velasco government. First, via ambiguity, the government confused potential opposition forces long enough to implement reforms that would almost certainly have been blocked, perhaps violently, if those forces had realized what the ultimate thrust of the reforms was to be. But, via ambiguity, the government also confused the groups whose support it eventually desperately needed. In this context, the government's "ambiguity" was very much akin to its "autonomy" from any one social class.

Ambiguity also signified flexibility. In many cases, such flexibility allowed greater citizen input into decision-making and greater political learning than is often believed to have characterized the Velasco government. However, policy flexibility was disadvantageous when citizens were able to participate in developing a program, build a majority position, and then be confronted with a new government decree that did not take their position into account. Ambiguity might also have enabled the government to proclaim an "ideology" of pragmatic experimentation, at worst a realistic "ideology" and at best an appealing one. However, the government did not proclaim such an "ideology," and ultimately its ambiguities were perceived by many citizens as Machiavellian, and indicative of moral bankruptcy.

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Introduction

In October 1968, the "Revolutionary Government of the Armed Forces" took power in Peru and very soon thereafter proclaimed reformist development goals.[1] Led by President Juan Velasco Alvarado, the government promised to transform the basic structures of Peru's economy and politics. For several years, however, few observers anticipated that the government would go much further toward the left than the not-uncommon effort to check the power of traditional national and international elites in the name of national dignity and popular rights. After all, the Velasco government was a military government, and many of the Peruvian officers had received training at military schools, where instruction tended to include an anti-Communist component. Moreover, a considerable number of the officers in the Velasco government had, only a few years before, accepted the orders from their civilian predecessors to crush peasant movements. Finally, Velasco himself was not known for any particularly radical beliefs.

Gradually, however, the Velasco government did move definitely toward the left. Increasingly, Peru seemed to be truly seeking a third way. President Velasco proclaimed that Peru would be "neither capitalist nor Communist," but an "intermediate" regime. Rejecting capitalism on the grounds that it exacerbated social injustice, and communism on the grounds that it destroyed human liberty, government leaders pledged to seek innovative alternatives.[2] A central feature of the new "third way" was self-management. Alternatively called workers' participation, workers' control, industrial democracy, and economic democracy, self-management was to allow the devolution of control of political and economic resources to Peruvians through their enterprises. Between 1970 and 1974, increasing attention was focused on self-management in Peru, and the modes of self-management that were developed tended to be increasingly radical, finally culminating in 1974 with the creation of "Social Property." Influenced at various stages by analysts of the Yugoslav self-management experience,[3] Social Property was an effort to combine the national interest, as perceived primarily by the state, with workers' participation.

Self-management was a major innovation in Peru, but it coexisted, and was to continue to coexist, with more traditional forms of political and economic organization. In the economic sphere, a mixed economy was sought. Domestic and foreign private enterprise continued in Peru, although it was no longer to be predominant. The role of the state was greatly enlarged, not only with respect to economic planning and investment, but also in outright ownership. Self-management was established primarily in agrarian enterprises and, in a more limited form, in some industries. Only a handful of Social Property firms ever actually emerged, largely because the Social Property mode was developed only shortly before the overthrow of Velasco. Lima's major daily newspapers were expropriated in 1974, and the new law stipulated that the newspapers were to be managed by distinct occupational groups

(i.e., one newspaper would be directed by the peasantry through its major organization, a second by labor, and so forth), but this, too, never came to pass; increasingly the newspapers were run by the state.

Modes of political action were also mixed. Self-management of course entailed a new influence for enterprise members over specific enterprise decisions. In agrarian enterprises, this influence was very large, and many members felt that, for the first time, they had real control over the decisions most important to them.[4] The government also chartered the establishment of new "functional" federations (i.e., federations designed along the lines of specific economic sectors). It was always doubtful, however, that the Velasco government would grant these federations significant power. Essentially, the inner circles of the military reserved for themselves the final word on major national political decisions. Presumably in part because of the military's desire to retain its own political prerogatives, it rejected the establishment even of a progovernment political party, in what was referred to as the "no-party thesis." The government criticized political parties primarily on the grounds that Peru's parties had always been dominated and manipulated by a few leaders whose primary concern was their own personal gain.[5] To some extent in lieu of a Velasquista [pro-Velasco] political party, the military established the new agency SINAMOS (National System for Support of Social Mobilization), whose ostensible purpose was indicated by its name.

Peru's third way approach was also evident in the international sphere. Peru did not reject new foreign investment, but the government did seek to control it. The dilemma, of course, is how to continue to attract eagerly sought new investments while implementing a policy of stiff "regulation" (a policy which, in Peru's case, included nationalization of large foreign enterprises throughout Velasco's tenure). In order to simultaneously attract and control foreign capital, Peru looked to a relatively new strategy, regional agreements with other Third World nations confronting a similar dilemma. Specifically, Peru played a major role in developing the toughest and most innovative codes of the Andean Group, thus establishing common constraints on foreign capital as well as a common market among member countries, which included Peru, Bolivia, Colombia, Venezuela, and, until recently, Chile.[6] Peruvian leaders believed there would be strength through unity. Peru was also an important actor in Third World arenas generally, frequently promoting various Third World demands for a "New International Economic Order."[7]

Thus, it seems fair to say that Velasco's Peru was indeed in search of a third way. Among a large number of international analysts from the center to the left of the political spectrum, there was hope that Velasco's Peru would provide a model for viable reform in Latin America and beyond.[8] There was the promise of growth with equity and structural transformation without bloodshed, primarily through new self-management institutions and regional collaboration. It seemed a bold and original view of what was possible for Peru and, implicitly, for other Third World nations (especially since the Velasco government had no outstanding political or economic advantages that would make its experience patently ungeneralizable to other nations). Certainly, many analysts were critical of the Peruvian military's insistence that it be the overall director of the reform process: Velasco was

attempting "revolution from above" and "revolution by fiat," it was said. However, the possibility for "revolution from below" in the Third World in general and Latin America in particular appeared increasingly remote. Ironically, perhaps the Cuban revolution had made subsequent Cuban-style revolutions less likely, by fanning United States' fears of Communism in the region and stepping up its vigilance against movements of the Fidelista variety. The end of Allende's "peaceful road to socialism" in Chile also convinced many analysts that the opposition of the United States to any Latin American government committed to socialism, albeit through the electoral and constitutional system, would always be of such great proportions as to preclude the success of other efforts along Allende's lines.

However, by 1977, the hopes of many international analysts were largely dashed, and in the popular mind the Peruvian reforms were recorded as, by and large, a failure, albeit an interesting one. The denouement of the reforms made any assessment other than failure rather difficult. After almost seven years in office, in late August 1975, Velasco was ousted in a palace coup by General Morales Bermúdez. There was scant popular regret for the fall of Velasco. Although Morales Bermúdez at first promised to "consolidate" Velasco's reform efforts, and referred to the Velasco era as "Phase 1" and his own government as "Phase 2," in fact most of Velasco's initiatives were gradually reversed. The reversal came in the context of a threatening economic crisis of immense proportions, a crisis which was often blamed on the policies of the Velasco government.

The popular assessment of the failure of Velasco's reforms rarely links the problem of citizens' support for the government to the problem of Peru's current economic crisis. However, to this writer, it seems that the lack of popular support[9] was in fact a critical underlying reason for the economic crisis. The Velasco regime's inability to win popular support entailed critical consequences for its entire reformist strategy. Specifically, most of the government's policies cost money, both for the programs themselves and for the employment of officials to implement them. With respect to the agrarian reform, haciendas had to be expropriated and the fledgling new enterprises provided credit to begin their operations; with respect to nationalization of foreign holdings, some level of compensation had to be paid; with respect to the expanded programs in education, health, and "political mobilization," appropriate policies had to be designed and then implemented in remote regions of the country; and with respect to economic growth in general, investments had to be made.

It seems that the Velasco government had only limited options available for the financing of these programs.[10] The first option was continued reliance on external investment and credit, entailing also the maintenance of a strong export sector. This strategy was not in line with the government's emphasis on national autonomy, but it was the method eventually chosen, with very unfortunate although by no means entirely foreseeable consequences. The second option was internal financing, through domestic investment and/or taxation. Unless the government was to adopt wholesale repressive strategies--which it clearly would not--this option assumed popular support for the government's programs. But such support was not forthcoming, and gradually the regime's hopes for increased investment from nascent private industrial

entrepreneurs and from the self-managed enterprises dissipated. Not even an attempt to strengthen Peru's traditionally weak taxation policies seemed viable; in 1973, taxes constituted less of the gross national product than they had in 1968.[11]

This paper has two main concerns. One is to understand how, from such inauspicious beginnings, the Velasco government was able to go as far as it did in developing a third way; why, despite eventual failure in many respects, it achieved the most radical agrarian reform in Latin America with the exception of the Cuban, and developed creative self-management institutions in the agrarian sector in particular. The second concern is to understand why, despite generally innovative policies and various reforms that significantly improved, or promised to soon improve, the welfare of their beneficiaries, the Velasco government failed to win popular support, even among those groups gaining the most from the government's policies.[12] The paper suggests that the key to both the government's successful movement toward a Third Way and its inability to win popular support was ambiguity.[13] In other words, ambiguity was a double-edged sword.

By "ambiguity" I mean both that the ultimate designs of the government were unclear, and that specific policies were confused, and changed frequently over time. With respect to the ultimate vision of the government, there is general agreement that it was very blurred. Velasco and other leftist leaders spoke of a "fully participatory social democracy," marked by moral solidarity, social property, and widespread power over decisions held by citizens.[14] In the revolution, there was to "converge the essential parts of the humanist, libertarian, socialist, and Christian traditions."[15] Such rhetoric was all very nice, but it did little to specify the exact nature of the future relationship between the state and any socioeconomic class except the oligarchy. As Thorp and Bertram,[16] Ortiz,[17] and Ferner[18] have pointed out, the government's "ideology" was really an "ideological collage," considered by many analysts to be "neither left, right, nor center," but also assessed by some particularly critical observers as "petty bourgeois utopianism." As late as 1974, in one of the final major statements of the Velasco government, the Plan Inca, there was no "middle level coherent vision" of state-society relations.[19] With respect to the ambiguity of specific policies, it will be evident in the next section of the paper that laws came and went, policy priorities emerged and disappeared, and agencies were created for specific purposes and then destroyed with lightning speed.

It should be noted that the ambiguity of the military's program was related to what is referred to as the "autonomy" of the military as an institution. As Cleaves,[20] Alberti, Santistevan, and Pasara,[21] Stepan,[22] and Trimberger[23] discuss, under Velasco the military institution seemed to perceive itself, and to act as if it were, "autonomous" from socioeconomic classes in the nation, in particular from the traditionally dominant class. The military did not seem to want to ally or identify with any specific socioeconomic class, but rather wanted to maintain a distance that would allow it to affect the interests of any class as it deemed appropriate. Such distance, and such a perceived freedom of action, entails ambiguity, as policies by definition are not in line with the desires of any one class.

It should be noted too that ambiguity was not the only salient feature of the Velasco government. A second important characteristic was commonly referred to in Peru as hermetismo: the fact that the military--and generally only the military--made final key decisions in their private closed quarters, "hermetically sealed" from potentially important civilian input. To a great many Peruvians, the style of the Velasco government was a quintessential military style, involving a certain arrogance and abruptness, oriented toward issuing commands (or in this case, "decree laws") and accepting them with a quick salute rather than a tactful question.[24] Hermetismo is clearly interrelated in significant ways with the ambiguity and in particular the autonomy of the military government. The focus of this paper with respect to hermetismo, however, is to illuminate the circumstances under which hermetismo was in good step with the government's ambiguity, working to its advantage, and the circumstances under which it was not.

Throughout this paper, primary emphasis is placed on the agrarian reform, for various reasons. First, it is a "critical case" testing the hypothesis of ambiguity in the government's policies, because agrarian reform is generally perceived as the policy area in which military consensus was greatest;[25] thus, if ambiguity emerged in that policy, it was extremely likely to have appeared in other areas. Second, a third-way approach was more fully realized in the agrarian sector than elsewhere. In the industrial sector, the major proposed reforms, the Industrial Community and Social Property, were never fully implemented, and have subsequently been emasculated under Morales Bermúdez. In contrast, in the agrarian sector, the reform achieved the transformation of virtually all haciendas into self-managed cooperatives (or the looser, but still hacendado-less, "Peasant Group").[26] At least to date, the reform has not been reversed under Morales Bermúdez. Examination of the post-reform agricultural sector thus reveals more about how self-management works, or does not work, in a Third World nation. Perhaps even more important, because the reforms went further in the agrarian sector than any other, greater popular support for the Velasco government was to be expected from these peasant beneficiaries than from any other group. The correlation between agrarian reform and peasant support for the government has been a cornerstone of the political development literature.[27] In short, if Velasco could not gain support from the group of agrarian reform beneficiaries, it is unlikely that he could gain it anywhere else.

There is also a purely practical reason for the emphasis on the agrarian reform. My own research in Peru was on the agrarian reform. Three agrarian cooperatives were studied in depth. The largest of them, Huanca, was a major livestock enterprise in the central highlands near the provincial city of Huancayo. The Huanca cooperative included both ex-haciendas and peasant communities as members. There, I did research in one ex-hacienda, Monte, and three peasant communities, Patca, Varya, and Rachuis. I also studied two smaller crop enterprises, Estrella and Marla, on the coast near the provincial city of Trujillo. I conducted a sample survey in each of these three cooperatives in 1974. I visited other cooperatives in the southern highlands (Puno), the south coast (Cañete), and the north coast (Chancay). Analysis of official attitudes and actions is based on interviews in Trujillo, Lima, Huancayo, Cañete, and Puno.

The Benefits of Ambiguity

There were various important benefits to ambiguity for the Velasco government. They seem to fall into three general categories: 1) figuratively disarming and confusing the opposition forces, especially important in the early stages of reform-mongering; 2) after the "core elements" of a reform were set, providing sufficient legal flexibility at the "periphery" to improve the reform policy; and 3) enabling the government, if it so chose, to proclaim an "ideology" of pragmatic experimentation, which might have proved at worst realistic and at best appealing.

Disarming and Confusing the Opposition. In the case of the Velasco government, ambiguity seemed to serve its most critical and dramatic purpose in swaying skeptical military officers and a hostile agrarian elite to acquiesce to an agrarian reform law that eventually incorporated rather strict landholding limits. Disarming the agrarian elite was of special importance because, as simultaneous events in neighboring Chile showed,[28] this elite was likely to retaliate violently, as well as to sell every last tractor and chicken of the enterprise, if a sweeping agrarian reform was clearly in the offing. Moreover, ambiguity and obfuscation had few costs in this context, because the government could not expect support from the traditional agrarian elite anyway. In this case, too, the ambiguity of the government was in good step with its hermetismo, enabling a reform measure to catch its victim off guard, by surprise. The political conflict within the government was in some respects an advantage also; the presence of a relatively conservative minister seemed to calm elites in several instances--until the virtually simultaneous action by Velasco ousting the minister and proclaiming a radical measure. These points are illustrated in the following chronological description of the leftward trajectory of agrarian policy between 1968 and 1974.[29]

During the first nine months of the military government, there was considerable doubt that any agrarian reform law of any significance would be implemented. The major reason was the opposition of General Jose Benavides, the Minister of Agriculture. Although drafts of the agrarian reform law were being prepared without the support of Benavides, the General's opposition seemed a serious obstacle; Benavides was the son of a past Peruvian president and a respected officer (not to mention a wealthy landowner with close ties to other wealthy landowners). In June 1969, however, Velasco charged that Benavides' public opposition to the law was tantamount to flagrant insubordination, and forced him to resign. Only 12 days later, the principal agrarian reform law was proclaimed, and, the following day, the largest agrarian enterprises, the agroindustrial sugar complexes on the north coast, were occupied by military officials. The expropriation was so sudden that the owners of the complexes had not been able to decapitalize their enterprises.

However, even after the proclamation of the agrarian reform law and the expropriation of the agroindustrial sugar complexes, it was widely believed that the reform would not affect most haciendas. Beginning with Velasco's speech announcing the reform, and continuing through mid-1971, government officials (including the new Minister of Agriculture, General Barandiarán) emphasized that the key goal of the reform was not "forced

nationalization or collectivization of land," but rather to increase agricultural productivity, stimulate private industry, and achieve social peace.[30] Private enterprise (potentially including small and medium-size farms) was to be stimulated because the reform would provide a larger internal market. Private industry would be encouraged because ex-landowners were given cash incentives to invest their agrarian bonds into industry. The reform was necessary to avoid peasant revolution, which had been threatened in the 1960s, just as the Alliance for Progress recommended. These arguments were advanced to North American officials, Peruvian landowners, and businessmen, as well as to skeptical military leaders. (The seven-hour meeting of the Council of Ministers just before the proclamation of the agrarian reform law was the longest on record since the coup, to that date; Velasco's apparent victory in the meeting may only have been made possible by the outbreak of peasant unrest in the small highlands town of Huanta, unrest that strengthened Velasco's argument that reform was necessary to social peace.[31])

In retrospect, it seems dubious that Velasco or his leftist allies saw key purposes of the agrarian reform to be the encouragement of nonparasitic private enterprise or the achievement of social peace. The government was slow to exchange hacendados' bonds into cash for industrial investment.[32] Velasco and various other key leftist officials were working during this same period for a more radical version of the Industrial Community Law of September 1970;[33] even in its final compromise form, the law proved anathema to most private industrialists.

It is also dubious that Velasco's concern was social peace. As Philip points out,[34] the guerrilla movement had mounted intermittent threats during 1961-65, but these were easily crushed. The subsequent years were politically quiet ones in the countryside. Peasant unions were very weak relative to other Latin American countries, and concentrated among the better-paid hacienda workers, a "peasant aristocracy."[35] The "threat to social peace" mounted by peasant riots such as those in Huanta seemed primarily a threat to the peace of mind of the military, many of whose recruits did not want to kill fellow citizens (although there was no evidence of mutiny in these situations). Moreover, if Velasco's real concern had been social peace, the areas of greatest previous peasant agitation (primarily the poorest highland regions such as Cuzco) would have been priority reform targets, but in fact they were the last to be affected, generally not until 1974 and 1975.[36] It would also not have been the first time that the threat of revolution had been exaggerated to advance a reform; indeed, such a strategy has been advanced as a potentially effective one in some cases by Hirschman [37] and Huntington.[38]

However, for some time the military's words were taken at face value by landowners (not to mention scholarly analysts). With the approval of many Ministry of Agriculture officers, landowners began to subdivide their land, in the belief that in this way their holdings would be classified as below the landholding maximums stipulated by law. The landowners' strategy was a common one in Latin America, used with considerable success in neighboring Chile under Frei only a few years before.[39] But from the perspective of the leftists within the Velasco government, it was presumably less disadvantageous

that landowners concentrate on subdivision rather than on decapitalization or strengthening landowners' organizations--especially when, meanwhile, the leftists themselves could fortify their own positions.

Only in early 1971 did it become clear that the Velasco government would implement the legal landholding limits (approximately 150 hectares on the coast and 50 hectares in the highlands and jungle). It was at this time that decrees were issued prohibiting subdivision and doing so retroactively as well. As with respect to the original proclamation of the law, leftists were aided in their attempts to strengthen the law by peasants' protests and strikes. The protests allowed the banner of "if reform doesn't occur, then revolution will" to be raised once again. In fact, however, these protests were encouraged by leftists within the Ministry of Agriculture itself, which at that time was led by General Barandiarán, a waffler on agrarian reform policy but rather permissive with his subordinates.[40] The strengthening of the reform was also aided by the blatant twisting of agrarian laws by the hacendados, who were not only subdividing their farms but firing workers and disbanding unions in the process;[41] such subterfuge may well have annoyed moderate officers and persuaded them of the justice of a reform.

But the leftward trend of agrarian policy did not stop with the decision to implement the overall legal landholding limits. The strength of the leftists was continuing to increase, and government officials were more and more vigorous in promoting the agrarian reform in different parts of the country. Especially on the coast, 150 hectares soon appeared to be an excessively generous landholding maximum to many political activists. To the surprise of most onlookers and to the horror of "medium-size" landowners, various other clauses in the agrarian reform law, such as the landowner's timely provision of legally required social security benefits, were applied to expropriate many farms under the legal maximums.

The enraged "medium-size" landowners began to protest vociferously, primarily through the National Agrarian Society (SNA). But, just as the SNA was establishing itself as a powerful opposition force, it was summarily liquidated by the military government. With no real forewarning or precedent, the government in May 1972 simply took over SNA buildings and property, significantly impeding its capacity to oppose the agrarian reform.[42] Thereafter, there was no truly effective resistance to the steady advance of the reform, except perhaps in the Arequipa area. Although officially it was only in 1975 that landholding limits were reduced (to roughly 50 hectares on the coast and 30 hectares in the highlands and jungle), limits of this order had been de facto for some time.

The gradual, unexpected leftward movement of the agrarian reform not only forced or calmed many hacendados into acquiescence, it also divided them. The military government was confronting, sequentially and separately, the largest landowners, next the rather large, and finally the medium-size. The medium-size landowners did not come to the support of the larger ones, because they had believed that only the "oligarchy" would be affected. Later, by the time the medium-size landowners were affected, the largest ones had been compelled to leave their enterprises and had no incentive to work on behalf of other landowners.

The advance of reform policies was facilitated by disarming and confusing the opposition not only in the agrarian sphere but in other spheres as well. After assurances that the nationally important fishmeal enterprises would remain private, they were suddenly expropriated in 1973. The 1974 expropriation of Lima's daily newspapers was similarly abrupt. Moreover, in the industrial sector generally, as in the agricultural sector generally, the gradual and unexpected leftward movement from the relatively mild Industrial Community program to the more radical Social Property proclamations may have meant that many industrialists were cajoled at least not to embark on massive sabotage efforts, as was simultaneoulsy occurring in Chile, although they were not persuaded to actually make much investment in fixed capital.

Just as some government officials may have primarily wanted to calm hacendados when they propounded the "advantages" of agrarian reform for the elites, they may also have primarily wanted to calm elites when they advanced arguments about the "advantages" of self-management and workers' participation. With respect to the initial establishment of the Industrial Community law in 1970 and to the restoration of free, one member/one vote elections in the agroindustrial sugar cooperatives in 1972, it was emphasized that workers' participation would promote a "team spirit" in the enterprise and weaken acrimonious unions; moreover, if workers were not initially inclined in these directions, it was claimed that the new political agency SINAMOS would urge them toward it.[43]

Again, in retrospect it seems uncertain that all the proponents of self-management viewed it as a strategy of "class conciliation" that would ultimately aid capitalism. Although the Minister of Industry, General Dellepiane, was forced to resign in mid-1971 because of his explicit advocacy of the Industrial Community as an institution of class struggle, at the same time various key leftists were rising into the newly created SINAMOS, and beginning to work on Social Property, a clearly noncapitalist mode of economic organization.[44] Moreover, SINAMOS, touted by some officials as an institutional strategy for channeling and guiding citizen participation along lines desired by the government, was soon employing not only those who espoused such a strategy but a great many who did not, including large numbers of young university social science graduates who considered themselves Marxists.[45] SINAMOS, which Velasco and its leftist leaders had apparently unsuccessfully tried to catapult into a "super-Ministry" agency that could overrule the decisions of other Ministries, consistently took more radical stands on redistribution and participation issues than other Ministries.[46] For example, at the same time that Ministry of Agriculture officials were trying to persuade agrarian cooperatives to employ technical directors, as required by law, many SINAMOS officials were trying to persuade them not to.

Providing Flexibility and Enabling Civilian Participation in Policy Development. By definition, a "Third Way" approach is untried and experimental. There were inevitably numerous questions about how self-management would work in Peru. Self-management had only been practised in as radical a form as in Peru, in as large a part of the national economy, and for as long a period of time in one other nation, Yugoslavia. Thus, a readiness

to constantly analyze policy, accept errors, and correct them was very appropriate, and would certainly be facilitated by legal gaps and ambiguities--i.e., by not making laws on specific issues precipitously.

Moreover, given all the unknowns about self-management, participation in the improvement of programs by citizens was critically important. However, as we know, the military was committed to hermetismo, to making all "core" and "general" decisions about the trajectory of the reforms by itself. How could the patent need for citizen input be reconciled with the hermetismo of the top military leaders? By ambiguity in the "decree laws" of the military. The more uncertain and ambiguous a program, the greater the chance that citizens' input might affect and improve policy not only "around the edges" but "close to the core"[47] closer to the core than the military leaders might have admitted or realized. These points are suggested in the comment by Stephens that "policy-making developed in an action-reaction sequence;"[48] the comment is intended negatively, but it can also be seen positively, as in this section of this paper.

It might be argued that combining the overall ambiguity of the evolution of the Peruvian reforms with the ambiguity of any "Third Way" approach and adding to all this the ambiguity entailed by distinct groups' demands for distinct policy changes could only be a recipe for disaster. However, it might be counterargued that the Yugoslav experience has entailed many of the ambiguities, changes, and contradictions of the Peruvian and survived quite well. The character of Yugoslav self-management has changed markedly over time, in response to the desired policy directions of both political elites and citizen groups. At the most general level, Yugoslav self-management has moved from a context of a considerable role for state planning and the League of Communists, to, in 1965, a virtual market economy and relatively great influence for technical managers, and then in 1974-76 to a complicated system of "Basic Organizations of Associated Labor," which provide for stronger relationships between one enterprise and other enterprises, between one enterprise and the local community around it, and between the elected delegates of one enterprise and regional and national assemblies. There have also been marked changes in specific features of the self-management program; for example, rules for the selection of an enterprise director and for the determination of wages in the enterprise.[49] Like the Peruvian, the Yugoslav system has often appeared an unlikely candidate for success, doomed to "somewhat arbitrary, annual changes in the 'rules of the game.'"[50] Yet, for about 25 years, partial state planning has been combined to one degree or another with partial use of the market, and partial influence for workers has been combined to one degree or another with partial influence for technical managers and partial influence for the League of Communists, and overall the results seem good: the Yugoslav self-management system and the national government seem to have won considerable legitimacy, and economic growth has been particularly favorable.[51]

During the Velasco era as well as thereafter, there were numerous important changes in policy toward the agrarian cooperatives, facilitated by initial legal ambiguities and encouraged (or even made) by cooperative members and/or low-to-medium level officials. As will be evident in the next part of this paper, some of these changes were unsuccessful, at least in

terms of the government's concern with popular support and maintaining production and investment. However, this section provides several examples of significant policy changes that by most criteria were successful, and suggested gradual learning by cooperative members and officials, and real opportunities for new understanding to be reflected in policy development. Largely from the final policy case considered here, the issue of the Central Cooperatives, it is also clear that, if support for new policy solutions is allowed to build gradually among citizens, the government is then in danger if it ignores those citizens' position on the issue.

One major policy change involved the role and membership rights of distinct socioeconomic groups in the cooperatives--essentially, the very structure of the cooperatives. Despite the fact that quite distinct socioeconomic groups were to be legally adjudicated into the cooperatives, this point was not discussed in the original agrarian reform law.[52] These adjudication and membership decisions were made largely in provincial Ministry of Agriculture offices, and were often hasty, due to the natural concern with expediting the reform process. The two major types of cooperative were the CAP (Agrarian Production Cooperative) and the SAIS (Agrarian Social Interest Society).

Approximately 40 percent of coastal CAPs included in their membership feudatarios: individuals who had generally once worked full-time for the hacendado but had gradually won sharecropping rights and eventually, through a 1960s law, gained title to the land they had sharecropped. Joining the CAP, most feudatarios continued to work their own private parcels, and did not receive any wage from the CAP; however, they often gained political rights--the opportunity to vote and hold office. But, without a stake in the CAP, without any concern for its wages or its profits, would a feudatario vote in the interest of the cooperative?

In many cases, the answer was no. In Estrella, the ensuing problem was especially serious, because there were more feudatarios than permanent workers as members, and thus the feudatarios could out-vote the workers and win the highest offices in the cooperative. A feudatario president soon began to bilk the cooperative through any number of devious schemes. Without an electoral majority, the workers could not oust the feudatario president. But, increasingly outraged, the workers mobilized against the feudatarios through their union, and then took the problem up with the Ministry of Agriculture and SINAMOS in the provincial capital. Some six months later, in early 1975, it was formally decided to separate feudatarios from the CAP, not only in Estrella but in much of coastal Peru.

The role and membership rights of distinct socioeconomic groups proved to be an even more problematical issue in the SAIS. In contrast to the typical CAP, the SAIS was to comprise not only at least one ex-hacienda but also "peasant communities" (highlands communities whose members, called comuneros, were bound together by tradition and kinship, although usually working the land individually). Whereas individuals were the "members" of the CAP, each "peasant community" was one "member" of the SAIS, as was a Service Cooperative (CS) that represented all the ex-haciendas. Thus, each "peasant community" in a SAIS had one voting share and one profit share,

whereas all ex-haciendas, no matter how many, also had only one voting share and one profit share. In other words, in a large SAIS with many "peasant communities," the communities held considerable political and economic advantage.

Why was the SAIS developed in this way? To a considerable degree because Ministry of Agriculture officials who knew the conditions of the highlands wanted to help the "peasant communities,"[53] whose members' land had been seized by the haciendas in the past and who were generally poorer than ex-hacienda workers. "Peasant communities" had also invaded haciendas at times, and it was hoped that the SAIS would alleviate the tensions between the communities and ex-haciendas.

However, in many SAIS, neither comuneros nor ex-hacienda workers were satisfied with the structure of the SAIS. Many comuneros argued that they should still get their land back from the ex-haciendas. (Land distribution between ex-hacienda and community had not changed with the SAIS.) Ex-hacienda workers argued that they were the only people who worked to produce income for the SAIS (which was by and large the case), and thus they deserved most of the votes and most of the profits. In SAIS Huanca, where there were 29 peasant communities but only one Service Cooperative for the ex-haciendas, ex-hacienda workers were especially outraged by the terms of their incorporation into the SAIS. Almost from the inauguration of the enterprise, they began to fight for a bigger share of the benefits. Organizing through a union, the ex-hacienda workers first won massive salary increases, and then in 1974 the right to at least one representative on the leadership body of the SAIS. By 1976, the ex-hacienda workers had apparently persuaded most Ministry of Agriculture officials that the votes and profits of the SAIS should be split fifty-fifty, and a ruling to this effect seemed likely in 1977.

Just as questions about incorporating distinct socioeconomic groups into one cooperative were on the path toward resolution by 1975, so were questions about encouraging work achievement in the cooperatives. Originally, the agrarian reform law gave virtually no consideration to incentives for hard work, despite the fact that increasing production was a major concern of the reform. In part as a result, there were primarily only disincentives to hard work, especially in smaller coastal CAPs.[54]

At first, top officials apparently assumed that enterprise profitability would be a major incentive to hard work, but this assumption was never closely scrutinized. For various reasons the impact of enterprise profitability as an incentive to hard work was limited. First, the amount of profits was sharply cut by various legally required payments (primarily the "agrarian debt," a sum theoretically paid by members to ex-hacendados through the state in compensation for the hacienda). Second, there was a widespread fear that profits would end up in the pockets of unscrupulous leaders. Moreover, hard work was not encouraged by the extant compensation strategies. For the average worker, the chance of a promotion was dim, because most promotions went to the better-educated, younger members; the possibility of being fired was even dimmer. In other words, there was neither a carrot nor a stick before the worker. Moreover, after a member's daily work quota (tarea) was completed, the member was now allowed to engage

in lucrative agricultural production of small private parcels, privately sold. Thus, the income-maximizing cooperative member finished the tarea as fast as possible in order to attend to the private parcel.

By 1975, it was apparent that the members of coastal CAPs were becoming less and less committed to work for their cooperative enterprise and more and more committed to work for their private parcels. (The trend was sharpest in smaller coastal enterprises because private opportunities were greater there.) Although by and large this trend had not yet affected production significantly, it was feared that it would in the future. An astonishingly similar set of disincentives to collective work achievement had emerged in Chilean agrarian cooperatives, with very negative consequences.[55] In Peru, the fear was considerable not only among officials, but among some cooperative members as well. For example, in 1973-74, Estrella made some excellent investment decisions and soon showed dramatic profits. Members were alerted to the advantages of cooperative production--easier credit, greater infrastructure, and economies of scale.

Thus, when the government agency CENCIRA began to encourage the adoption of new "Internal Work Codes" in cooperatives, some enterprises, especially the more successful ones like Estrella, were receptive. CENCIRA's model code was discussed, revised, and finally approved at General Assemblies in Estrella and various other cooperatives during 1976-77.[56] The new code set the criteria for promotions so as to reward hard work for the cooperative, and seniority became an advantage, thus providing some hope of promotion to older, less well educated members. The tarea system was downplayed in favor of the regular eight-hour day, and penalties for absences and the like were established.

The two policy changes discussed so far showed the benefits of ambiguities in original laws about potential problems. Gradually, as knowledge about the problems is gained, presumably better solutions, and solutions in which citizens will have greater confidence because they helped to make them, may percolate "up from the bottom." But, not all problems have solutions that don't alienate anyone too much (as in the case of separation of feudatarios from the CAP), or that will be seen as a reasonable compromise (as in the case of a greater share of profits and power for ex-hacienda workers in the SAIS), or that actually please most everyone (encouraging enterprises to adopt work codes that will promote collective work achievement, but not forcing the codes on unwilling enterprises). Moreover, a consensus solution to some problems may become more difficult as, during the time that everyone is deliberating, positions become more polarized and more entrenched. Such was to a large extent the case with respect to the question of the establishment of larger-scale Central Cooperatives (Centrales) in Peru. However, it will be contended here that even in this case, the flexible approach could have succeeded; gradually, the Central concept seemed a good one to majorities of cooperative members and officials.

Central Cooperatives were proposed in the original agrarian reform law, but real attention to the possibility of their implementation was not given until roughly 1973. During the first few years of operation of the small-scale single cooperatives, two facts became clear that stimulated support

for the Centrales. First, recall that the agrarian cooperatives were the self-management component of a Third Way or "mixed" economy in the agricultural sector, a component that would be strengthened by the Centrales, and that there had been concern about how such an economy would work. By the mid-1970s, it was apparent that private firms, individual cultivators, the state, and the cooperatives could all operate together in the agricultural sector without economic catastrophe. Although agriculture did not boom during this period, neither did it collapse. The Peruvian agricultural product grew at an average annual rate slightly above +3.0 between 1970 and 1975, versus an average annual rate of -1.3 for the four years 1965-68.[57] Most agrarian cooperatives were performing as well or slightly better economically as cooperatives than they had as haciendas,[58] no mean feat given that productivity was high in most coastal export enterprises and that, traditionally, agrarian reform is believed to bring economic dislocation. Further, by 1974 the cooperatives were generally evaluated positively; over 75 percent of the respondents in my 1974 survey of two coastal cooperatives and two peasant communities in SAIS Huanca felt that the cooperatives "helped a lot" or "helped some."[59]

In short, during this period confidence in the cooperative concept had grown among members and, probably, among officials also. Logically, confidence in the Central Cooperative should have grown as well, for it promised to differ from the single cooperative primarily in size, not in kind. An experiment with a Central in one valley showed that the Central Cooperatives would encounter resistance from private marketing intermediaries and other private agricultural firms.[60] But, the well-to-do private commercial groups in the agricultural sector were by and large opposed to the Velasco government in any case, and probably would either have left the country, sought other jobs in other sectors, or stayed on as technical advisers if Central Cooperatives had been implemented.

A second, not so salutary, fact about the small-scale single cooperatives was also clear, however: they were self-managed "islands" in a competitive market ocean, they were pitted against each other as well as private and state interests in a fight for economic success, and inequality among enterprises was probably increasing. Larger cooperatives that began with greater capital--such as storage, transportation, or processing facilities, or machinery to rent--frequently held other cooperatives hostage to their capital endowments. Like private intermediaries, the better-endowed cooperatives were tempted to pay low prices for what they bought from poorly endowed cooperatives, and to charge high prices for what they sold.[61]

The Central Cooperative promised to stop the trend toward increasingly wide socioeconomic gaps among the cooperatives. It also promised to increase the political and economic resources of all the cooperatives against private and state enterprises. The primary means to these ends would be presenting a solid front in the marketing and purchasing of products, pooling machinery and other equipment, economies of scale in many services (such as accounting), and some redistribution of profits among enterprises in the Central.

Various government and nongovernment institutions were encouraging the establishment of Central Cooperatives, especially after 1973.[62] By 1975, most cooperative members had heard about the Centrales. Attitudes toward the development of Centrales tended to reflect the socioeconomic

position of the cooperative. Ascendant enterprises, such as Estrella, were generally firmly opposed; Estrella members argued that they had risen by their own efforts, and so should other cooperatives. But poorer or average enterprises, such as Marla, were favorable, increasingly aware that they would be taken advantage of by new self-managed Goliaths if there were no Centrales. In many regions, the number of cooperatives favorable to a Central was the majority. But, limited government action was taken and few start-up funds made available on behalf of that majority. By 1977, some 200 enterprises, or only approximately 15 percent of all cooperatives, had been organized into 28 Centrales.[63] Moreover, most of these Centrales were encouraged to adopt a scaled-down vision of their role; often, their only real function was the provision of accounting services.[64]

Why was the growing citizen desire for Centrales ignored by the top military elites? One reason was a lack of funds for them. But it also appears that top military leaders increasingly favored a large role for the state in marketing, a role that would remove a key function from the Central. For example, since 1974 the sale abroad of fishmeal, cotton, and coffee has been handled by EPCHAP (Public Enterprise for Marketing of Fishmeal and Oil). The enthusiasm of SAIS Huanca for its Central was gradually destroyed as first a Social Property enterprise and then the state marketing agency EPSA made critical inroads into priority agroindustrialization and marketing projects of the Central.[65]

Policy flexibility at the start, and gradual policy adaptations through citizen input, thus may often prove a viable reform strategy. In Peru, the strategy was primarily evident only in policy toward the agrarian cooperatives, however, and even here policy flexibility frequently did not entail appropriate subsequent adaptations, as the next section shows. With respect to most other policy areas, the strategy was impeded for various reasons. Policy toward peasant communities became inextricably linked with the government's move to the left and subsequent rightist retreat in 1973-76. Changes in the Industrial Communities were impeded by the high level of conflict between industrialists, who used legal loopholes to try to avoid key parts of the law, and the workers, who wanted to block these loopholes. Many legal modifications to the Industrial Community represented the government's efforts to support the workers in the Communities and end the loopholes.[66] But there were various other important problems in industrial policy, especially serious inefficiency and continued bias toward the choice of capital over labor, that were the perhaps unforeseen result of the particular policy package of tax exemptions, tariff reductions, high protection from competitive imports, labor indiscipline, and industrialists' fears of eventual loss of control of the firm, and these problems apparently received scant attention from the government.[67] The Social Property law was an effort to respond to some of these problems, especially work achievement and increasing employment,[68] but as we know few Social Property firms ever materialized.

Enabling an "Ideology" of Pragmatic Experimentation. The ambiguity of the Velasco government's speeches and actions made possible a description of the government's ideology as experimental and practical, seeking viable solutions for problems that had often seemed intractable. The upshots of

last-minute political compromises, and of institutions such as the Industrial Community and the SAIS, were clearly experimental. Apparently, it was suggested that the Industrial Community be introduced as an experiment.[69] The adoption of such an ideology would have had a number of advantages.

First, by and large, it would have been true. Despite claims to the contrary when the Plan Inca (which supposedly had been the "grand plan" of Velasco and his allies in 1968) was published in 1974, there were any number of major questions confronting the government in 1968 to which it had few specific answers. Many of the government's changing policies reflected changing answers to these questions, as they emerged in practice. Would the Andean Group accept the radical Peruvian proposals for the regulation of industry, and how would international firms react? How in fact would self-management work in Peru, a nation very different from Yugoslavia? What attitudes to the political changes would distinct elites take, not only the hacendados and industrialists, but development technicians, agronomists, political activists? And, very importantly, how could the most disadvantaged stratum in Peru, the landless peasants, be helped in a nation with the worst land/man ratio in Latin America and an agricultural sector with very limited potential overall?[70] Would the members of the new cooperatives show more concern for more disadvantaged peasants, particularly the seasonal workers, than had the hacendados?

There would also have been strategic advantages to the proclamation of an experimental, pragmatic "ideology." Such an "ideology" would have been helpful in calming elites, and in not raising the expectations of the poor too much or too fast. In China and presumably elsewhere, a successful experiment has frequently been cited as solid evidence for advancing leftward, even if the success of the experiment was in part the result of extra attention to the particular site or institution. Also, as Hirschman argues, a government that embellishes its policies by extravagant ideological claims appears much more tarnished when it fails to deliver on these claims than does a more cautious government.[71]

At times, the Velasco government did in fact try to emerge as ideologically pragmatic and experimental. Delgado particularly emphasizes the "anti-dogmatic" and "evolutionary" [procesal] character of "the struggle."[72] But, as in other spheres, in the ideological one the government was also betwixt and between. It always referred to itself as "Revolutionary," long after everyone else put the term in quotes. "Revolution for Participation" was the headline in Correo above its text of the Plan Inca on July 29, 1974. There was insistence upon the government's reforms as "fundamental structural transformations" culminating in "fully participatory social democracy."[73] For the reasons stated above, these flamboyant proclamations did not seem advantageous for the government.

Costs of Ambiguity

The costs of ambiguity are to a significant degree the reverse side of the coin from the benefits. The major costs seem to be: 1) worrying and confusing would-be allies; 2) enabling citizen input in policy-making only to then ignore it and alienate the citizens; and 3) moral and ideological bankruptcy.

Worrying and Confusing Would-Be Allies. Ambiguity was very advantageous to the Velasco government in disarming and confusing hacendados, industrialists, and conservative military officers long enough to enact various reforms. However, when the issue became not defusing inevitable opposition but winning support from groups that had gained from the reforms and "should" have been loyal, ambiguity became an Achilles' heel. The problem for the government was how to continue intensifying and deepening its reforms without alienating original reform beneficiaries. Whereas a strategy of sequential, shifting alliances to achieve reform is effective if there is no concern for the support of the politically abandoned group, it may be disastrous if the support of that group is indeed important.[74]

By 1973, it was evident that the government's reforms had benefited primarily workers in the upper two or three deciles of the income distribution.[75] The agrarian reform had benefited most the relatively prosperous ex-hacienda workers, not disadvantaged comuneros and migrant seasonal workers (eventuales). The Industrial Community had benefitted the relatively prosperous modern-sector industrial employees, not the unskilled, nonunionized, often self-employed workers of the traditional sector, a considerable number of whom were recent migrants to Lima, living in "squatter settlements" or "young towns."

The government became increasingly concerned with helping these disadvantaged groups in 1973 and 1974, and its policies moved leftward. Ultimately, however, the reforms of this period were by and large never brought to fruition, in contrast to the reforms of the previous years. Moreover, in promoting the new, more radical reforms, the government alienated the groups that had benefited from the previous policies and had constituted the most natural base of support for the government. The regime was thus in the worst of both worlds: it never gained the support of the disadvantaged groups, because it never delivered on its promises, and it lost the support of those to whom it had delivered.

There were a number of reasons behind the failure of the leftist policies of the post-1972 era. Velasco himself was increasingly ill and unenergetic and may also, in the final months of his regime, have tipped his support from "the progressives" to a second military faction called "The Mission," which was intensely loyal to Velasco but virulently anti-Communist and gangsterish.[76] In several cases, Velasco and "the four colonels" also seem to have seriously miscalculated the capacity and the will of the rest of the government for reforms. SINAMOS, the "political mobilization" agency which spearheaded the move to the left, sowed fears and confusion. Whereas political coalitions between the "labor aristocracies" and other workers and between the "peasant aristocracies" and other peasants seemed critically necessary at this time, the impact (if any) of SINAMOS was divisive, especially in the countryside.

As a critical cause of the intensification of the reform process and then a critical cause of its failure, SINAMOS and the dynamics of its relationship to workers and peasants are emphasized in this section. Other examples of the zig to the left and then zag to the right during this period include the expropriation of the Lima daily newspapers, followed by the decision not to transfer control over them to the relevant occupational sectors. Government policy toward popular participation was symbolized to a significant degree first by the rise of SINAMOS and then by its fall.

It should be mentioned that policy toward the migrant poor showed a somewhat distinct trend, never becoming particularly radical.[77]

What was SINAMOS? Characteristically, the Velasco government did not have a clear answer. Usually, SINAMOS was simplistically described by what it was not--it was not a political party, it was not a Peruvian FBI, it was not a corporatist trick--or by poetic but uninformative rhetoric:

> SINAMOS is you. We are all SINAMOS, the men and women of the coast, the highlands and the jungle,...those who want to construct a revolutionary nation. SINAMOS is you, me and all our brothers, who in the cooperatives, the SAIS, the labor communities, the universities, the neighborhood assemblies, the public administration...are working and learning, constructing a new society of participation in revolutionary Peru. So don't ask what SINAMOS is. SINAMOS is you.[78]

What was the role of SINAMOS actually to be? As noted above, it had been insinuated that SINAMOS might be able to calm the unruly masses or at least appropriately "channel" their demands. It was also indicated that, at the very least, SINAMOS would build popular support for the government. Yet, neither of these implied aims was diligently pursued. Indeed, the agency's hasty recruiting procedures meant that it employed both many conservative officials (especially at the middle ranks) and many young Marxists (especially at the lower ranks). Officials with conservative or Marxist perspectives were rarely interested in building support for the Velasco government.

Thus, SINAMOS included leftists, and these leftists soon demonstrated considerable concern for galvanizing reforms--in particular, for extending and amplifying the participatory rights of citizens. (This was actually what the law creating SINAMOS had said was to be its priority function.[79]) But, in any attempts to galvanize participation, SINAMOS was seriously compromised by the limitations of the agency itself. SINAMOS was preaching a doctrine that it did not practice. SINAMOS employees were intellectuals and bureaucrats, individuals with university training and, usually, middle-class origins, recruited by and responsible to their superiors in the agency--not elected by citizens, or subject to recall by them. Moreover, some SINAMOS officials were arrogant "whippersnappers" who presumed that they knew more about politics and development than workers or peasants. Suddenly, such individuals were given the authority to become politically involved in communities that had not asked them to do so. Moreover, when push came to shove, SINAMOS officials would often violate the tenets of respect for the authentic political voice of a community and try to impose their own will, often quite understandably, in the name of equal access to participatory organizations and equality in general.

Hence, despite rather sincere concern for participatory ideals among many of its officials, SINAMOS was beset by the paradoxes of its political context and its own personalities. The agency met suspicion from most groups at its first encounters.

SINAMOS was first active in the industrial sector.[80] In 1972 and 1973, SINAMOS supported the development of a vigorous and militant federation of

Industrial Communities, called CONACI. SINAMOS was in constant struggle with the Ministry of Industry, which favored efforts to control CONACI and limit demand-making. The Ministry's position was victorious among top government circles by 1974, although CONACI factions continued to struggle for political independence.

SINAMOS might have fared better in its duel with the Ministry of Industry over CONACI if it had brought in other urban groups behind its position. However, for whatever reasons, not even the germ of a coalition between the "worker aristocracy" of the Industrial Communities and the urban poor emerged. Industrial Community members could have benefited from the political support in their battle against recalcitrant industrialists, and the urban poor could have benefited from various changes in the Industrial Community law, especially changes in the incentives to the increase of capital rather than labor in these firms. (In a survey of four squatter settlements, Dietz[81] found that lower percentages of respondents rated the government's performance in supplying employment opportunities as "very good" than its performance in supplying any other service on the survey list.) A coalition in support of Social Property might also have been encouraged on similar grounds of mutual benefit, which might have helped to spur the development of Social Property firms in 1975, when the Social Property movement was slowing down. But, whereas SINAMOS was politically vigorous in the Industrial Community federation and in the countryside, it was not so in the migrant settlements of the urban poor, perhaps because it was relatively heavily involved in the practical tasks of resolution of the concerns of the migrants and urban poor.[82]

SINAMOS began its activity in the countryside somewhat later, and was somewhat more successful. Perhaps the primary task of SINAMOS during 1974 was the development of the National Agrarian Confederation (CNA), a government-chartered organization to represent the peasantry. As usual, it was suggested that the CNA would play a "pre-emptive" or "defensive" role, checking the rise of the Marxist Peruvian Peasant Confederation (CCP). Also as usual, this did not turn out to be the case. The CNA emerged as a vigorous demand-making federation that at times worked with the CCP, especially on land invasions, and both the CNA and the CCP grew.[83]

Perhaps the most critical decision taken by SINAMOS with respect to the CNA was to give peasant community members greater representation in CNA than any other peasant stratum. At the lower and upper levels of the CNA, peasant communities held about 75 percent of the representatives, whereas agrarian cooperatives constituted only about 20 percent.[84] Peasant community members were thus represented well beyond their proportion of the agricultural population (only about 40 percent) and far beyond their contribution to the agricultural product.

By promoting the membership of peasant communities in the CNA, SINAMOS intended to bring the most disadvantaged, and therefore potentially most radical, stratum into the political limelight and thereby push the agrarian reform to the left.[85] The strategy did bear fruit in at least one area: the alliance between SINAMOS and the CNA probably helped to spur the expropriations of haciendas in remote areas during 1975-76. However, for whatever reasons, both SINAMOS and the CNA took stances that were rather

antagonistic toward the agrarian cooperative members. There was little apparent attempt to emphasize the considerable common concerns of the two groups.

On coastal cooperatives, SINAMOS, and in some cases the Ministry of Agriculture plus local CNA affiliates, were more involved with the issue of the admission of temporary workers into the enterprises than with any other issue vis-à-vis the cooperatives during 1973-75. The problem was that "temporary" workers (who in many cases had in fact been working for the enterprise for years) were repeatedly refused membership in most cooperatives, thus denying significant economic and political benefits to a relatively disadvantaged group. It seemed that cooperative members wanted to keep all the new benefits to themselves. When, as in Estrella, members rejected the pressures to admit more temporary workers, SINAMOS often encouraged the eventuales to unionize. Estrella then fired some of the workers involved. In Estrella, as in most coastal CAPs, few temporary workers were ever actually admitted.

Cooperative members were also worried and alienated by many of the positions taken by the CNA. The CNA supported the principles of Social Property, which cooperative members saw as state farms that would usurp all their new rights; it argued for incorporation of the temporary workers into the cooperative; and it promoted sharper price increases for potatoes (produced largely by peasant communities) than for sugar or rice (produced largely by coastal cooperative members).[86] Neither the CNA nor SINAMOS indicated a similar degree of concern for issues on which the peasant communities and the cooperatives might have reached agreement. Issues on which common concern and united political action seemed most likely were: action against commercial intermediaries, the institutionalization of election and recall systems for SINAMOS officials, and perhaps an increase in prices for all agricultural products and modification of the agrarian debt scheme. Only one of these issues became a major concern of the CNA and leftist government officials--action against commercial intermediaries. However, amidst all the various approaches to this issue, the CNA added yet another to the list--a scheme in which it would have a key role. This was rejected by the government.

Given the rhetoric of both SINAMOS and the CNA on such issues as Social Property and the temporary workers, it is not surprising that cooperative members feared for the future of their enterprises, resented the "meddling" of SINAMOS, and never really wanted to become involved in the CNA. The fears of a change in the structure of the cooperative encouraged a short-run economic perspective on the cooperative. There was a tendency in most cooperatives to invest the minimum required by law, and emphasize investment in schools and houses rather than capital equipment. Despite the fact that many cooperatives had considerable profits of their own, large percentages of these sums were consumed, and then funds for investment projects or the next harvest were requested from the government.

With respect to attitudes toward SINAMOS, the following vilification by the leader of a Cajamarca SAIS is suggestive. Note in particular the accusation that SINAMOS encouraged the employment of too many workers. Note, too, the general indication that SINAMOS was acting like a "new patron," and that the members would have none of it.

> SINAMOS only created confusion, destroying what was left of the enterprise with the hacienda, and setting a bad example. They promised aid and capacitación, but they didn't come through. They broke down work discipline, and people didn't want to work. It was their fault too that land was invaded and divided among many people who now have the land.... And it was their fault too that many permanent workers were hired, allied to the former leaders, until there were almost 400 employees, when at the most 200 are necessary, and it became impossible to pay everyone. The workers didn't want to work and there was no respect. Also, they got four administrators named, one for each ex-hacienda in the SAIS, who didn't know anything about administration. When the situation had become impossible, some of the SINAMOS guys left, and we kicked out the others. Now we've begun to organize our own enterprise little by little, the people trust us, and we're all learning....[87]

Enabling Citizen Input in Policy-Making Only to Then Ignore It. In a number of instances, policy flexibility facilitated the development of rather strong lobbies by citizens who assumed that they would be able to influence ultimate policy development. When this was in fact the case, as in the examples of the previous section, the flexibility was advantageous; but when citizens were not able to subsequently affect policy development, they were understandably alienated. The establishment of the CNA in such close alliance with disadvantaged peasant communities is a case in point; the CNA was led to assume that it would participate in agricultural policy development, and was alienated when it was not able to significantly affect policies. Similarly, SAIS Huanca and other cooperatives that had initiated Centrales with enthusiasm were dismayed when suddenly the government promoted state or Social Property firms with similar functions.

Consider, too, the issue of the role of the "enterprise director" (gerente) in the cooperative. The director is a professional technician, with university training in agronomy or veterinary medicine or the like. The role of the director in the enterprise was a crucial question. In theories critical of self-management, the director is the linchpin between capitalists or the state and the workers, conciliating the two groups and, in particular, co-opting the workers.

In the agrarian reform law, little was said about the director, except that one would be hired by the executive organ, the Administrative Council, and that the director would administer the cooperative, subject to the overall policy guidelines and approval of the Administrative Council.[88] It was probably assumed by top officials that, as in Yugoslavia, the enterprise director would have a relatively secure position in the cooperative and would be able to provide important technical information and administrative expertise. This was especially the case because it was soon required that the Ministry of Agriculture have a hand in the hiring of the director; the Ministry was to make the final choice of director from a list of three candidates nominated by the Administrative Council.

It gradually became apparent, however, that, although hiring requirements were in line with the Ministry's vision of the role of the director,

firing requirements were not. It also became apparent that for many co-operative members the director was a symbol of the old order, and that they were very sensitive to any display of arrogance or any attempt to assert authority unilaterally by the director. Given the legal loophole on firing rights and members' fears of the director, the not unsurprising result was the firing of a great many directors, as well as the use of the firing power as a club by members to keep directors in line.

For several years, the government did not take any action to close the legal loophole on firing power. Meanwhile, agrarian cooperative members were indicating ever more emphatically that they wanted to retain this key power over the directors. As SINAMOS and its anti-gerente opinions fell into disrepute, however, the Ministry of Agriculture strengthened its efforts to fortify the director's position in the cooperative. In some regions, "administrative directives" were issued requiring that the director be given a one-or-two-year contract, and that a new director arrive before the fired one could leave.[89] But, agrarian cooperative members often refused to abide by the terms of such directives; they did not see such fiats as legally or morally binding. The percentage of enterprises with directors rose from 30 percent to 60 percent, roughly, from December 1973 to May 1975, and stayed at about 60 percent through 1977.[90] The only real impact of the government's new initiatives was to alienate cooperative members.

Moral Bankruptcy. It was not long before it was clear that Velasco was not leading a "Revolution," especially not a "Revolution in Participation." It was not long before it was clear that Morales Bermúdez was not "consolidating the Revolution." Citizens were indignant at the dishonesty. The practice of "shifting alliances" exacerbated the image of Machiavellianism. As Hirschman points out, to jettison yesterday's allies will often be seen as an act of betrayal.[91]

The severity of the moral crisis of the government is indicated in the comments of cooperative members. "They talk about democracy but it's all talk, nothing else," said one. Stating what he thought was the worst feature of the Velasco government, another said "...everything was false...." Charged a bitter peasant in 1977, "All military men are alike, they fill their pockets with money and it's the people that have to suffer the consequences."

Conclusion

Ambiguity did prove a double-edged sword to the Velasco government. The strengths of the government's reform-mongering strategy were also its weaknesses. Nevertheless, there were strategies by which the government might have cut its losses while retaining its benefits from ambiguity.

Ambiguity was what allowed the Velasco government to proceed as far as it did with Third Way reforms, and also what prevented it from gaining the support for these reforms that might have enabled them to endure or even deepen. Via ambiguity, the government confused potential opposition forces long enough to implement reforms that would almost certainly have been blocked, perhaps violently, if these forces had realized what the ultimate

thrust of the reforms was to be. But, via ambiguity, the government also confused groups whose support it eventually needed desperately. In this context, the government's "ambiguity" was very much akin to its "autonomy" from any one social class: by not allying with any one class definitively, the regime did not alienate predetermined class enemies as strongly as it might have; but, by constantly shifting class alliances, neither did it secure any real friends.

Ambiguity also signified flexibility. On the one hand, the government's flexibility--its realization that in a year or two it could not develop comprehensive solutions to difficult problems, and that laws would have to be experiments, susceptible to change as the results came in--was realistic. In many cases, such flexibility allowed greater citizen input into decision-making, improving policies and increasing public confidence in them. By rejecting the temptation to consider all policies as ultimate solutions and thereby set all laws in granite, the government was able to develop some of its innovative and radical programs: Social Property, which emerged as a reaction to many problems in the Inudstrial Communities, and Central Cooperatives, which emerged as a reaction to many problems in the single agrarian cooperatives. Such flexibility was also an important antidote to the hermetismo of the military in its insistence on its exclusive prerogatives in establishing the "central" direction of policy. But policy flexibility also has critical disadvantages. It allows the opposition to more radical policies to become more entrenched. Suffice it to say, perhaps, that ultimately neither Social Property enterprises nor Central Cooperatives were really developed. Policy flexibility is also very disadvantageous if target citizens are enabled to participate in developing a program, gradually build a majority position--and then have the government, insisting on its decision-making prerogatives, ignore this majority position and decree its own distinct new policy.

What might the government have done to maximize the benefits from ambiguity and reduce the costs? To many analysts, nothing: in their view, ambiguity was in complete contradiction with radical mobilization of the masses, and radical mobilization of the masses was the only way toward consolidating the government and winning popular support. However, the radical mobilization strategy was probably precluded by the fears of mass mobilization held by many military (and civilian) officials, and would have been difficult in any case. As SINAMOS showed, the government seemed to have little understanding of what participation really might entail, and it would probably have had even less success in leading and unifying mobilized groups than the Popular Unity government had in Chile.

Thus, what strategies were available to the Velasco government within its stated parameters of class "autonomy," hermetismo, and ultimate decision-making prerogatives for the military? Most simply, it needed to pay more attention to the issue of popular support. Even projects presumably designed in part to promote popular support, such as SINAMOS, were not implemented in such a way as to do so. In sharp contrast to common Mexican practice, major government benefits were allocated without any effort to tie them to indications of support. Land was expropriated almost entirely by the criterion of size of holding (larger first). The loan and credit decisions of the Agrarian Bank were made on "apolitical" criteria. So, apparently, were the decisions to provide new services for migrant settlements.[92]

Special attention had to be given to maintaining the support of previous reform beneficiaries. Although relatively privileged in many cases, they were the individuals for whom the government had "delivered" and upon whom it had to be able to count for real economic support (investment, production efforts) and political support (demonstrations). After the threat of violent retaliation by the opposition had been reduced, the government might have tried to clarify its overall political position on state-society relations, which, as the difficulties of SINAMOS revealed, it by and large did not do. Also, as Hirschman indicates,[93] at this time the strategy of "shifting alliances" might advantageously have been replaced by a strategy of coalition-building and logrolling. It does not seem that "shifting alliances" was any more or less a "class autonomous" strategy than coalition-building among the bottom eight deciles or so of the income distribution--there was no definitive statement on Peruvian class structure, despite the prevalent use of the word "class."

Policy flexibility was appropriate and advantageous when the government was more or less in a position to satisfy the popular consensuses that emerged, but inappropriate and disadvantageous when it was not. The government could not always have foreseen and quickly assessed its responsive capabilities in these situations--as for example with respect to the Central Cooperatives and Social Property. But in other cases, especially that of the CNA, it does seem that the government could more readily have anticipated the difficulties that evolved. A major new organization should not be proclaimed, and then almost all its proposals vetoed.

Finally, the government might have presented its programs in a more accurate light. The proclamations of "revolution" and a "fully participatory social democracy" were transparent rhetoric. For reasons indicated previously, description of the policies as "experimental" and "pragmatic" might have been more effective. The government could then have devoted much greater attention to explaining why such an experimental course was believed appropriate, and thus could have enhanced popular understanding of the government's very real dilemmas.

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[1]The terms "reform," "radical," and "the left" are used interchangeably in this paper to indicate the devolution of economic and political resources toward less-advantaged citizens.

[2]See especially Carlos Delgado, Testimonio de Lucha (Lima: Biblioteca Peruana, 1973), pp. 49-52, 221-267.

[3]Peter T. Knight, "New Forms of Economic Organization in Peru: Towards Workers' Self-Management," in Abraham F. Lowenthal (ed.), The Peruvian Experiment (Princeton: Princeton University Press, 1975), p. 377.

[4]Cynthia McClintock, Self-Management and Political Participation in Peru, 1969-1975 (London: A Sage Professional Paper in Contemporary Political Sociology, 1977).

[5]Delgado, Testimonio de Lucha.

[6]An excellent discussion of Peru's role in the Andean Group and Peruvian leaders' ideas about the Group is provided by Alfred Stepan, The State and Society: Peru in Comparative Perspective (Princeton: Princeton University Press, 1978), pp. 230-289.

[7]Lowenthal, The Peruvian Experiment; and Robert H. Swansbrough, "Peru's Diplomatic Offensive: Solidarity for Latin American Independence," in Ronald G. Hellman and Jon Rosenbaum (eds.), Latin America: The Search for a New International Role (New York: Halsted, 1975) discuss Peru's role in international fora.

[8]Lowenthal, The Peruvian Experiment, pp. 3-5, describes in detail the interest and hopes of international analysts vis-à-vis Velasco's Peru. See also E.V.K. Fitzgerald, The State and Economic Development: Peru Since 1968 (London: Cambridge University Press, 1976), p. 104, and Ellen Kay Trimberger, Revolution from Above: Military Bureaucrats and Development in Japan, Turkey, Egypt, and Peru (New Brunswick: Transaction, 1978), pp. 147-175, for indications of scholarly views that, in the absence of other developmental possibilities, Velasco's approach should be considered a relatively positive one.

[9]See Peter S. Cleaves, "Policymaking in Peru from 1968" (unpublished manuscript: Yale University, 1977), pp. 46-47, for an overall evaluation. With respect to the agrarian sector, the point is documented by McClintock, Self-Management and Political Participation in Peru, pp. 40-46.

[10]The general line of argument advanced in this paragraph is elaborated in much greater detail, with some variations, in Fitzgerald; Stepan, pp. 284-289; Rosemary Thorp and Geoffrey Bertram, Peru 1890-1977: Growth and Policy in an Open Economy (London: Macmillan, 1978), pp. 301-327; and Francisco Moncloa, Peru: ¿Que Paso? (1968-1976) (Lima: Editorial Horizonte, 1977), pp. 82-100.

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[11]Hector Bejar, La Revolución en la Trampa (Lima: Ediciones Socialismo y Participación, 1975), p. 173.

[12]The paradox of significant benefits to agrarian cooperative members but their skeptical evaluation of the government is elaborated in Cynthia McClintock, The Peasant and the Peruvian "Revolution:" Aspirations and Realities in Self-Managed Cooperatives, 1969-1977 (unpublished manuscript: George Washington University, 1978), ch. X.

[13]The ambiguity of the Velasco government's program was first emphasized by Lowenthal, The Peruvian Experiment. The point has been made subsequently by various analysts, including Evelyne Huber Stephens, "The Politics of Workers' Participation: The Peruvian Approach in Comparative Perspective" (unpublished Ph.D. dissertation: Yale University, 1977); Thorp and Bertram, Peru 1890-1977, pp. 302-303; and Anthony Ferner, "A New Development Model For Peru? Anomalies and Readjustments," Bulletin of the Society for Latin American Studies 28 (April, 1978), pp. 42-63.

[14]Juan Alvarado Velasco, La Voz de la Revolución (2 vols; Lima: Oficina Nacional de Informaciones, 1972); Velasco, "Plan Inca" (Independence Day message to the nation, July 28, 1974), Correo, July 29, 1974; Delgado, Testimonio de Lucha.

[15]Velasco, "Plan Inca."

[16]Peru 1890-1977, pp. 302-303.

[17]Pedro Ortiz Vergara, "El Proceso de la Reforma Agraria Peruana" (unpublished manuscript: University of Venezuela at Alto Barinas, 1978), p. 124.

[18]"A New Development Model for Peru?" pp. 49-50.

[19]Stephens, "The Politics of Workers' Participation," pp. 94-102.

[20]"Policymaking in Peru from 1968."

[21]Giorgio Alberti, Jorge Santistevan, and Luis Pásara (eds.), Estado y Clase: La Comunidad Industrial en el Perú (Lima: Instituto de Estudios Peruanos, 1977).

[22]The State and Society, p. 303.

[23]Revolution from Above, pp. 147-173.

[24]Ortiz, "El Proceso de la Reforma Agraria Peruana," and Henry Pease García, El Ocaso del Poder Oligárquico: Lucha Política en la Escena Oficial, 1968-1975 (Lima: DESCO, 1977) provide vivid descriptions of the military's hermetismo.

[25]Stepan emphasizes this point.

[26]See The Andean Report III:3 (March, 1977), p. 47, for confirmation of this point. However, there is no real disagreement about it today, or about the cutting edge of the Peruvian reform as second only to the Cuban. See McClintock, The Peasant and the Peruvian "Revolution," ch. II, for detailed comparisons between the Peruvian and other Latin American agrarian reforms.

[27]Samuel P. Huntington, Political Order in Changing Societies (New Haven: Yale University Press, 1968), pp. 291-343, 374-396; Albert O. Hirschman, Journeys Toward Progress (New York: Anchor, 1965), p. 353.

[28]Kyle Steenland, Agrarian Reform Under Allende: Peasant Revolt in the South (Albuquerque: University of New Mexico Press, 1977) describes most vividly the violent organizational tactics of Chilean landowners.

[29]The account draws upon the author's own interviews and observations, and also upon Pease García, El Ocaso del Poder Oligárquico and "La Reforma Agraria Peruana en la Crisis del Estado Oligárquico," in DESCO (ed.), Estado y Política Agraria (Lima: DESCO, 1977); James R. Agut, "The 'Peruvian Revolution' and Catholic Corporatism: Armed Forces Rule Since 1968" (unpublished Ph.D. dissertation: University of Miami, 1975); Ortiz Vergara, "El Proceso de la Reforma Agraria Peruana;" Colin Harding, "Land Reform and Social Conflict in Peru," in Lowenthal (ed.), The Peruvian Experiment, pp. 222-253; David Scott Palmer, "Revolution from Above:" Military Government and Popular Participation in Peru, 1968-1972 (Ithaca: Cornell University Latin American Studies Program Dissertation Series, 1973); David Scott Palmer and Kevin Jay Middlebrook, "Corporatist Participation Under Military Rule in Peru," in David Chaplin (ed.), Peruvian Nationalism: A Corporatist Revolution (New Brunswick: Transaction, 1976), pp. 428-454; and William F. Whyte, "Panel Discussion," in Leila A. Bradfield (ed.), Chile and Peru: Two Paths to Social Justice (Kalamazoo, Mich.: Western Michigan University Institute of International and Area Studies, 1974).

[30]See particularly Velasco's speech announcing the reform and that a few months later before a group of Peruvian executives (CADE), reprinted in Velasco, La Voz de la Revolución, I, 48-55, 161-172. See also the official communiqué published in Expreso (23 June 1971) and cited by Harding, "Land Reform and Social Conflict in Peru," p. 241, as well as quotations in Palmer, "Revolution from Above;" Agut, "The 'Peruvian Revolution' and Catholic Corporatism;" Stepan, The State and Society, pp. 134-138; and Pease García, "La Reforma Agraria Peruana en la Crisis del Estado Oligárquico," p. 105.

[31]This account and interpretation are made by Augt, "The 'Peruvian Revolution' and Catholic Corporatism," pp. 211-212.

[32]Ibid., p. 218.

[33]Stephens, "The Politics of Workers' Participation," p. 109.

[34]George Philip, "The Soldier as Radical: the Peruvian Military Government, 1968-1975," Journal of Latin American Studies 8:1 (May), 29-51.

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[35]Julio Cotler and Felipe Portocarrero, "Peru: Peasant Organizations," in Henry A. Landsberger (ed.), Latin American Peasant Movements (Ithaca, N.Y.: Cornell University Press, 1969), p. 301; and Oscar Delgado, "La Organización de los Campesinos y el Sistema Política," Apuntes 25 (July 1972), 86.

[36]Data are from the Reforma Agraria en Cifras, a serial publication of the Ministry of Agriculture. See Cynthia McClintock, "Structural Change and Political Culture in Rural Peru: The Impact of Self-Managed Cooperatives on Peasant Clientelism, 1969-1975" (unpublished Ph.D. dissertation: Massachusetts Institute of Technology, 1976), pp. 144-150 for discussion.

[37]Journeys Toward Progress, pp. 327-384.

[38]Political Order in Changing Societies, pp. 264-396.

[39]On the extent of subdivision in Chile (operationalized as a dramatic increase in the number of farms just below the maximum farm size permitted by law), see the figures in Steenland, Agrarian Reform under Allende, p. 135.

[40]Pease García, "La Reforma Agraria Peruana en la Crisis del Estado Oligárquico," pp. 99-110.

[41]Harding, "Land Reform and Social Conflict in Peru," pp. 237-238.

[42]The account in this paragraph draws heavily upon Pease García, "La Reforma Agraria Peruana en la Crisis del Estado Oligárquico," pp. 103-115.

[43]With respect to the "team spirit" that self-management would encourage, see Velasco, La Voz de la Revolución, II, 5 -36; Article 3a of the Industrial Community Law (Decree Law 18384); and a statement by General Graham Hurtado, April 14, 1971, cited by Stephens, "The Politics of Workers' Participation," p. 111. With respect to the persuasive role of SINAMOS, see the arguments of General Rodríguez, reported in Caretas, 28 March 1972, p. 11, and 22 April 1972, p. 54, and in Agut, "The 'Peruvian Revolution' and Catholic Corporatism," p. 514.

[44]Knight, "New Forms of Economic Organization in Peru," pp. 373-379.

[45]Bejar, La Revolución en la Trampa, p. 107; and Sandra Woy, "SINAMOS: Infrastructure of Participation," paper presented in seminar on the Faces of Participation in Latin America, University of Texas at San Antonio, 1976.

[46]The hopes of some officials that SINAMOS would be a super-Ministry were indicated to me in interviews, and are also reported by Agut, "The 'Peruvian Revolution' and Catholic Corporatism," p. 459. SINAMOS' stance to the left of the Ministry of Industry is documented in detail by Jorge Santistevan, "El Estado y Los Comuneros Industriales," in Alberti, Santistevan, and Pásara (eds.), Estado y Clase, and its stance to the left of the Ministry of Agriculture by Cynthia McClintock, "Reform Governments and Policy Implementation: Lessons from Peru," in Merilee Grindle (ed.), Politics and Policy Implementation in the Third World (Princeton: Princeton University Press, forthcoming).

[47]This kind of distinction between "core" and "periphery" policies is implied by Velasco in a statement about participation in the design of the Social Property legislation: "We have not opened up the dialogue so that they can make us lose time by alleging the inconvenience of adopting this new sector. That decision has been taken and will not be revised. That was taken a year ago. We want patriotic and constructive opinions about the outlines of the project, the institutions to be created, and so on. Not on whether or not to create the sector." Statement was reported in El Comercio, 27 September 1973, and cited by Lowenthal, The Peruvian Experiment, p. 11.

[48]"The Politics of Workers' Participation," pp. 96-97.

[49]Deborah D. Milenkovitch, Plan and Market in Yugoslav Economic Thought (New Haven: Yale University Press, 1971), pp. 105-112.

[50]Quotation is from Ibid., p. 218. See also Ellen Comisso, "Workers Control Between Plan and Market" (draft of unpublished Ph.D. dissertation: Yale University, 1977), and Sharon Zukin, Beyond Marx and Tito: Theory and Practice in Yugoslav Socialism (New York: Cambridge University Press, 1975).

[51]On the political legitimacy of the Yugoslav government, Bogdan Denis Denitch, The Legitimation of a Revolution: The Yugoslav Case (New Haven: Yale University Press, 1976) is persuasive. On the economic growth record, see Duncan Wilson, "Self-Management in Yugoslavia," International Affairs 54:2 (April, 1978), 253-263, for recent data, and Paul Blumberg, Industrial Democracy (New York: Schocken Books, 1969), p. 222, for data on the 1950s and 1960s. David G. Garson, On Democratic Administration and Socialist Self-Management: A Comparative Survey Emphasizing the Yugoslav Experience (Beverly Hills, Calif.: Sage Professional Paper, 1974) makes an exceptionally careful argument indicating that Yugoslav self-management has entailed greater power for workers than is often suggested.

[52]The only parts of Decree Law 17716 that refer to these questions are Article 75 of the Law and Supreme Decree 240-69-AP. They provide the scantiest of guidelines.

[53]Ortiz Vergara, "El Proceso de la Reforma Agraria Peruana," pp. 99-113, discusses the development of the SAIS structure in detail, and indicates that lower-level officials in the Ministry of Agriculture and SINAMOS played important roles. This was especially the case in the actual adjudication of enterprises; the decision about how many peasant communities to include in one SAIS, for example, was made primarily by officials in the regional agrarian reform office.

[54]This section on work achievement in the cooperatives draws from McClintock, The Peasant and the Peruvian "Revolution," ch. VIII. Documentation of many of the points in this section, including the wage increases in the cooperatives and the declining commitment to work for the enterprise in many smaller coastal crop enterprises, is also provided in José Maria Caballero and Manuel A. Tello, "Problemas Post-Reforma Agraria en Cajamarca y La Libertad" (Lima: Centro Peruano de Estudios Sociales, 1976), pp. 23-25; and the comprehensive studies by Douglas E. Horton:

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Land Reform and Reform Enterprises in Peru (report to Land Tenure Center and the International Bank for Reconstruction and Development, June, 1974); "Land Reform and Group Farming in Peru," (IBRD Department of Development Economics, Studies in Employment and Rural Development No. 23, 1975); "Land Reform and Reform Enterprises in Peru," (IBRD Department of Development Economics, Studies in Employment and Rural Development No. 24, 1975); and "Peru Case Study Volume," (IBRD Department of Development Economics, Studies in Employment and Rural Development No. 22, 1975). Some of the points made about work compensation strategies are also discussed in Fernando Eguren López, Reforma Agraria, Cooperativización, y Lucha Campesina (Lima: DESCO, 1975), pp. 98-110.

[55]Peter Marchetti, "Worker Participation and Class Conflict in Worker-Managed Farms: The Rural Question in Chile--1970 to 1973" (unpublished Ph.D. dissertation: Yale University, 1975), pp. 278-406; Solon Barraclough and José Antonio Fernández, Diagnóstico de la Reforma Agraria Chilena (Mexico, D.F.: Siglo Veintiuno Editoriales, 1974), pp. 262-265.

[56]I have not seen CENCIRA's code and thus am not sure how great were the modifications in Estrella or elsewhere. All features of the code cited here refer to the one approved in Estrella, as an "Internal Rule of CAP Estrella." In 1977 interviews in the Ministry of Agriculture and CENCIRA, it was reported that "some" or "a few" enterprises had implemented the code, and that "many" had formally approved it without actually implementing it.

[57]Figures vary somewhat. My calculations are based on the Latin America Economic Report III:14 (April 11, 1975), p. 54, for 1970-74, and on Informativo Político 40 (January, 1976), p. 23, for 1975. Hugo Cabieses and Carlos Otero, Economia Peruana: Un Ensayo de Interpretación (Lima: DESCO, 1977), p. 210, suggest slightly greater gains.

[58]Documentation of this point can be found for individual cooperatives in Horton, Land Reform and Reform Enterprises in Peru and "Land Reform and Group Farming in Peru;" Herman Caycho, Las SAIS de la Sierra Central (Lima: ESAN, 1977); Santiago Roca, "The Peruvian Sugar Cooperatives: Some Fundamental Economic Problems, 1968-1972," in J. Vanek (ed.), Self-Management in Peru (Ithaca, N.Y.: Cornell University Program on Participation and Labor-Managed Systems, 1975); and McClintock, The Peasant and the Peruvian "Revolution," ch. VIII. Since 1969, there were moderate gains in the production of the nation's principal agricultural commodities, according to baseline data from SINAMOS, Diagnóstico Socio-Económico Preliminar del Area Rural Peruana (Lima: Dirección General de Organizaciones Rurales, 1972), p. 108, and 1972-75 data from the United States Department of Agriculture, in their Agricultural Situation Report for Peru, January 1976.

[59]See McClintock, "Structural Change and Political Culture in Rural Peru," p. 595, for a full report of the survey item and responses. Discussion of research methodology may be found in McClintock, Self-Management and Political Participation in Peru, 1969-1975, pp. 50-54.

[60]Mario Padron Castillo and Henry Pease García, Planificación Rural, Reforma Agraria y Organización Campesina (Lima: DESCO, 1974).

[61]This dynamic was evident between two of my research cooperatives, Estrella and Marla in the Virú valley, as well as between two cooperatives in the Chancay Valley visited in 1977, Huando and Torre Blanca. See McClintock, Self-Management and Political Participation in Peru, 1969-1975, ch. IX for details.

[62]Major groups within the Ministry of Agriculture, CENCIRA, SINAMOS, the CNA, and DESCO all seemed favorable.

[63]List of the 28 Centrales with their location was provided by the Dirección de Apoyo a las Empresas Campesinas, Ministry of Agriculture, July 1977, in Lima.

[64]Ortiz Vergara, "El Proceso de la Reforma Agraria Peruana," pp. 96-98, and interviews with Rodolfo Masuda Matsuura, José Elías Minaya, and Luis Deustua, all of the Ministry of Agriculture, in Lima and Trujillo, July 1977.

[65]On the early years of the Central, see Pierre de Zutter, Campesinado y Revolución (Lima: Instituto Nacional de Cultura, 1975), pp. 210-220, and Beatriz Bissio, "Nace la Inter-SAIS," Correo, 25 November 1974. Information on the subsequent problems of the SAIS is from interviews with SAIS and CENCIRA personnel in Huancayo, July 1977.

[66]Stephens, "The Politics of Workers' Participation," pp. 112-115.

[67]Roberto Abusada-Salah, "Industrialization Policies in Peru, 1970-1976," paper presented at Latin American Studies Association meeting, Houston, Texas, November 2-5, 1977.

[68]See Chapters II and III of Decree Law 20598.

[69]Stephens, "The Politics of Workers' Participation," p. 109.

[70]The land/man ratio is approximately .21 hectares of land per peasant, according to Ministry of Agriculture figures. (Despite hopes to the contrary, most studies suggest that the rain-forest region is not appropriate for intensive agriculture; that the mountains--high, cold, and remote--are potentially only somewhat more productive with irrigation; and that the coast has been developed about as much as the available water allows.

[71]Journeys Toward Progress.

[72]Testimonio de Lucha.

[73]Velasco, La Voz de la Revolución and "Plan Inca"; Delgado, Testimonio de Lucha.

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[74]Much of the argument in this section has been stimulated by the discussion of "logrolling" versus "shifting alliances" as strategies of "engineering reform" in Hirschman, Journeys Toward Progress, pp. 369-384.

[75]Richard Webb, "Government Policy and the Distribution of Income in Peru, 1963-1973," in Lowenthal, The Peruvian Experiment, pp. 79-127.

[76]Guillermo Thorndike, No, Mi General (Lima: Mosca Azul, 1976); Pease García, El Ocaso del Poder Oligárquico, pp. 148-180.

[77]An urban reform policy that would have relocated slum residents was never implemented. The government did become more lenient toward land invasions in mid-1971, and distributed many more land titles to squatters from 1970 to 1972 than had been granted in the 1960s (David Collier, "Squatter Settlements and Policy Innovation in Peru," in Lowenthal, The Peruvian Experiment, p. 163). Migrants also evaluated the government's performance in providing basic services to migrant settlements rather positively (Henry Dietz, "Bureaucrat-Client Interactions as Politics: Perceptions and Evaluations by the Urban Poor in Lima, Peru," paper presented at 1978 American Political Science Association meeting). However, the government was also concerned that Lima not become an urban magnet, and in 1973 enacted Decree Law 20066, making participants and organizers of land invasions punishable by imprisonment of up to two years (Collier, "Squatter Settlements and Policy Innovation in Peru," p. 161).

[78]SINAMOS, "Movilización Social y SINAMOS," (Lima, n.d.), back cover See also the various other SINAMOS pamphlets, "8 Preguntas a la Revolución Peruana," "63 Preguntas y Respuestas," "De Quién y Para Qué?" all published in Lima without dates (probably in 1973).

[79]Decree Law 18896, Article 1.

[80]This paragraph draws heavily from Santistevan, "El Estado y Los Comuneros Industriales."

[81]Dietz, "Bureaucrat-Client Interactions as Politics," Table 3.

[82]Ibid.; Collier, "Squatter Settlements and Policy Innovation in Peru."

[83]See Phyllis Reva Pomerantz, "Public Policy and Societal Change: Agrarian Reform and Conflict in Peru" (unpublished Ph.D. dissertation: Fletcher School of Law and Diplomacy, 1978), pp. 290-301; Agut, "The 'Peruvian Revolution' and Catholic Corporatism," pp. 522-524; Mario Valderrama, 7 Años de Reforma Agraria Peruana (Lima: Pontificia Universidad Católica del Peru, 1976), p. 119; and Latin America (or Latin America Political Report), XI:10 (March 11, 1977), p. 75; VIII:16 (April 26, 1974), p. 127; and VII:28 (July 13, 1973), pp. 222-223.

[84]SINAMOS, La Confederación Nacional Agraria: Información Básica (Lima: Dirección General de Organizaciones Rurales, 1975), p. 4.

[85]Interviews with Lima officials in May 1975 indicated that this was indeed a conscious decision by SINAMOS.

[86]Confederación Nacional Agraria (1974), and interviews with Lima officials in June 1975, including the vice-president of the CNA.

[87]Quoted by Caballero and Tello, "Problemas Post-Reforma Agraria en Cajamarca y La Libertad," p. 32.

[88]See Supreme Decree 240-69-AP, Article 66.

[89]See for example Directiva Administrativa No. 001-DPEC-DGPA-73, of July 1973, from the Trujillo Ministry of Agriculture.

[90]Interviews with Dr. Rodolfo Masuda Matsuura, Dirección de Apoyo Tecnico Contable a las Empresas Campesinas, Ministry of Agriculture, June 4, 1975, and July 25, 1977. 1973 data were provided from the Dirección de Producción, Ministry of Agriculture, Lima, December 1973.

[91]Journeys Toward Progress, p. 369.

[92]Dietz, "Bureaucrat-Client Interactions as Politics."

[93]Journeys Toward Progress.