



## **Capitalism, class and revolution in Peru: 1980-2016**

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In an analysis of political, economic, and social development in Peru in the years between 1980 and 2016, this book explores the failure of the socialist Left to realize its project of revolutionary social transformation. Based on extensive interviews with leading cadres in the struggle for revolutionary change and a profound review of documents from the principal socialist organizations of the 1980s and 1990s, the volume reveals that the socialist Left did not fully comprehend the deep political and social implications of changes to the country's class structures. As such, the Left failed to develop and implement adequate strategic and tactical responses to the processes that eroded its political and social bases in the 1980s and 1990s, ultimately leading to its loss of social and political power. We conclude that the continued political and organizational agony of the Peruvian socialist Left and the hegemony of neoliberalism in society is a product of the dialectical interplay between the objective and subjective conditions that determine Peruvian capitalist development.

**Jan Lust**

The presidential elections in 1990 marked a turning point in the political, economic and social history of Peru. Just eleven days after being sworn in, President Alberto Fujimori set the country on a neoliberal course.

The changes introduced by the Fujimori government were epoch-breaking and epoch-making. It marked the end of a decade in which the State was considered key for

development and during which the correlation of class forces was in favor of the socialist Left, the labor movement and the popular organizations in general. The political, economic, social and repressive measures taken by the first Fujimori regime (1990-1995), and especially after the auto coup in April 1992, radically changed the correlation of class forces in favor of Capital. It started an epoch in which the role of the State was reduced (i) to defend the free functioning of the markets; (ii) to eliminate whatever social disturbance that might hamper the functioning of the markets; and, (iii) to promote an ideology in favor of the markets and against collectively organized economic and social processes.

The current political, economic and ideological dominance of neoliberalism in Peruvian society has been made possible by a radical change in the correlation of class forces brought about during the regime of Fujimori. While in the 1980s the class struggle in Peru reached its highest levels, reflected in the spreading of the armed struggle organized by the *Partido Comunista del Perú* (PCP-SL) and the *Movimiento Revolucionario Túpac Amaru* (MRTA), and the political (electoral) power of the legally functioning socialist political alliance *Izquierda Unida* (IU), in the 1990s these organizations disappeared or weakened dramatically.

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

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

The current weakness of the socialist Left might be attributed to the convergence of a variety of factors that can be traced back to the 1980s and the 1990s. Political and military errors of the socialist Left in the 1980s and 1990s, state terror in the 1980s and 1990s, the economic and social disaster of state-led development between 1985 and 1990,

the neoliberal attack on the proletariat, the peasantry, and, in particular, on the labor movement, in the 1990s, which pointed to the political, social, organizational and military destruction of the socialist Left and the workers unions, the collapse of ‘actually existing socialism’ in Eastern Europe at the end of the 1980s, the electoral defeat of the Nicaraguan Revolution (1990) and, above all, the widespread dissemination of the market ideology in the 1990s, all contributed to the current state of the Peruvian socialist Left. However, the convergence of these factors cannot explain the virtual disappearance of the Peruvian socialist Left from politics.

In this book it will be argued that the erosion of the political and social bases of the Peruvian socialist Left, the product of the dynamics of capitalist development in the 1980s and 1990s and the implementation of a radical form of neoliberalism in 1990s, has not been understood and therefore not politically and organizationally addressed by the socialist Left. The political practice of the socialist Left did not change as a consequence of the changes in the class structure and in the distribution of employment by enterprise size groups that were going on in the 1980s and 1990s. This is one of the main reasons for the loss of political and social power of the socialist Left in the 1990s. The fact that the Peruvian socialist Left has still not embarked on an analysis of the evolution of the Peruvian class structure might not only explain the continuation of the political and organizational agony of the socialist Left, but also the hegemony of neoliberalism in Peruvian society.

## **Chapter 1: Introduction**

This chapter presents the objectives of this book, the method of class analysis that is used to help understand Peruvian political, economic and social reality, and brief descriptions of the different chapters. It states that the particularity of capitalist development in Peru and the evolution of its class structures provide the objective conditions (and limitations) for the political practice of socialist organizations. We argue that it depends on the political practice of the revolutionary forces if these conditions are maintained, deepened, changed or destroyed. The reasons why the socialist Left has not attained state power are principally related to the objective and subjective (class struggle, political organization, political practice) conditions of capitalist development.

## **Chapter 2: Neoliberalism and the socialist Left in Peru: an epochal change**

In this chapter we present the main argument that will be developed throughout this book. It argues that the current weakness of the socialist Left and the hegemony of neoliberalism in Peruvian society since the 1990s, is principally caused by the socialist Left's inability to politically and organizationally respond to the erosion of its traditional political bases, the result, in the last instance, of the changes in its traditional social bases, the accumulation of economic crises in the 1980s and the deregulation of the labor market in the 1990s. In addition to providing a general overview of the neoliberal program implemented in Peru under Fujimori (1990-2000), the chapter also characterizes the main features of the political programs implemented by Fujimori's successors Toledo, García and Humala.

The chapter is organized in two parts:

1. The 1990s: epoch-breaking and epoch-making
2. The erosion of the political and social bases of the socialist Left

## **Chapter 3: Class and class structure in Peru**

This chapter presents the theoretical framework on which the analysis of the evolving Peruvian class structure is based. It examines the concepts of class, class structure, class consciousness and class struggle. Furthermore, it discusses the methodology that has been used to transmute occupations in classes and provides the class definitions and class criteria of the four basic classes that can be distinguished at the level of the country's economic structure. The transmutation of occupations in classes has enabled us to empirically determine how the country's class structure has changed over the years between 1980 and 2016.

The chapter is organized in five parts:

1. Class and class structure
2. Class consciousness and class struggle
3. Definition of class
4. Data on the Peruvian class structure
5. Occupation and class

## **Chapter 4: Capitalist economic development in Peru: 1980-2016**

This chapter analyzes capitalist economic development in Peru over the years 1980-2016. We use a critical political economy and dependency theory perspective to argue that capitalist development in Peru is a specific capitalist development and is principally determined by the global North in general and transnational Capital in particular. Peru's role in the international division of labor is not only translated in an economic model based on the export of the country's mineral resources, but also in the country's economic and business structure. The Peruvian economy is an organically unified economy, although it manifests itself as an economy divided into an advanced economy and capitalist subsistence economy. Both economies are intimately tied and need each other for production and reproduction.

The chapter is organized in seven parts:

1. The dynamics of capitalist development and its principal contradictions
2. A dependency theory perspective on peripheral capitalist development
3. A chronological account of the main economic developments and economic policy decisions: 1980-2016
4. Peru's role in the international division of labor and its economic development model
5. The structure of the Peruvian economy
6. Dynamics of capital accumulation (the profit rate)
7. The capitalist subsistence economy

## **Chapter 5: The changing class structure of Peru: 1980-2016**

The evolution of the Peruvian class structure in the last thirty-six years has not been subject to empirical and analytical studies. Our analysis of the class structure at the level of the country's economic structure fills an important gap in academic research. This chapter's examination of the bourgeoisie, the intermediate class, the proletariat and the peasantry show that the country's class structure is an expression of the country's role in

the international division of labor and the apparent division of the economy in an advanced economy and a capitalist subsistence economy. We find that the principal changes in the class structure are located within the classes, and especially in relation to the distribution of the classes according to the size of the companies in terms of employment.

The chapter is organized in seven parts:

1. The bourgeoisie
2. The intermediate class
3. The proletariat
4. The peasantry and the rural bourgeoisie
5. Non-remunerated family workers
6. The class structure of Peru: 1980-2016
7. Conclusions

## **Chapter 6: The class struggle and the socialist Left: 1980-2016**

This chapter describes and analyses the class struggle and the socialist Left in the years between 1980 and 2016. It is argued that the high tide of the class struggle from below in the 1980s masked the structural weakening of the class struggle in the same decade. In the 1990s the class struggle from above managed to significantly reduce the strength of the socialist Left and the trade unions. This class struggle caused an epochal change. In the first 16 years of the third millennium the social-democratic Left has started to recuperate its forces. However, it seems that the socialist Left has been thrown back to the era of primitive political, ideological and organizational accumulation. The vanguard of the class struggle is in the countryside.

The chapter is organized in ten parts:

1. The Class Struggle and the Left Under Military Dictatorship: 1970–1980
2. The Proletariat Versus Capital: 1980–1990
3. The Socialist Left in the 1980s and 1990s
4. The Armed Struggle of the PCP-SL and the MRTA
5. The Class Struggle from Above: 1990–2000

6. Trade Union Power: 2000–2016
7. The Left and Civil Society
8. The Electoral Participation of the Socialist Left
9. Class Struggle in the Countryside: 2000–2016
  - 9.1. Class Struggle Against the Conga Project
  - 9.2. The Class Enemies of the Communities and the Small Peasantry
  - 9.3. Weaknesses of the Struggle Against Mining Capital
10. Conclusions

## **Chapter 7: The erosion of the political and social bases of the socialist Left**

We examine the Peruvian socialist Left's contemplation of the changes in the country's class structure in the 1980s and 1990s, and their strategic and tactical responses to these changes. In other words, this chapter intends to shed light on how (and if) the changes in the class structure have been analyzed by the socialist Left and how (and if) these changes have influenced its political practice. This chapter concludes that the lack of a profound understanding of the country's continuously changing social reality has been one of the principal reasons why the Peruvian socialist Left has not been able to attain state power in the last thirty-six years.

This chapter is organized in 10 parts:

1. The political and social bases of the socialist Left
2. Class structure and class consciousness
3. The class structure and the legal socialist Left
4. The class structure and the armed socialist Left
5. Political work and social bases
6. The weakening of the trade unions and the neoliberal ideology
7. The loss of the social bases by the legal socialist Left
8. Political work in a changed social and economic environment
9. Social reality and revolutionary practice
10. Conclusion

## **Chapter 8: Conclusions**

We conclude that the erosion of the social bases of the socialist Left is principally the product of the particularities of capitalist development in Peru, the accumulation of crisis in the 1980s and the implementation of the neoliberal development model in the 1990s. This erosion is expressed in the changes in the country's class structure. Although the erosion of the social bases is the principal cause of the erosion of the socialist Left's political bases, this chapter identifies several other political, economic and social factors that contributed to this erosion. It is argued that the lack of adequate strategic and tactical responses to the process of erosion disabled the socialist Left to maintain and even broaden their political and social bases. Therefore, the socialist Left has been thrown back to the stage of primitive political, ideological and organizational accumulation.