

**THE ROLE OF MILITARY EXPENDITURE IN THE
DEVELOPMENT PROCESS.
PERU: A CASE STUDY, 1950—1980***

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The area of knowledge consisting of national decisions as they affect both economic development and the military sector, including the allocation of resources to them has not really been probed in Peru. Except for a United Nations sponsored study¹, which deals with the issue on an overall South-American basis, there is a dearth of studies in this particular field.

From a military point of view, the period 1920—1950 covered two outstanding developments. First, the Armed Forces underwent their first modernization in the XX Century, a process that was considered indispensable, given the pending border settlements with Peru's neighbors and the continuing Chilean occupation of Peruvian territory². This was brought about by the purchase of new military weapons; by sending Peruvian military officers to study abroad, mainly in Europe and the United States; and by contracting the services of Military Missions to Peru, such as the USA for the Navy and Air Force and France for Army. (The French Military Mission in fact predates this period. It came in 1896).

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¹ José A. Encinas del Pando, *The Ayacucho Declaration: Analysis and Quantification of a Possible Agreement on Limitation of Military Expenditure in South America*. Project prepared for the United Nations by CIESUL, University of Lima.

² An aftermath of the Chilean—Peruvian war of 1879—1881.

Second, boundary agreements were signed with Bolivia and Brazil (1909), Colombia (1927), and Chile (1928). Whereas these agreements entailed the cession of considerable territories that Peruvians considered their own, it was felt that by so doing an end would be put to an unstable international situation and the country would be free to accelerate its economic and social progress.

Although peaceful relations were maintained with Peru's neighbors, some tense situations arose between 1920 and 1950 as follows:

a) as a result of the "War of the Pacific" (1879—1881), Chile kept under military occupation three Peruvian provinces: Tacna, Arica and Tarapaca. Immediately after the conflict, Chile annexed Tarapaca. As a consequence, there was continuous unrest between the Peruvian population and the Chilean occupation forces in Tacna and Arica. This situation continued until 1929, when a Peace Treaty was signed, according to which Tacna was returned to Peru and Arica was given to Chile;

b) in 1932 a group of Peruvians seized the town of Leticia on the Amazon River; which, according to the *Salomon-Lozano Treaty* had been awarded to Colombia, whose government took military steps to recapture Leticia, and border clashes occurred along the Colombia-Peru border. Shortly thereafter there was a change in the Peruvian government and direct conversations between the new President of Peru and the President of Colombia, were started. Leticia was returned to Colombia and the *status quo ante* reestablished in 1934;

c) in 1941, a mini-war took place between Ecuador and Peru. There was some intensive but localized fighting along the border between these two countries. Finally, the Quito government agreed to peace negotiations in Rio de Janeiro, Brazil, and in 1942 a Protocol was signed under the guarantee of Argentina, Brazil, Chile and the United States, whereby the demarcation of the Peruvian-Ecuadorian border was agreed. The physical demarcation was carried out along the whole border except for some 90 kms, where physical difficulties arose, due to the inaccurate mapping of the terrain.

As for most of the world, the end of the Second World War seemed to be the start of a new era for Peru. The end of the war had aroused growing expectations almost everywhere. The Nazi political option had been defeated on the battlefield; a decolonization policy by the great European powers had begun; a Good Neighbor policy for Latin America was in force; and new international projects such as the United Nations Organization and the Marshall Plan were in operation. Furthermore, in spite of its ominous implications a new technological era, the atomic age, had commenced. A promising future for the community of nations seemed at hand.

The period 1950—1980 under scrutiny in the following pages has been an eventful and decisive one in the history of Peru. Its landmarks can be summarized:

- 3 October, 1948: Military Coup d'Etat by General Manuel A. Odría, who overthrew President José Luis Bustamante;
- 28 July, 1950: General Odría, who had elected himself President, assumed power;
- 28 July, 1956: Manuel Prado, who had been elected President, assumed power;
- 10 June, 1962: a Military Junta overthrew President Prado;
- 28 July, 1963: Fernando Belaúnde, who had been elected President, took office;
- 3 October, 1968: a Military Junta headed by General Juan Velasco Alvarado overthrew President Belaúnde;
- 29 August, 1975: by internal Coup d'Etat, General Francisco Morales Bermúdez deposed General Velasco; and
- 28 July, 1980: Fernando Belaúnde Terry, who had been elected President for a second time, took office.

1. The Military Evolution 1950—1980

A nation-state like Peru has concrete external and internal defence functions to perform. In peace-time, these functions are normally concentrated in her Military Sector, whereas in wartime they are all-encompassing, embracing the totality of the nation's life. In either case the State has to take military decisions full of economic, social, political and psychological implications. One way of assessing the nature, volume and extent of these military decisions is through the analysis of military expenditures (*milex*). This is not by any means an exhaustive procedure, because the military effort of a nation cannot be fully measured by economic functions. Military efforts and in particular military performance go beyond any single component and involve complex and broad social, political, ideological and technological factors as well. However, the study of military expenditures provides a quantifiable method of basic universal validity.

During the period (1950—1980) *milex* in Peru have responded to multiple circumstances embodied in the nature of the national State in general, and of the national State of Peru, in particular. This has been so because it is the State and only the State which can legitimately incur these *milex*. In its own turn the Peruvian State, in making these *milex*, has reacted to constant and variable factors pertaining to the Peruvian nation; as for example its geography, its history, its economic development or technological levels, its social cohesiveness, its perceptions of both external and internal threats and others.

The national State, as Western Civilization has experienced it since approximately the XV Century, has the prerogative of absolute sovereignty. In such a capacity it has co-existed with other national States with similar attributes. While this has been a general experience, in Latin America the national State has evolved within some particular parameters.

For example, as a "national" State, the Peruvian State (like, for example, the Italian or German States) goes back only to the XIX Century. This has produced a strong but belated nationalism, which is today one of the main driving forces in the region. Secondly, this State has not been able to reflect a national consensus lacking partly on account of insufficient social and economic integration.

This situation is particularly aggravated by the sporadic frictions generated among neighboring States of the region, resulting mostly from unresolved border disputes, and to a lesser extent from the geostrategic confrontation of the super-powers. Nonetheless, an outstanding characteristic of intra Latin American (especially South American) relations has been their long tradition of peaceful relations and their amenability to international conciliation. This has contributed to long periods of international peace and low *milex* for the region as a whole.

In this particular context the Peruvian State was born with immediate tasks to perform. One was to survive in the general chaos that prevailed in the region for several decades after gaining independence from Spain (1824). The other was to contend with five unsettled boundary lines that Peru has in common with Brazil, Chile, Bolivia, Ecuador and Colombia. Yet another task was to decide on the kind of political-economic order the country was to have: was she to be a liberal democracy or an authoritarian oligarchy?...a monarchy?

Although most of these matters have by now been solved or outlived, until recently they have weighed heavily in the decision-making process of the Peruvian State regarding military questions. As stated before, among these military decisions the

ones relating to *milex* lend themselves to scientific analysis, constituting thus a necessary but not a sufficient tool for the understanding of the overall military phenomenon. These *milex* of the Peruvian government during the period have taken place within the following worldwide and regional/national contexts.

On the one hand, since 1950, the world has seen a rising trend in *milex* which were already high, including recent sharp increases in the share of LDCs³. This has been the result of: grave international tensions among the major nuclear powers and their reflection upon many LDC regions; the emergence of numerous new Nation-States especially in Africa and Asia; the high technology inputs of modern military weapons; the monopsonic character of the arms market; the spectacular increase in the revenues of the oil-exporting countries which were largely recycled through heavy arms purchases; and others.

On the other hand, on the regional/national level (Latin/South America and Peru), the increase in *milex*, though relatively small in comparison with world *milex*, have been the *result* of the gradual destabilization of their traditional low-level society; the rapid industrialization of the large and medium-size countries of the region; the relatively significant growth of their GNPs; the foreign threat and regional rivalries as perceived by each national State; the disruptive effects of their economic and social evolution, which has often resulted in political and social upheavals; the professionalization of their Armed Forces; and the presence in the region of the military and economic strategies of first one and then both, of the superpowers.

The period under analysis (1950—1980), with respect to the military process in Peru, shows the following milestones:

- a) significant military procurement abroad and innovations in the military infrastructure during President Odría's regime (1948—1956);
- b) the break-away from the USA supply dependence in the 1960s when Peru purchased her first supersonic aircraft in France under President Belaúnde (1967);
- c) the two periods in which the Peruvian Armed Forces assumed political power, ruling the country as "radical" or "revolutionary" governments (1962—1963 and 1968—1980);
- d) USA military aid suspension, and subsequent expulsion of the USA Military Mission (1969);
- e) heavy arms procurement in 1973—1975 in the Soviet Union, foreseeing war threats from Chile and/or Ecuador, and other military conflicts in the region;
- f) The Declaration of Ayacucho and subsequent negotiations (1974); and
- g) the growth of domestic military industries.

As we shall see in the following pages, the *milex* incurred in this period have obviously been part of a complicated interplay of forces. There have been two long-term questions that bear a particular interest for the region and for Peru: the relations between *milex* and *the traditional equilibrium of Peru (TEP)*⁴ and GDP; and the relations between *milex* and the type of government, whether civilian or military.

³LDCs = Less developed countries

⁴The first half of the XX Century in Peru was characterized by a low-level economic and social equilibrium that was inherited from the XIX Century. For brevity's sake we shall call this, *the Traditional Equilibrium of Peru (TEP)*. On a model-like basis this TEP may be identified by two outstanding features. One feature contains the following components:

a) *Structural dualism*. By this we understand the coexistence of two functionally different socio-economic sectors (one "Modern", one "Traditional"), operating with no greater exchanges between them than transfers resulting normally to the advantage of the Modern Sector.

The Modern Sector is integrated into the network of international economic relations, whereas the Traditional Sector is less so. While dynamically insufficient to generate sustained over-all national development,

1.1. *Millex, GDP and TEP*

The relations between these *millex* and specific macroeconomic variables are obscure in Peru as elsewhere. Whereas an expanding GDP would tend in the long run to result in growing *millex* (the idea is to "insure" the national capital investment), the converse is not by any means the case. Some thought-provoking explorations notwithstanding⁵, it has not been proven that growing *millex* redound in sustained GDP increases in the LDCs. On the other hand, partial but indicative econometric analyses dealing with the multiplier effect of expenditures in the Military Sector *vis-à-vis* other Sectors (as, for example, exports, investment and government consumption) have shown that in South America the multiplier effect is lowest in the Military Sector⁶.

A possible relationship may be established between TEP and *Millex* growth: as TEP began to disintegrate, national security needs increased and the Armed Forces

Modern Sector contains nonetheless the main development drive for the miniscule economy. This implies a sort of "enclave economy", where the basic economic functions rest on a small exporting-importing circuit, grafted onto a backward society. A leading function of the "enclave" is the siphoning abroad of the financial rewards obtained from the exporting of natural resources and the value added of the country. (In fact this socio-economic scenario is even more complicated in Peru. The traditional Sector includes not only pre-capitalist economies but also groupings where ownership is communal which were originated in pre-Inca times, with cultural characteristics of their own);

b) *Sluggish agricultural sector.* This is particularly the case with food production and is due *inter alia* to inadequate and inequitable land-tenure, backward technology, insufficient financing, and illiterate peasantry, resulting in a chronically inelastic supply;

c) *Incipient and assymetric industrialization.* The small industrial sector is concentrated in the output of consumer goods, with a tendency to specialize in the luxury subsector. Industry (textile, food, beverages, and others) develops on an import-substitution basis, noticeably during the First World War and strongly after the Second World War;

d) *A GDP consisting mainly of primary products.* No less than 60 % of the GDP is made up of agricultural or small mining output, as well as unskilled services, with an economically active population correspondingly distributed. The relative value of local demand being modes, economic growth is characteristically export-led and heavily dependent on the shifts of international market prices;

e) *Slow population growth and high demographic dispersion.* Medical technology is incapable of reducing the high mortality rate that counters the high birth rate of the population. Furthermore, agricultural marginal labor productivity being above zero, there is no pressure on the part of the rural population to move into the more advanced sector. Thus, the population, with high dispersion index, is in the main stationary and mostly rural;

f) *International financial balances.* Balances tend to be on the whole, sound, due to the limited domestic demand for imports (capital or consumer) and also to the small import capacity of the country's foreign trade;

g) *Specific instability.* This instability is largely institutional or political, and masks what is in fact an overall structural inertia. This apparent instability is to be seen in *coups d'état*, financial crises and the like, being actually a sign of the inherent immobility (at a low level) of the system; although in the long term, potentially destabilizing elements are building up within it;

h) *A small Public Sector.* This implies a weak State machinery, particularly in so far as bargaining strategies or economic regulations and controls are concerned.

The other feature of TEP consists in the ability of the system to contain or attenuate the more exacerbating effects of this fragile equilibrium through both national and international devices. The components of this corrective mechanism are adjustable and can be brought into action without basically altering the structure or the path of the system. Among these corrective components the following may be mentioned: incorporation of virgin lands by means of colonization (marginally, close to the jungle regions) or irrigation (particularly in the coastal areas); social and labour legislation, mainly for the benefit of the Modern Sector; foreign credits; limited inflation; alternating democracy with authoritarian political regimes by means, indistinctly, of elections or coups d'état.

⁵ Emile Benoit, *Defence and Economic Growth in Developing Countries*, D.C. Heath and Co., Lexington, Massachusetts, 1973, page 5.

⁶ Jose A. Encinas del Pando, *op. cit.*, page 346.

became professionalized. The process of TEP decomposition entailed economic and social upheavals (strikes, guerillas, terrorism, land invasions, repressive measures and counterinsurgency in general) and has coincided with the exacerbation of international tensions (some resulting from border disputes, others from superpower confrontation, or both); all of which has redounded in an overhauling of the Military Sector. This has determined larger *milex*.

The above two-pronged process has coalesced into other crucial developments such as the emergence of the "revolutionary soldier", who in Peru has served to accelerate the TEP liquidation but not to replace it. In this evolution both internal and external frameworks have been upset, provoking threat perceptions that have elicited higher *milex*. Thus the TEP crisis has been a factor in *milex* rises and these *milex*, by feeding into a major economic and financial slump (1977—1978), have contributed in their turn to the agony of TEP.

1.2 *Milex and types of government*

The analysis of this relationship in the case of Peru is highly deformed because of the imbalance between military and civilian governments. During our period (1950—1980) the country has had 19 years of military governments against 12 of civilian governments. We can observe the following *milex* distribution according to these types of government⁷: a) between 1950-1956 the military government spent 386 mns US dollars; b) between 1956 and 1962 a civilian government spent 133 mns US dollars; c) between 1962 and 1963 a military regime spent 105 mns US dollars; d) between 1963 and 1968 a civilian government spent 767 mns US dollars; and e) between 1968 and 1980, again a military government, spent 2,417 mns US dollars.

The total for the 12 years of civilian governments was 900 mns US dollars and for the 19 years of military government 2,908 mns US dollars. The yearly average for civilian *milex* was 75 mns US dollars and for the military 153 mns US dollars. Few drastic conclusions can be drawn from the above mainly on account of the steeply rising trends in prices for military weapons and *milex* in general, which distort the significance of recent *milex* increases in Peru (and in South America in whole), a phenomenon which coincides with 12 years of military government (1968-1980) and which came at the end of the period.

Finally, it may be to the point to place these developments in a wider historical context. The evolution of the military variables in Peru and Latin America during the period coincide with what we might call the third wave of modern economic development. The first (late XVIII and XIX Centuries) witnessed the economic and military emergence of England, France and the USA. This was accompanied by numerous wars, such as the Napoleonic and Franco-Prussian wars. The second wave (late XIX and first half of XX Centuries) saw the rise of Germany, Russia, Japan and Italy who challenged, by adopting different politico-economic procedures and ideologies, the power of the early protagonists of the first wave. One result of this clash was the First and Second World Wars. The third wave is being protagonized now mainly by the NICs (Newly Industrialized Countries). This seems to be the essence of the North-South confrontation, which so far has averted major military conflicts. The link of this process with Peru lies in the fact that three (Argentina, Brazil and Mexico) of the leading NICs are Latin American; that two of these are in South America and that one, the largest of all, has a common border with Peru.

⁷ In constant US dollars of 1970 (mns = millions).

1.3. *The revolutionary military government (RMG) (1968—1980)*

The long and oscillating sub-period of 18 years (1962—1980) has been, without any doubt, the decisive span in Peru's economic evolution during the XX Century. These years experienced three different reform paces. The initial stage 1962—68 and two phases of the RMG.

The initial stage 1962—68 is an interval which began as a result of a coup d'état carried out on an institutional basis by the Peruvian Armed Forces. While this regime lasted only one year and it was ostensibly motivated by political, in fact, electoral circumstances, it represented a watershed for the economic and social evolution of Peru. It brought about selected but highly indicative changes in land reform, economic planning and national banking policies. They constituted only a beginning, but the message was clear for all to see.

In 1963, under the aegis of the Military Junta, Fernando Belaúnde was elected President. He was committed to carrying out a series of reforms in land, banking, industrial, State, and oil legislation. In particular, he had pledged himself to liquidate Peru's litigation with the International Petroleum Company (IPC).

These reforms ran into major difficulties of a political nature, and were either frustrated or only partially achieved. This stage of initial reforms ended in 1968 with the military coup d'état.

The RMG is a long and crucial period in which substantive and even revolutionary reforms were introduced in the economic, social, political and cultural structures of the country. There was a very active First Phase (1968—1975) and then a Second Phase (1975—1980) wherein these reforms were stabilized or even redressed.

a) The first phase: General Juan Velasco Alvarado (1968—1975)

The following were the highlights of the political and power evolution of the RMG during this complicated First Phase:

A.- The coup was carried out by General Velasco and by Colonels belonging to a reform-minded group (R)⁸: like Colonels Jorge Fernández Maldonado, Leonidas Rodríguez, Enrique Gallegos, Eduardo Segura, Arturo Valdez Palacio, Oscar Molina, Rafael Hoyos Rubio, José Graham Hurtando, and Raúl Meneses. However, this Group did not form part of the first Cabinet, both because the members were low in rank and because the coup needed a much broader base to ensure the overall support of the Armed Forces.

B.- The first Cabinet (October, 1968) was composed of Velasco's own personal friends, P Group (like Generals Artola, Arrisueno and Gilardi); some conservatives, C Group (like Generals Benavides, Maldonado, Valdivia, López and Vice Admiral Navarro); and some institutionalists, I Group (like Generals Montagne, Mercado and Montero). Thus a balance was struck among the P, C, and I Groups, while the R Group remained out of the limelight, mostly in the COAP (*Comité de Asesores del Presidente*), the President's Advisory Council. On this political basis, the Government nationalized the IPC.

C.- By April, 1969, Velasco, who had managed to overstay his retirement date,

⁸For brevity's sake, we have identified the following political groups in the RMG: C-Group (conservatives); I-Group (institutionalists); P-Group (personal friends of the President); and R-Group (reformists). This R-Group split into the RD-Group (reform developmentalists) and the RR-Group (reform revolutionists).

appointed a new Cabinet composed of the same P, C and I Groups. In addition, he incorporated newly promoted members of the R Group, who became allies of the P Group. Thus reformers and Presidential friends composed the new power nucleus.

D.- Besides the growing fusion between the R and P Groups, the resignation of General Benavides (June 1969), a conspicuous conservative and the son of the notorious dictator of the 30s, was the highlight of the year. In his capacity as Minister of Agriculture, General Benavides had opposed the Land Reform Law enacted in June, 1969.

E.- On this basis of collaboration between Groups R and P, the power of the R Group became consolidated. The erstwhile young colonels had by now been promoted and were serving as fullfledged Ministers. However, the task imposed on itself by the RMG and the complexity of the problems to be faced, provoked fierce competition for goals and means that split the R Group into two factions: the RD and the RR. This struggle emerged clearly in 1972 and reached its climax in 1975. For a good while it appeared as though the RR Group was going to win.

F.- However, by 1974 it was clear that this option had lost out for the following reasons:

- the revolutionary model had failed to meet the expectations of the majority of the military and had produced an undisguised rejection on the part of the civilians, even including the majority of left-wing, trade union and peasant organizations; it also failed because it proved incapable of eliciting an alternative and workable model for economic growth to the TEP, export-led model;
- the national economic and financial crisis brewing at that time;
- General Velasco's serious illness and his apparent later shift from revolutionary (RR) to institutionalist (I) and, according to some analysts, even to conservative (C) positions;
- the growing opposition of the Navy to most of the reforms introduced by the RMG; and
- the foreign factor, which besides the USA opposition, included the political and diplomatic moves to the right in Chile, Bolivia, Argentina and Ecuador, which had turned the regional framework against Peru.

G.- Furthermore, in 1974 there were rumours about the emergence of a high-level government group, close to Velasco, called *La Misión*. This group would have had the task of checking the reform-inclined policies and of erradicating the extreme left Marxist elements, which had infiltrated the Government. Another task would have been to organize popular support for the Government by means of mass organizations and even strong-arm methods. Finally, *La Misión* would have had to solve the media question, that is to say, whether to take them over or not. This question involved much broader issues, like political freedom, human rights and others. No doubt, the emergence of *La Misión* reflected a widening gap between RR and RD Groups.

H.- It was generally assumed that *La Misión* had been created to block directly the RR Group, which was now apparently in Velasco's disfavour, although within *La Misión* itself there seem to have been important cleavages. For example, some of its members appeared to favour cooperating with the APRA while others did not. Although there is little doubt that *La Misión* existed as an operating body, it was never officially confirmed. In any case, it played a leading role in the political demise of the First Phase, since it split and polarized the ultimate power components of the RMG: the members of the military elite.

I.- In backing *La Misión*, President Velasco seemed to be turning to the right, although such a move was not convincing enough either for the C-Group or for the Navy as a whole. More than that, the above-mentioned turn gave Velasco's Prime Minister, General Morales Bermúdez, the opportunity to engineer his "coup within the coup": it permitted him paradoxically to incarnate the expectations and frustrations of both the RR and C Groups.

J.- By this time (1974—1975), the RMG had spent itself as a feasible reform or revolutionary political project. It was all too apparent by then that the Armed Forces had insurmountable difficulties in reaching agreement on new goals and procedures. The military revolution in Peru had reached the point of negative returns. A symbol and catalyst for this stalemate was the ill-fated governmental takeover of all of Lima's newspapers and mass media in July, 1974.

b) The Second Phase: General Francisco Morales (1975—1980)

It should be noted that the Second Phase was brought about with the cooperation of conflicting military Groups, including the C and RR Groups. The RR Group, for instance, felt that there was a possibility of renewing the reform or revolutionary *élan* of the earlier years, an impulse that, according to them, Velasco had abandoned. This assumption was supported by Morales Bermúdez's early statements in 1975, when he spoke, for the first time during the RMG, of "socialism" as a goal for his new regime. (A few months later President Morales Bermúdez himself announced that he would no longer use the term "socialism" because its meaning was not clear at all). After the initial period of consolidation in 1975, the main preoccupation of President Morales Bermúdez was to tackle the developing economic and financial crisis. One method to combat it was to stop or redress most of the reform measures adopted during the First Phase. This, of course, affected both the personnel and the political goals of the government. The RR Group was cautiously removed from key governmental positions, followed by the RD Group. In this way, the new regime centred its power balance mostly around the C and I Groups.

In 1976, an economic and financial crisis had broken loose, at which time President Morales Bermúdez appointed civilians to be Ministers of Economic and Foreign Affairs. A Constituent Assembly was elected (1978) and a new Constitution was adopted in 1979; subsequently a new President and Congress was elected in 1980. So ended the RMG.

Belaúnde won by a very wide margin in the elections of 1980, also gaining control of both Houses of Congress. Full democracy and political freedom returned to Peru, although most of the long and short-term economic and social maladjustments continued.

2. The socio-political variables influencing the decision-making process

With regard to the period under examination (1950—1980), we can discern two policy decision modalities: one that prevailed between 1950 and 1968 (except for 1962—1963); and other from 1968 to 1980.

From an empirical point of view, there are essential differences between these two modalities. Between 1950—1968 there was *grosso modo* an evolution from a façade democracy towards more representative government, which included a long-term process leading to a greater observance of human rights, political freedom and

democratic procedures, comprising regular elections and preestablished constitutional formats for political succession. There was a brief and mild exception to this, the Military Junta of 1962—63.

Between 1968—80 there was no commitment to political democracy.⁹ In fact, that system was often denounced as farcical and inadequate to solve the problems of Peru. Consequently, there were no elections either for President or Parliament until 1979—80. Within an erratic and autocratic pattern, there was no particular respect for human rights, political freedom or democratic procedures, and contrastingly, it was professed that the government was building a "New Society", a "New Man", and "social democracy with full participation". In a wide political spectrum reflecting the different changes that took place in the period (1950—80), Odría's dictatorship and Belaúnde's democratic administrations would be clearly the antithetical regimes.

It must be underscored that, as regards development goals, the important break took place not in 1968 but in 1962. In consequence, there was an overlapping or transitional period (1962—1968) in which the objectives began to change although the procedures remained the same. These procedures shifted radically in 1968, at which time the military seized power and retained it until 1979—80, when new elections were held. Such *corsi* and *ricorsi* had taken place before in Peruvian political history, but this time (1968) there was a new combination of performers and objectives: the military playing the part of reformers or revolutionaries.

These modalities of policy decisions presupposed given power structures, which predominated in succession during the sub-periods 1950—1968 and 1968—1980. The power structure corresponding to 1950—1968 was composed of two basic elements:

- a) the local oligarchy, the main components of which were the agro-exporting, large mining and large sierra landowning groups; and
- b) the leading foreign corporations operating in the country, such as IPC (oil and petrochemicals), W.R. Grace (sugar cane, paper, textiles) and Cerro de Pasco (minerals). This power structure had been the secular feature of Peru's past, thus reflecting the TEP. The major pieces of legislation, particularly before 1962, were passed in consultation with or knowledge of the advisers of the oligo-foreign power complex. For example, the 1950 Mining Code was drawn up in agreement with the views of Cerro de Pasco Copper Corporation¹⁰. Something similar happened with regard to the Industrial Promotion Law enacted in 1959.

The power structure corresponding to 1968—80 was different from that of 1950—1968. The case was not only that in the intervening 18 years Peru had experienced on the whole a very significant economic growth, but also that the RMG in 1968 introduced different principles and practices of political organization and power.

At least on the surface, the following elements were visible:

- a) the oligo-foreign power complex as such was broken, especially following the IPC nationalization (1968) and the Land Reform Law (1969). In particular, the oligarchic power exercised through landholding on the coast and in the sierra, was terminated. In order to continue exercising some form of power, the oligarchic groups shifted their resources into industry or services, a process which was indeed intended by the RMG; and

⁹ *Strictu sensu* this situation lasted only until 1976, in which year newly installed General Morales Bermúdez announced that elections would be held in the future, without specifying the date.

¹⁰ C.D.E Phillip, *The Rise and Fall of the Peruvian Military Radicals 1968—1976*. The Athlone Press of the University of London, 1978, page 15.

b) while not all foreign corporations were banned from Peru, those remaining, together with the new ones, concentrated their resources in non-agricultural sectors such as oil, mining and services, under more nationalist conditions. Thus, in both cases (oligarchy and foreign group) their socio-political power was reduced; and, in any event, they were impelled to move into economic activities still more identified with the modern sector.

But what was the power structure which served as the backbone during 1968—1980? Visibly and officially, the power structure was constituted by the Armed Forces of Peru. However, a closer look would take us into an analysis of to what extent the military are isolated groups of their own, independent from the economic, social and political interests operating in their country.

Of course, the RMG made continuous assertions to the effect that they represented no other interest than the highest ones of Peru which they identified with the welfare of peasants and workers. While this may have been the desire of some military officers, the daily practice of ruling the country produced different results. The Cabinet Ministers (all of them military) and the Armed Forces' upper echelons quickly became the object of the same pressures and demands as those brought to bear previously (during 1950—1968) on Cabinet Ministers, Senators, Deputies, Mayors and so forth.

Thus it was not that vested interests had ceased to exist, including those of the neo-oligarchy of the new and/or readapted foreign corporations; it was rather that they had acquired different functions and learnt new procedures. After all, there was a new and powerful State to face, with a different understanding of its own functions and backed by the military institutions of the country.

Consequently, the power structure during 1968—1980 consisted of the following components:

- a) the military elite, which in itself was under pressure from various groups, including peasants and workers;
- b) the foreign corporations group, which had been severely regulated in the mining, oil, manufacturing and service sectors;
- c) the domestic power group composed of the old oligarchy (diversely reallocated in non-agricultural activities) and the new industrial groups; and
- d) the growing Public Sector.

The oligo-foreign complex constituted a nucleus of unrivalled power for policy-making decisions during 1950—1968. The middle sectors, including the rising industrial owners and managers, were excluded from major decision-making. They lacked critical weight and were not articulate enough to constitute an autonomous decision-making pole. On the contrary, their performance was subordinated to the power center made up of the oligo-foreign complex. They assimilated themselves into the oligarchic postures even though their interests increasingly clashed with these.

Whereas the oligo-foreign complex represented the strongest power structure for this sub-period, it was not really a political party and therefore it had no means of directly controlling the government, as it had done in the late XIX and the beginning of the XX Century through its *Partido Civil* (incidentally, both by its name and historical performance, an anti-militarist party). However, that era was gone, and the business of Peruvian politics required increasingly specialized and professional groups. In fact, it needed a further division of labor which the oligarchy and the country had been unable to generate so far. One consequence of this was that the oligo-foreign complex had no choice other than ruling by proxy, which it did until 1962. Its proxies were alternatively civilian or military, depending on the current political-economic options. Thus, the period began with Odría (a military proxy) and

continued with Prado (a civilian proxy), with hardly a change in the overall socio-economic structure from one to the other. In general, however, the military proxy was preferred, being more reliable and effective than the civilian one; and above all because, with the exception of the then anti-oligarchic APRA, there were no real political parties to choose from. Political parties (and for a while they continued the tradition) were occasional, election-time organizations put together around *caudillos* or political personalities. A few of these survived even after 1962.

In time, government by proxy became more sophisticated than that, for *caudillismo* was on the wane. The proxies were increasingly embodied in political parties, such as the UNO, the MDP and the APRA, which in one fashion or other ruled the country on behalf of the oligo-foreign complex between 1950 and 1962. As we shall see, the 1962 coup had watershed effects for the political evolution of Peru.

2.1. Leading political parties

The leading political forces in 1962 were:

a) The UNO (Unión Nacional Odrriista)

Operating since the 1950s, the UNO was a loose but then not insignificant political organization, built around the personal influence and patronage of General Odría and his political cronies. It was linked closed to a traditional *caudillo* outlook and it represented the interests of the oligo-foreign complex. As the power of Odría decreased in the late 50s and 60s, so did the chances of his party, which has now virtually disappeared together with its leader and founder.

b) The MBD (Movimiento Democrático Peruano, formerly Movimiento Democrático Pradista)

This was a slightly older Party but hardly less personalist. It was built around the political presence of the Prado family, as well as their bank (Banco Popular) and their many other important business enterprises. This Party had even closer links with the oligo-foreign complex than the UNO and thus the proxy *liens* with the real power structures could not have been more evident.

c) The APRA Party

The APRA Party constituted an historical oddity. It was founded in 1924 and its five main goals were: a) action against Yankee imperialism; b) the political unity of Latin America; c) the nationalization of land and industry; d) the internationalization of the Panama Canal; and e) solidarity with all the oppressed classes and peoples of the world.

At the start, this party caught the imagination and hopes of large segments of the Peruvian populace (particularly the sugar workers in the North, some industrial workers in Lima, and the middle sectors, intellectuals and students throughout the country), producing important repercussions in all Latin America. It emerged as a Latin American exercise in Marxist interpretation and political implementation. This was particularly the case from the late 1920s to the mid-40s, a period in which it performed as an anti-imperialist new force, spreading the ideas of *Jose Carlos Mariátegui* (Peru's foremost Marxist thinker), Manuel González Prada (a leading Peruvian writer and poet of radical anarchist inclinations) and Haya de la Torre himself, then a forceful leader and essayist with indisputable political charisma as founder of APRA. However, first unostensibly in the late 30s and 40s, and then openly in the 50s and

60s, the APRA movement slid ever more clearly into the oligo-foreign power complex. The once-Marxist ideology of the APRA Party was periodically adjusted by its leaders to the successive stands that brought the APRA into a closer relationship with its former antagonists and persecutors.

As soon as the Party was founded, the oligarchy saw the APRA as its worst enemy. Alarmed by the emergence of a major contender and being politically weak, the oligo-foreign complex found a much-needed ally in the military, also a staunch anti-APRA element. In spite of some early contradictory signals, the Armed Forces were ready for this alliance inasmuch as they had, in 1931, quelled a massive APRA revolt (when several military officers were shot by the rebels) in Trujillo, the leading city in the north of the country. The APRA vs military confrontation was long-lasting and bloody and even today it is not certain whether the rift has been completely healed.

Particularly between the 30s and the 60s, the military were able to check the APRA movement, thus performing a shielding operation for the oligarchy. Nevertheless, in these 30 years something entirely unexpected happened within the political spectrum of the country: as the APRA moved from left to right, the Armed Forces moved from right to left. This latter shift amounted to a tacit disengagement of the Armed Forces from the oligo-foreign complex, although not from its *anti-aprismo*.

By the 60s, the respective political and ideological stands of the APRA and the Armed Forces had been roughly speaking reversed. The Armed Forces were by then requesting openly and officially the nationalization of the oil industry, run by the International Petroleum Company (IPC); whereas the APRA was recommending (in apparent coordination with the Company) milder and compromise solutions to the long-standing dispute between the Peruvian government and the IPC. More than that, throughout the elections held in the 60s (1962, 1963 and 1967), the APRA sided with conservative forces, including the *Odriistas* — their former foes — whereas the military favored the reform-minded groups, such as AP and PDC. This reversal of positions between the APRA and the Armed Forces had not, of course, been unmotivated.

First, the lower and middle social sectors — main sources for military personnel — had been growing in numbers but not in power or benefits. Second, the growth of the economy and some family links had brought together certain groups of the APRA elite and the oligarchy. Third, this had given place to deals between the APRA and the oligarchy which the Armed Forces regarded as dangerous for their own institutional security. Fourth, the professionalization of Peru's Armed Forces and the linking of military strategies to economic and social development had given them more autonomy.

d) Acción Popular (AP)

Another important and new political party at this juncture was *Acción Popular* (AP), founded by Fernando Belaúnde Terry in 1956. Trying to break the deadlock that had been built against economic and social reform in Peru, and appealing mainly to the middle sectors, as well as to pragmatic but politically unaffiliated groups, AP quickly made considerable advances on account of its nationalist, reformist, anti-APRA and anti-oligarchist stands. Unlike the APRA, it was not ideologically inclined, and therefore avoided the Marxist theoretical labyrinth. However, it succeeded in playing a role similar to that of the APRA during the 20s and 30s. What was more important in the early 60s, AP placed itself within the same political line of vision as the now reform-minded Peruvian Armed Forces.

e) Smaller Parties

Other smaller but ideologically significant political parties came into existence around this time. One was the *Partido Demócrata Cristiano (PDC)*; founded in 1956.

The emergence in Peru in 1956 of this Party, organized after European models, was another particular indication of the rapid political evolution that was taking place in the country. This was not because of the number of Peruvians the new Party managed to attract, for its membership has always been very limited, but because of the following two major factors.

One was the role played by the Church as an ecumenic and local institution. For a long time the Catholic Church had projected in Latin America, but perhaps especially in Peru, an image of cultural traditionalism and of political conservatism, if not outright reaction. However, it should be noted that even throughout this time the Church had not forgotten a part of "social doctrine" as it was embodied in such encyclicals as *Rerum Novarum* and *Quadragesimo Anno*. But more than that, in recent decades (50s and 60s), a process of political awareness and modernization had taken place, if not in every echelon of the hierarchy, at least in many leading sectors. Over the past 20 years substantive encyclicals had been proclaimed as, for example, *Mater et Magistra* (1961), *Pacem in Terris* (1963) and *Populorum Progressio* (1967), leading up to what has been called a "theology of liberation"¹¹. This process was particularly marked by the decisions of the Second Vatican Council (1965) and, on a local basis, by the CELAM — Latin American Episcopal Conference — at Medellín, Colombia in 1968. As a result of this, a new political framework was created in Peru, not only by the evolution of the Armed Forces, but also and not least by the *aggiornamento* of the Catholic Church as an institution.

The second factor sprang from the first one, and it is to be found in the personal participation of many catholic priests in the social and in some cases even in the political events of the country.

It was against this background that the Christian Democratic Party, which became an ally of Acción Popular in 1963, started to operate as one of the new political forces in Peru.

The *Partido Popular Cristiano* is a splinter of the PDC, organized in 1967 by Luis Bedoya Reyes, who was mayor of Lima (1963—1969) on the basis of its right-wing branch.

Another new Party was the *Movimiento Social Progresista*, a self-proclaimed "Marxist and humanist" group which established important links with the military, particularly by participating as lecturers and professors at the CAEM (*Centro de Altos Estudios Militares*) and other military institutions.

In addition, the Marxist parties should be taken into account. While some of them belonged to an older vintage, it was from the 50s to 70s that they grew, both in absolute number and particularly in ramifications. This Marxist proliferation in Peru was nothing short of remarkable, for besides the Moscow and Peking inspired Communist Parties, there were by then already tens of groupings reflecting Albanian, Yugoslavian as well as numerous local interpretations of the Marxist ideology.

In conclusion, the oligo-foreign complex determined (by proxy) the decisions affecting economic and social development in Peru between 1950 and 1962. This trend and power structure together with attendant goals, was broken in 1962 (the mili-

¹¹ Gustavo Gutiérrez, *Teología de la Liberación*, Ediciones Sigueme, 1972, Lima.

tary coup) which opened the doors to new power élites and to a new regime: the AP regime.

2.2 *Specific role of the Military in 1950—1968 and 1968—80*

Until 1962 the military operated basically as an adjunct or instrument of the oligo-foreign complex. Of course, this had been even more the case before 1950. As time passed by, the military, belonging to the middle sectors (although not necessarily sharing their *Weltanschauung*) and evolving quickly towards a highly technified institution, began to share the orientations of a non-oligo-foreign complex perspective. Before 1962 the role of the military was quite simple. First, it was concluding a phase whereby it had been Praetorian¹² in character and, from time to time, *caudillo*-led, to become a professional institution, with a deeper understanding of the nature of a changing nation like Peru.

Second, its ideology had been similarly elementary and it had been tinted either by fascist leanings (inspired by the early Italian, German and Spanish movements during the 30s) or by more autochthonous traits so entrenched in the history of Latin America or by both. This ideology amounted to a narrowly understood defence of national territory and to the removal of any external or internal threats to the country. This corresponded to the role officially described for the Armed Forces in the Peruvian Constitutions as "*Instituciones Tutelares*" (the "Guardian Institutions") of the nation and fitted squarely into the TEP context.

However, between 1950—1962, the role of the military in Peru quietly underwent substantial changes, some of which were perceived by outsiders, although most of them were not. It has been explained before that the 1962 coup represented the watershed in this transformation. The salient features of this new awareness were as follows:

a) the realization that the military need not to be the proxy of the oligarchy any more. This was the effect not only of an institutional and professional evolution, but also of the realization that the oligarchy had felt free enough to make direct political deals with their avowed archenemy, the APRA, thus outflanking and exposing the Armed Forces as a political partner;

b) the belief that the military could build a power pole of their own for major policy decisions, according to broader overall strategies that included economic and social parameters;

c) the growing feeling that on this basis the military could have civilian governments as their own proxies, thus inverting an historical relationship; and that, if this was not feasible, they would and could do the task themselves; and

d) a new understanding of Peru's place in the world, which included pluralistic perceptions of both current ideologies and diplomatic relations within the context of national and regional strategies.

While several institutions in the Military Sector served as fora for these new views, it was in the CAEM founded in 1950, where they took deeper root. No less important was the fact that by this time in virtually all of Latin America, a new appraisal of the region's internal and external position had begun. Thus, in Argentina the writings of General Juan E. Guglielmelli and Colonel Jorge E. Atencio; in Brazil those of Mariscal Mario Travassos and of General Colbery de Couto e Silva; in Peru those of

¹² Amos Perlmutter and Valerie Plave Bennett, editors, *The Political Influence of the Military*, Yale University Press, New Haven and London, 1980, pages 3—21.

General Edgardo Mercado Jarrín and in Chile those of General Augusto Pinochet played leading if different roles.

An important element in the evolution of the thinking of the Peruvian military institutions was provided by the guerillas they had to fight in the hinterlands of the country in 1965, as well as the numerous land seizures carried out by sierra peasants in the 50s and 60s. As has been explained by several leaders of the RMG (Revolutionary Military Government), the experience of waging war against fellow-Peruvians led the military to realize that more than counter-insurgency measures were needed to solve the backwardness of the country.

Whereas it is most difficult to compose an ideological consensus for the military, the following outline may give a tentative idea of the essential points:

a) a society is an organic whole, with fully or potentially compatible elements. It is not an entity with conflicting parts nor does it rest on mechanical balance of powers. Thus there is not and there should not be room for a class struggle or any other kind of irreversible antagonism;

b) whatever conflicts (including socio-economic inequalities) there may be, they ought to be eradicated by nation-building, unification and integration schemes suggested, or if necessary imposed, from above;

c) freedom (economic or political) therefore is not a precondition for social justice or national well-being (including security) although it could be a benefit or a by-product; and

d) social justice, thus, is the result of organic coherence; it is not the automatic outcome of a hidden design of elements acting freely.

Note should be taken that in philosophical terms the previous outline stems from an Aristotelian-Thomist source, leading to a corporatist notion of the State.¹³ This stands in contrast with the Newtonian outlook of the universe based on an automatic equilibrium of celestial mechanics, and which in a context of political philosophy connects with the liberal tradition of Locke, Mill, Montesquieu and Jefferson.

The Marxist tradition would run somewhat in between these two, being compatible with the corporatist outlook, except for the class struggle thesis. At least seemingly, these would be the main features of a possible ideo-political outlook for the Armed Forces of Peru by the 1960s.

On this basis, the new military thinking in Peru was capable of grouping a wide spectrum of political views, among which the following were most prominent:

a) a conservative group (to be called for short C-Group) including a recalcitrant fascist-inclined wing, which placed particular emphasis on traditionalism, order and authority;

b) an institutionalist group (I-Group), which defended the professional character and political impartiality of the Armed Forces as an institution; and

c) a reformist group (R-Group) which favored structural changes in order to obtain a faster socio-economic development conceived as a basic element of national security. This R-Group split in time into two branches, the developmentalist (RD) and the revolutionary (RR) Groups.

In conclusion, it was one or a combination of these two groups that determined the policy decisions of the RMG. The role played by them and their composition did not always remain the same. These groups were not rigid in action; they established al-

¹³Alfred Stepan, *The State in Society: Peru in Comparative Perspective*, Princeton University Press, 1978, pages 46 and following.

liances, overt or otherwise, breaking them to agree on new linkages according to shifting circumstances and interests. While at the beginning the basis of the 1968 Military Revolution was quite broad, it rapidly narrowed down to the group of reformers (R); which left open whether these reforms were to be carried out on a developmental (*desarrollista*) RD-, or a revolutionary, in some aspects Marxist, RR-leaning model.

The military elite led by President Velasco opted first for the R-Group, then hesitated between the RR and the RD factions, deciding by the end of the First Phase against the RR. In 1975, when Prime Minister F.Morales successfully carried out his coup within the coup, he discarded the R- and turned toward the C- and I-Groups. In addition to these different options-groups, there was a fourth group composed of the friends of the President, the P-Group.

While the previous examination contributes to an identification of structure that determined the policy decisions of the RMG, it still begs the questions of which were the social sectors standing beside or behind the military, and in whose interests the development decisions were taken.

As has been indicated previously, during the RMG, but especially during the First Phase (1968—1975), development decisions were made in response to a wide spectrum of ideo-political goals, intended mostly to benefit the lower-income groups of the Peruvian socio-economic pyramid. However, studies carried out on Peru's national income distribution have registered only negligible variations between 1963 and 1973; and, in fact, for the years 1977 and following, a decrease in real wages has been established.¹⁴ It is concluded that the income transfers amounted to no more than 3% of the national income and that they have taken place in the upper quartile of the population.

Since, as a consequence of the RMG policies the agro-exporting oligarchy had lost its social and political significance and the peasant and trade union organizations had failed to acquire the power sought by some of their leaders or by their government sponsors, who benefitted then from the RMG decisions?

The following groups seem to have been the principal economic beneficiaries of the twelve years of military government, although such was not the original intention:

- a) the Public Sector;
- b) the national industrial and banking groups;
- c) the revamped foreign complex, mainly in oil and mining.

In addition to these groups that gained economically, there are other groups whose benefits were mostly non-economic but nonetheless considerable:

- a) an expanded political élite, which like an *Ave Phoenix* has resuscitated in the guise of traditional and new political parties;
- b) the peasants, who no longer feel the oppressive effects of an archaic land-owning system, even though economically their situation had not materially changed; and
- c) the military, which on balance remained strong throughout the whole process, expanded greatly the Military Sector, and gained governmental experience, confirming the notion that the Armed Forces, since 1962, consider themselves capable of ruling the country either by proxy or by themselves. This perception was clearly evident when President Morales Bermúdez announced that the Armed Forces were returning to the civilians the government, but not the power.¹⁵

¹⁴ Richard Webb, Government Policy and the Distribution of Income in Peru, 1963—1973, in A.F. Lowenthal, editor, "The Peruvian Experiment", page 70; Richard Webb and Adolfo Figueroa, *Distribución del Ingreso en el Perú*, page 161 ff.; and Felipe Portocarrero, *op. cit.*, page 89 and ff.

¹⁵Statement by President F.Morales Bermúdez at Press Conference of 30 December 1977. Henry Pease García and Alfredo Filomeno, *Peru 1963—1979: Cronología Política*, DESCO, Lima, 1980, page 2878.

2.3. Civil Service Bureaucracy

During the period, the role played by the bureaucracy in the determination of development policies, although growing, had been on the whole a minor one. This was partly the effect of an authoritarian bureaucratic tradition according to which all but the very minor decisions were taken at the top¹⁶. This has been both the cause and the result of bureaucratic inefficiency.

Throughout the whole period (1950—1980), the civil service was not strong enough to take a decisive part in the determination of development policies. No doubt, their expertise and continuity amounted to an important factor, but the long-standing Peruvian authoritarian traditions constituted an obstacle for the bureaucracy's playing a larger role.

During the RMG this situation did not change. Since the President and Ministers were all military, that is to say in the end Government employees, a greater affinity perhaps developed between the permanent civil service staff and the new military leaders. However, the RMG guidelines did not permit the civil servant to go above a certain level, which was reserved for the military élite. In this period the military felt a clear distrust of the entrenched bureaucracy, which was considered to have been a tool of the oligo-foreign power complex.

Outside the civil service, the role of advisers, domestic or foreign, can mostly be surmised. Neither domestic nor foreign advisers belonged to civil service, and during 1950—1968 they were "outsiders" in the sense that between them and the government there was only a technical or vested-interest relationship.

It was the role of the national advisers, however, that was paramount during the RMG. Whereas the advisory capacity of civilian personalities should not be underestimated, it was clear during both phases of the military government that the major and final decisions were made by the military and the military alone. Fully qualified as were most of the civilian advisers, they were highly heterogenous in out-look and lacked the necessary power and support within the military structures to perform as decisive policy-makers. In tangible terms, their roles were subordinated to military power; and as in fact happened, they were subject to arbitrary removal at any time without recourse. The right to choose politically, which had been denied to the civilians, was more than fully exercised by the military in detriment even to their own civilian collaborators and in some cases, to themselves.

There were, of course, a great many other civilians (sociologists, lawyers and economists) of different political colorations (plain revolutionaries, nationalists, Marxists, *fidelistas*, and even former guerrilleros) who became minor advisers in many government agencies, such as SINAMOS¹⁷, the National Planning Institute, the Ministries and others.

It is only too true that the role of the domestic advisers in the RMG suffered from the secondary status invariably assigned to them and also from the non-critical attitude expected from them. Considering that the military needed such advising, especially in view of the breadth of the reforms undertaken, the quality and the effectiveness of the counselling left a great deal to be desired. Thus the relationship advisers/government was far from optimal. It has been ironically pointed out that while the oligarchy had demoralized the Armed Forces in the past, by using them as their political tool, so the Armed Forces demoralized their Peruvian left-wing advisers by doing the same to them.

¹⁶ David Scott Palmer, *Peru: The Authoritarian Tradition*, Praeger.

¹⁷ SINAMOS = Sistema Nacional de Apoyo a la Movilización Social.

2.4. Relationships between Civilian and Military

Speaking in general terms, there has been traditionally in Peru a gap between civilians and military. In a country highly divided by geography, culture, income and other factors, this gap between civilians and military was not surprising. This meant that there was little common ground on which civilians and military could meet. The specific reasons for this were several. First, because of the unsuccessful wars fought by Peru in the past, there was reciprocal mistrust; some civilians felt that the military had failed them and most military felt the same about civilians. Second, this mistrust was deepened by the frequent military coups d'état which further divided the nation. Third, the unequal and ineffective recruiting resulted in members of the upper socio-economic group seldom if ever doing military service.

In addition, there was a contrasting functional effect resulting from the professional schooling received by the military and the civilians. Whereas military professional schooling managed to instill in its graduates discipline (however outward in its nature), *esprit de corps* and a pattern of performance, this was largely not the case with the graduates from Peruvian universities. In fact, the personal links, behavioural patterns and binding precepts and guidelines furnished by the Peruvian universities were considerably less meaningful for their own ends than those provided by the professional school of the Army, Navy and Air Force.

These complex relationships between civilians and military in Peru have evolved from 1950 to 1980.

a) Civilian military relations in the 1962 coup

The 1948 coup was conceived in the interests of the oligo-foreign complex. The 1962 coup was quite different from that of 1948. It was institutionally inspired, was carried out to redress an illegal situation built into the presidential elections of 1962 and was aimed at laying the basis for fundamental economic and social reforms. Moreover, there was a concurrence between the 1962 coup objectives and AP's immediate political aims.

We might recall that the APRA had been historically shifting from left to right at the same time that the military were moving from right to left. These contrasting motions had created in Peru a politically empty crossing-point (located somewhat left of center) that was quickly filled by AP. The episodes of July 1962 linking civilians and the military only fitted into a framework previously laid out.

Inasmuch as Belaúnde's regime, by 1968, had lost considerable popular support, it was widely believed that in the 1969 elections, either the APRA would win single-handed or would be the major partner in an AP-APRA conservative coalition. Thus, AP would have lost its usefulness as a political shield for the Armed Forces.

b) Civilian Military relations in the 1968 coup

Although the basic military inspiration for this coup cannot be doubted, as in the other cases already examined there was an important civilian complement. The 1968 coup had different characteristics from the other two coups. First, unlike the 1948 coup, the 1968 one was not really a coup but a revolution — not a social or economic revolution but a revolution nonetheless. Whatever the results, its aims were not to put the political train back on the rails but build a new train, in fact a new track. In other words, it tried to transform the Oligarchic State into a Paradigmatic State, even though it only succeeded in turning it into a Bismarckian one.

This RMG has been called an "underdeveloped", "ambiguous" and "uncertain" revolution.

Unlike the 1962 coup, the 1968 military movement came to stay and it was revealing that from the very start General Velasco called himself "President of the Republic" instead of *Jefe de la Junta de Gobierno*, as it is customary in Latin America. Second, this 1968 coup had nevertheless a number of civilian allies, although these played a very different role from that of their analogues in 1948 and in 1962.

For example, in the carrying out of the 1968 coup, or in its preliminaries, there was no visible civilian participation; although as soon as the coup was successful, a number of *ex post facto* voluntary supporters came to the fore. Some right-wing personalities, bruised by the Belaúnde administration's mild reforms, attempted to side with the coup, not realizing what its path was soon to be. Curiously enough, at the initial moments, the left-centre and left movements such as the PDC, the left wing of AP (which had quarreled with Belaúnde) or the Communist groups in general did not come out in open support of the new regime. AP, being the direct victim of the coup, was of course against it. The APRA was initially opposed although it soon started to oscillate, maintaining all along a dubious stand towards the RMG. The Marxist left, or some parts of it, gradually moved to support the new Government in view of its reformist leaning and of the growing power of the revolutionary military officers.

As the RMG settled into power and its political orientation became less foggy, so its relations with civilians became more clearly defined. In the first place, civilians were subordinated in all cases to the military hierarchies and governmental cadres. Secondly, as the reform group within the military won over their conservative peers, the civilians surrounding the government came only from analogous groups. Thirdly, there was soon to be a confrontation inside this radical group of civilian collaborators, that is, between those who followed RD or RR goals and procedures. As we have seen elsewhere, this situation constituted a reflection of what was going on inside the military élite itself.

In brief, as the RMG evolved and divisions among the above groups came to a head around 1974, the Velasco regime began to disintegrate. This downhill process culminated in 1975, when his Prime Minister, General Francisco Morales Bermúdez overthrew Velasco, and retired or dismissed both revolutionary (RR) and developmentalist (RD) military and civilian collaborators.

In conclusion, while the 1948 coup was instigated, encouraged and financed by oligarchic civilians, and the 1962 coup was merely encouraged by reform-committed non-oligarchic civilians, the 1968 coup seemed to have been carried out with no direct civilian connection, although once it had started, some anti-oligarchic, left-leaning civilians began to support it. Later on the linkage became much stronger and underwent all the vicissitudes of the RMG infighting.

Consequently, the foregoing experience in Peru underscores the fact that coups have been the result and the cause of both military and civilian participation. This should not be surprising, since military and civilians in Peru — in different proportions and modalities, to be true — have partaken of the same historical experiences and faced the same political options. In 1948 the civilians involved were the bosses of the coup; in 1962 they were the coup's partners; and in 1968 they became, eventually, recruited assistants.

3. Composition and functions of the Military Sector

The Military Sector in Peru is made up of that group of institutions, persons and resources assigned to the specific task of defending the State and country from any in-

ternal or external threat or actual physical attack. However, in Peru the Military Sector also performs other important duties such as rural health services, industrial and technical training, literacy campaigns, road building, aerophotography and the like.

The Military Sector of Peru is comprised of the three traditional service branches (Army, Navy and Air Force), para-military forces (Guardia Civil, Guardia Republicana and Policía de Investigaciones) and of the civilian administrative and supporting apparatus needed by the service branches for their functioning. In addition, the sub-sector of military industries must be counted in. The Military Sector thus understood operates in peace time; in case of war it becomes much larger, embracing the whole economy and society.

As indicated, the two main professional tasks of the Military Sector must undertake are the external and the internal defense of the country. While requiring a continuous and ever present vigilance, external defense has not been actively necessary in Peru, at least on a fully fledged war basis, since 1881, when the war with Chile ended. However in the 100 years since the conflict, Peru has been involved in boarder skirmishes, with most of her neighbors and recently with Ecuador, in particular.

The internal defense of the nation has not resulted in any serious predicament during the period. The one exception, and that not so serious, took place in 1965. By that year the impact of the Cuban Revolution had spread extensively but not deeply into South America. The example of Che Guevara, including his dissenting departure from Havana into the "American Revolution" had caught the imagination of some leftist young people in Peru. These, in 1965, organized guerrilla centres in the mountains and jungle of southern Peru. The army, by then equipped and trained for carrying out counterinsurgency, quelled the guerrilla activities in a very short time. This experience however had an unexpected outcome; for, as the 1968 RMG leaders have said on several occasions, it was this confrontation with young Peruvians that brought them to the conclusion that in-depth reforms had to be instituted in Peru without delay.

The Military Sector in Peru is conditioned by such factors as the size, composition, growth and distribution of her GNP and population; the resources available to the nation; the topography of its boarders and main regions; the development levels of her economy, including its industrial and technological components; multiple psychological responses; international strategic factors; and other variables of a social, political and ideological order.

In order to comply with its tasks, the Military Sector of Peru is provided with professional personnel, equipment, supporting administrative apparatus and other necessary elements for the performance of the duties of the Armed Forces. This professional personnel and major equipment, according to adjusted information obtained from the *Military Balance 1980—1981*, *SIPRI Yearbook 1981*, and local sources, in the year 1980, was *grosso modo* as follows. A *caveat* could here be inserted, to the effect that this information has been obtained indirectly and, therefore, it is highly susceptible to error.

3.1. The Armed Forces

In 1980 the total Armed Forces comprised about 100,000 members (about 50,000 conscripts) of which 75,000 belonged to the Army, 11,000 to the Navy and 14,000 to the Air Force.

a) The Army includes the following:

2 armored divisions; 8 infantry and mechanized divisions; each of 3 batallions; 1 airborne division; 1 jungle division; 10 artillery batallions; 4 engineer batallions; and 3 armored reconnaissance squadrons. They employ the following equipment: 250 T-54/55 (MBT, USSR); 60 M-4 (MBT, USA); 130 AMX-13 (LT, France); 50 M-3A1 White (AS, USA) scout cars; 200 M-113 (AC, USA)¹⁸; 40 V-150 Chaimite¹⁸, 218 UR-416, (FR Germany); 270 Howitzers; 4 M-114, 155 mm 210 SAMS (USSR); an undetermined number of Cessna 185 light aircraft (USA); 42 M1-8 Helicopters (USSR); 4 Alouette III (France); 5 Lama helicopters.

b) The Navy includes the following:

8 submarines (4 ABTAO, 2 GUPPY and 2 type 209); 3 Cruisers (2 ex-Dutch and 1 ex-British) 7 Destroyers (2 ex-British, 2 ex-USA and 3 ex-Dutch); 8 "LUPU" class Frigates; 5 River Gunboats; 4 River Patrol Craft; 9 S-2E Trackers (ASW); 6 C-47 (Transports); 2 F-27 MPA (Reconnaissance); 1 Aztec TPT (Transport); 6 AB-212 (Helicopter) ASW; 10 Bell-206 Helicopter; 6 H UH-1DH Helicopter; 2 Alouette III Helicopter; 2 Bell 47-G Helicopter; 6 T-34 Trainer.

c) The Air Force includes the following:

Bombers and Fighters:

2 light bomber squadrons with 32 Canberras B-2; B (1)-8; B(1) -56; 4 strike interceptor squadrons: 2 with 24 Mirages 5 and 2 with 23 SU-22; 2 COIN Squadrons with 24 A-37B; 1 operational Conversion Unit (OCU) with 2 Canberra T-4; 2 Hunter T-47; 1 Mirage 5DP and 4SU-22 UTI.

Transports:

3 L-100-20; 4C-130E; 5 DC-6; 4 C-54; 2 Learjets; 16 An-26; 2F-27; 4 F-28; 6 DHC-6; 15 DHC-5; 18 Queen Air; 3 King Air; 2 Beech 99; 12 Turbo Porter; 9 Cessna 185.

Helicopters:

12 Alouette III; 6 UH-1D; 20 Bell 45-G; 17 Bell-212; 6 Mi-6; 5 Mi-8;

Trainers:

15 T-6; 6 T-34; 8T-33A; 19 T-41; 26 T-37B/C; 4 Cessna 150. Air to surface missiles AMSs: 33 AS-30 (for Mirages).

To meet its training and professional needs, the Peruvian Army has a *Escuela Militar de Chorillos*,¹⁹ where Army Officers are prepared according to specialized *curricula* that include engineering, communications, artillery, infantry, cavalry and others. Advanced and specialized studies are carried out both in Peruvian and foreign institutions (mainly USA, France and UK). There is the *Escuela Superior de Guerra*, where senior officers continue their specialization in military science. Also, the *Centro de Altos Estudios Militares* (CAEM) has been established often using civilian cooperation as at the *Instituto de Estudios Históricos Militares*; the *Centro de Estudios Estratégicos y Geopolíticos*, and others.

The Peruvian Navy has a basic training school — la Escuela naval de la Punta, Callao, established in 1860. It has bases in Callao, San Lorenzo, Talara and Iquitos. The Peruvian Air Force has similar training facilities at the Escuela de las Palmas in Barranco, near Lima.²⁰

¹⁸ This information is not confirmed by other sources.

¹⁹ Established in 1830.

²⁰ The Peruvian Air Force was founded in 1911.

Besides the material resources described above, the Military Sector includes other non-material components. The evolution of these, between 1950 and 1980, has been of the outmost consequence for Peru.

This evolution has not followed the linear character postulated by some scholars.²¹ At the beginning of our period the Peruvian military were still personalistic, caudilloled, or sub-servient to TEP, although moving fast into the professional level. The institutions were being more and more impregnated with professional components such as expertise, rationality, impersonality, responsibility and corporateness. By 1960 full professionalization was achieved and the 1962 coup was a symptom of the change. From then on there was an overlapping between the professional and the revolutionary military.

A point to remark is that military professionalization seems to have emerged as TEP began to disintegrate. At this point the Peruvian military felt not only the obligation efficiently to defend but to change the country. This two-pronged imperative explained the ambivalent behaviour of the professional revolutionary. Thus the Peruvian military became the manager of coercion both to defend as well as to change the nation, a task he felt he had to undertake on behalf of his society through the State which he needed to control fully. The complexity of Peruvian structures, the cross-currents of the international scenario as well as the inter-disciplinary nature of contemporary learning (as viewed by them) led the Peruvian military to assume this double role.

In fact the Peruvian experience runs counter to Huntington's²² view which would hold that a rise in military professionalism is inversely related to military intervention in politics. The Peruvian experience shows that as Praetorianism came to an end, there was a let-down in the political intervention of the military; but that as the military became more professional they tended to intervene again. Therefore, in Peru, at least in the last 30 years examined, the political intervention of the military does not seem to have been an episodic, but rather, a recurrent or constant factor, since they have intervened in politics at different stages of their institutional evolution.

Establishing a link with TEP, we might say that the military intervention in politics took place particularly when TEP was fully predominant or when it reached a high point of disintegration. Therefore, this intervention may not be regarded as a point in a line, but rather on a spiral; that is a cyclical phenomenon at ever ascending levels, provoked when certain political and economic conditions obtained. Furthermore, the evolution of the Military Sector in Peru has also involved important shifts in ideology since it has adopted during the period new values and procedures. For example, it has accepted external and internal national security goals; that some social groups have legitimate grievances against the whole of society; the need to continue technifying the military institutions; and the establishment of new and wide parameters for the military learning and action, including coherent political functions for them.

Moreover, the Peruvian experiment had other typifications. This military revolution touched on virtually every segment or aspect of the nation, except, *ceteris paribus*, the Military Sector itself. The revolutionists resisted the revolution. Unlike other revolutions, in which the military were civilianized (as indeed happened in France, in Mexico and in Russia), the paradigm of the Peruvian military was to militarize the State and society of Peru. The military were not to be a reflection of the State or of

²¹ Perlmutter, *op.cit.*

²² Samuel P. Huntington, *The Soldier and the State*, Harvard University Press, Cambridge, Mass. 1957 pp. 62-64 and others.

the "Old Society"; the State and the projected "New Society" were, in fact, going to be the mirror of the military.

The answer to this paradox may be found in the fact that a "revolution" had taken place first within the military; that is their transition towards a professional institution.

3.2 *Capability of the Military Sector*

The institutions, persons and resources (material and non-material) described above constitute the core but not the whole of the military capability of the country. To assess this capability, as has been stated, a variety of factors must be taken into account such as the size and level of her economic and industrial and technological output, her social coherence and integration, various psychological attitudes and fundamental ideo-political components. For the case of Peru's military capability (MC), the following formula may be considered:

$MC = (Cc + Ep + Mp) \times SI$ (p.q.r...), where

Cc= Critical complex, composed of population, territory and available technology;

Ep= Economic potential, composed of available resources and size and level of national economy;

Mp= Military potential, composed of size, technological level, sophistication of Military Sector; and

SI= Social Integration, composed of the degree of coherence which, with reference to ends and means, holds the society together.

p.q.r... = psychological attitudes, ideo-political components.

3.3 *Relations of the Military Sector*

The Military Sector of Peru does not exist in a vacuum. It is permanently related to other Military Sectors (corresponding to other nation-States) and to other national power centres, the most important of which is political power.

Regarding the former relationship, assorted military indicators place Peru in a middle group of South America countries together with Chile, Colombia, and Venezuela; and between the larger (Argentina and Brazil) and the smaller (Bolivia, Ecuador, Paraguay, and Uruguay).

Concerning the relations of the Military Sector with other power centres of the country we should begin by noting the existence of three tiers:

i) a largely inert tier with zero or near zero participation in national policy decisions, corresponding roughly to the groups of the Traditional Sector;

ii) the active tier composed mostly of the population of the Modern Sector, having access to national political decisions; and

iii) the final or decisive tier, which wields the final verdict in confrontations involving major options, the military élite. These three tiers of political action operate through a twosided structure: a) a legal and actual government represented by the State (i.e. Political Power); and b) a less visible, potential government represented by the Armed Forces (i.e. Military Power).

During periods of political democracy the Political and Military Powers have been able to coexist and collaborate. But as social, political and economic difficulties emerge and increase, a gap appears between the Political and the Military Powers, moving their relationship into discoordination first and confrontation later.

Normally this leads to a coup d'état, with the result that the Military Power becomes political Power. However, once in a governing role the Military Power splits functionally into a new dichotomy: those who are directly identified with the running of the country and those who remain in charge of the Military Sector, although this time both are under military control. Thus a new collision path has been set. As this situation tends to worsen, the contenders face a crucial choice:

either their factions find a solution by military means, meaning civil war that would endanger national, international and institutional security; or

they go back to the earlier model of non-military government, for which elections have to be called.

Traditionally in Peru, and without any exception in the XX Century, the latter course has been followed.

4. Military expenditure

As has been pointed out before, not all governments include under their military budgets the same items, nor do they use the term *milex* in a unequivocal sense. This, of course, represents a major difficulty for studying the matter and especially for establishing intertemporal and international comparisons. The Peruvian government does not officially use the terms "military budget" or "military expenditure", although it is generally assumed that these expenditures are covered by those listed under the budgets of the War, Navy and Air Force Ministries, which from an administrative point of view operate independently.

The expenditures so listed for the three Ministries cited above include Remunerations, Goods and Services, Construction, Transfers, Financial Payments and National Defense, although there are some important obscurities and discontinuities in their classifications. The bulk of expenditures covering Military Industries and Paramilitary forces are listed under different headings in the National Budget. We have tried to bring these items into the U.N. classifications and definitions, according to which *milex* cover Operating Costs, Procurement and Construction, and R & D. These *milex* so disaggregated are distributed among strategic, Land, Naval, Air and other Combat Forces, Central Administrations, Paramilitary Forces, Civil Defense and Military assistance²³.

Besides these statistical characteristics, it should be pointed out that the wide range of the Armed Forces activities in Peru includes functions such as highway and road construction; health services in the jungle; literacy programmes; technical and professional training both in local and in foreign institutions; production of industrial goods for non-military purposes; aerophotographic surveying; emergency and rescue missions; meteorological services; freight and transportation, as for example for the pipeline construction in the jungle. Inasmuch as these expenditures are not strictly military there is a built-in difficulty in ascertaining exactly the amounts military expenditures *strictu sensu* incurred.

On the other hand, these *milex* exclude the expenditures covering Paramilitary Forces as well as Civil Defense. The Paramilitary Forces in Peru would be mainly the Guardia Civil, the Guardia Republicana and the Policia de Investigaciones (PIP) the expenditures of which appear under the Ministry of the Interior's budget.

²³ *Reduction of Military Budgets*, Report of the Secretary General, United Nations, UN A/31/222/Rev. 1, Table A, page 30.

4.1. Peruvian *milex*

According to Peruvian government figures, the *milex* of Peru over the period (1950—1979) rose, in millions of constant soles of 1970, from 1,965 to 5,047, having reached their highest peak at 12,356 in 1975 and their lowest with 1,965 in 1950 (Table 1). The development of these *milex* shows three basic cycles: a) 1950—1962; b) 1963—1968; and c) 1969—1979.

a) First cycle (1950—1962)

With respect to the *milex* levels that were soon to be attained, the *milex* of this cycle (under President Odría's and Prado's administrations) were modest and did not reflect the perception of any unusual internal or external threats, although by the end of this cycle the Cuban revolution — which is regarded by this Study as a major factor in the upsetting of the Traditional Equilibrium of the country and the region — had already occurred. This cycle's *milex* responded rather to institutional requirements in order to technify and further modernize the Peruvian armed forces in the aftermath of the Second World War, an aim that was aided by the overall GDP expansion during this cycle, which grew by a factor of almost 2. The highest point of *milex* in this cycle was reached with 3,441 mns US dollars in 1961 and the lowest with the aforesaid 1,965 mns US dollars in 1950.

This first cycle was also characterized by considerable military assistance, provided to Peru (and all of Latin America) from USA Second World War surplus equipment. This cycle ended symbolically with the institutional military coup d'état in 1962.

b) Second cycle (1963—1968)

The second cycle started with *milex* of 4,704 mns US dollars and ended with 4,338 mns US dollars, the lowest figure for the cycle, reaching the current all-time high of 8,710 mns in 1967. This cycle represented a crucial one in the political and military development of the country. In this decade of the 60s, the following militarily significant developments took place in Peru:

- an alternative political option to the old APRA party emerged, in which another major political party and the military could converge for political action — the new Acción Popular Party of Fernando Belaúnde Terry — which won the elections of 1963;
- military assistance from the USA began to dwindle rapidly;
- there were sporadic guerrilla activities in the interior of the country as well as an increase in peasant land-takeovers;
- the Cuban revolution began to make itself felt in the South American continent through armed civilian factions whose aim was to establish similar regimes on the mainland; and
- the Armed Forces of Peru, faced with these major developments, gradually perceived that national security had to be linked to major economic and social development decisions.

Furthermore, during this period an additional isolated but meaningful development took place: the Peruvian Air Force had decided to purchase supersonic aircraft (F5s) from the USA. When Washington refused to furnish Peru with such aircraft the Lima Government bought Mirage 5s from France, thus becoming one of the first countries on the South American continent to acquire such sophisticated equipment.

Table 1
Peru: Milex and GDP

Years	A MILEX in S/.	B MILEX in S/ of 1970	C growth rate of MILEX	D GDP in S/ of 1970	E growth rate of GDP
1950	380.8	1,965		86,635	
1951	484.9	2,272	15.6	94,869	9.5
1952	495.3	2,170	-4.4	97,345	2.6
1953	558.8	2,244	3.4	99,664	2.4
1954	600.1	2,287	1.9	110,190	10.6
1955	702.1	2,555	11.7	116,363	5.6
1956	838.3	2,904	13.7	121,211	4.2
1957	875.3	2,813	-3.4	122,150	0.8
1958	952.5	2,855	1.5	126,523	3.6
1959	1,048.7	2,771	-2.9	131,636	4.0
1960	1,193.4	2,902	4.7	140,516	6.7
1961	1,499.4	3,441	18.6	152,470	8.5
1962	1,584.6	3,411	-0.9	166,385	9.1
1963	2,317.2	4,704	37.9	173,159	4.1
1964	2,868.2	5,612	19.3	185,328	7.0
1965	3,165.8	5,028	-10.4	194,420	4.9
1966	3,455.1	5,039	0.2	208,193	7.1
1967	6,554.0	8,710	72.9	215,471	3.5
1968	3,887.8	4,338	-50.2	215,363	0.1
1969	4,431.8	4,654	7.3	224,272	4.1
1970	7,465.6	7,466	60.4	240,666	7.3
1971	9,701.5	9,083	21.7	253,014	5.1
1972	9,701.5	8,474	-6.7	267,782	5.8
1973	13,802.5	11,009	29.9	284,384	6.2
1974	13,802.5	9,420	-14.4	303,879	6.9
1975	22,385.5	12,356	31.2	314,029	3.3
1976	22,385.5	9,256	-25.1	323,559	3.0
1977	31,384.0	9,401	1.6	319,729	-1.2
1978	33,117.0	6,284	-33.2	313,983	-1.8
1979	44,606.0	5,047	-19.7	325,838	3.7
1980	95,664.0			342,796	3.1

Sources: Column A: In millions of current soles (S/.), *Cuentas Generales de la República*, Ministerio de Economía y Finanzas.

Column B: In millions of soles (S/.) of 1970, based on Column A and the Consumer Price Index for 1970, Banco Central de Reserva del Perú.

Column C: According to Column B.

Column D: Millions of soles of 1970. Banco Central de Reserva del Perú, *Cuentas Nacionales* and Consumer Price Index for 1970.

Column E: From Column D.

c) Third cycle (1969—1979)

The third cycle (1969—1979) experienced a *milex* change from 4,654 mns to 5,047 mns, having reached its highest point with 12,356 mns in 1975 and its lowest in 1969. Events of the utmost importance also accompanied this cycle of Peruvian *milex*:

- The Revolutionary Military Government ruled the country on the basis of a link between national security and economic and social development.

- The Peruvian and other regional military élites had foreseen for the 70s the threat of a major war between Argentina and Chile, on the one hand and between Bolivia and Chile and Ecuador and Peru on the other. This requires a brief explanation: the conventional outlook on the matter underscored in particular the year 1979 — that is to say the 100th anniversary of the so-called War of the Pacific between Peru and Chile — as a possible fateful date for a new conflict. More sophisticated analysis, however, has related the much greater military expenditures incurred by Peru and Chile to the emergence in Chile, through a bloody coup d'état in 1973, of an extreme-right military dictatorship without precedent in Chilean history. It was felt that for a country of the liberal, democratic and constitutional traditions of Chile to undergo such a radical political upset would indicate that major national considerations had played a decisive role. Thus, the Pinochet coup d'état in Chile could be regarded not only as that country's military response to the Marxist regime of Allende, but also as a reaction to a historical process in which, by effect of Peru's traditionally larger economic and social growth rates, the gap between the major economic variables of Peru and Chile was closing. In addition, the existence of a left-leaning and long-term planning military government in Peru may be considered as having contributed to provoking the Pinochet coup d'état.

- The sharpening of the confrontation between the two tacit *ententes* in South America: Brazil, Chile, and Ecuador on the one side; and Argentina, Peru, and Venezuela on the other.

- As the cycle unfolded, the Peruvian Revolutionary Military Government found its political and diplomatic posture in the region greatly diminished. At the beginning of this cycle, Bolivia, Chile, Ecuador, and Peru had left-leaning governments, whereas by the end of 1973, all but the Peruvian government had been overthrown by right-wing military forces. Thus the RMG of Peru felt that the country was isolated and surrounded (as Argentina and Brazil for a number of years already had right-wing military governments).

- The highest arms procurement diversification was carried out by the Revolutionary Military Government. Heavy purchases were made in Western Europe and in the Soviet Union in particular, thus turning Peru — although for different reasons from those of Cuba — into the second Latin America country to receive significant arms transfers from the Soviet Union.

- Peruvian military industries were given a great impetus, including R and D; and in some respects, such as basic nuclear technology, closer cooperation was attained with Argentina.

- There was a distinct although passing political and diplomatic confrontation between Peru and the USA; and concurrently economic and diplomatic relations with the Soviet Union and other socialist countries were established in 1969.

- The *millex* incurred by the Revolutionary Military Government undoubtedly played a decisive role in the economic and financial crisis that Peru underwent in 1977—1978. Although no clear correlation can be established between inflation and *millex*/GDP rates in Peru, there is some basis to suggest that rapidly growing inflation has been unable to sustain or support a high *millex*/GDP level (for the latter is forced to come down) and that rising *millex* in absolute or relative (i.e. related to GDP) terms contributed, particularly *circa* 1971—1975, to trigger the inflation that was to strike

Peru during 1977—1980.²⁴ (See table 2.)

d) Overall cycle analysis

Bringing the three cycles together, it should be noticed that the total *milex* of the first cycle of 13 years amounted to 34,590 mns US dollars, with a yearly average of 2,661 mns US dollars; those of the second cycle of 6 years totaled 33,431 mns US dollars, with an annual average of 5,572 mns US dollars; and those of the third cycle of 11 years amounted to 92,450 mns US dollars, giving an average of 8,405 mns US dollars yearly. This last cycle average entailed an increase by a factor of almost 4 with respect to the first cycle average (in constant soles of 1970).

For the whole period the growth factor was 2.6 whereas in the same period the growth factor of the GDP was 4. The *milex* of these cycles have grown with a ratchet effect; that is, each new cycle has taken off from a higher plateau than the previous one.

e) Problems in calculating Peru's *milex*

When *milex* are used for intertemporal and international comparisons, particular difficulties arise. Some of these are: how to differentiate the real from the nominal-price variations within the same country; how to convert national currency figures into a currency internationally meaningful to compare *milex* of two or more countries; what exchange rate to use; how to standardize the different definitions of *milex* and classifications used by different countries; which year or period to take as a base; how to deal with particularly different arms procurement situations arising from special transactions and tim-frames. Normally, serious discrepancies result from these uneven situations.

²⁴ Without attempting any systematic analysis, we shall list four types of factors that *inter alia* may have contributed to the present inflationary cycle in Peru:

a) long-term domestic factors: high population growth rates corresponding to lower economic growth rates (which implies that one Peruvian must produce to support 5 or 6 fellow Peruvians); the savings gap (domestic savings are normally enough to reach a satisfactory investment rate); inelastic food supply (food prices rise but food output does not, or at least it does not rise in proportionate amounts); and monopolistic and oligopolistic markets (product competition is severely constrained, which normally results in a push towards higher prices);

b) long-term foreign factors: the foreign trade gap (in spite of Peru's export diversification, her imports tend to be greater than her exports); and adverse terms of trade (during long and/or critical periods, Peru has found that the same value of her exports permitted her to import less and less, thus widening the foreign trade gap);

c) short-term domestic factors: high government deficit spending (while this factor had been present for a number of years it climbed rapidly after 1973); national demand had outpaced national supply (reform-motivated demand pressures originating in the public as well as in the private sectors implied price supports and oil, food and import subsidies); repeated droughts; mounting military and bureaucratic expenditures; the reforms undertaken (long-term structural and "socially" oriented ones, which are non-self-liquidating in the short-term); the anti-inflationary policies adopted (mostly monetary, with disregard of important aspects of the demand side and most of the supply side); and the downfall of the government's political image (authoritarian policies, such as the take-over of communications media; and political repression); and

d) short-term foreign factors: stagflation at an international level (which implied a tacit importation of inflationary thrusts); the rising oil prices starting in 1973; and others.

Despite the aforesaid, it should be underlined that the predominant causes for this recent Peruvian inflation are to be found among the domestic factors, in particular, the very high government spending, which produced substantial increases in Peru's foreign debt.

Table 2
Peru: Annual Variation Rates of Inflation, GDP, and Mílex (1951—1980)

Years	Inflation*	GDP**	Mílex**
1951	10.1	9.3	15.6
1952	7.0	2.4	-4.4
1953	9.1	2.5	3.4
1954	5.4	10.4	1.9
1955	4.7	5.7	11.7
1956	5.4	4.3	13.7
1957	7.4	0.7	-3.4
1958	8.0	3.7	1.5
1959	12.7	4.1	-2.9
1960	8.7	6.7	4.7
1961	6.0	8.4	18.6
1962	6.6	9.0	-0.9
1963	6.1	4.1	37.9
1964	10.0	7.1	19.3
1965	16.4	4.9	-10.4
1966	8.9	7.0	0.2
1967	9.8	3.5	72.9
1968	19.1	0.0	-50.2
1969	6.2	4.1	7.3
1970	5.0	7.3	60.4
1971	6.8	5.1	21.7
1972	7.2	5.8	-6.7
1973	9.5	6.2	29.9
1974	16.9	6.9	-14.4
1975	23.6	3.3	31.2
1976	33.5	3.0	-25.1
1977	38.1	-1.2	1.6
1978	57.9	-1.8	-33.2
1979	67.7	3.8	-19.7
1980	59.2	3.1	

* Based on index variations.

** Based on figures in 1970 soles.

Sources: Instituto Nacional de Estadística, Banco Central De Reserva del Perú, Ministerio de Economía y Finanzas, Table 1.

As regards Peruvian mílex, the data obtained from national sources, SIPRI and ACDA (Table 3) (in 1970 US dollars), show the following discrepancies:

1) initially they are closer to each other, but from 1976—1977 they begin to drift apart;

2) the SIPRI and ACDA figures grow higher than the Peruvian ones, particularly from 1975 onwards, when great discrepancies start to appear. For example, according to Peruvian government sources, the peak *mílex* figure of 319.3 mns US dollars took place in 1975; according to SIPRI this happened in 1976 with 481.7 mns US dollars and according to ACDA this occurred in 1977 at 597.6 mns US dollars; and

3) there are also serious discrepancies between ACDA and SIPRI figures during the period 1976—1979.

Table 3
Peru: Millex according to Peruvian Government,
SIPRI and ACDA sources

	A <i>Millex, Peruvian Data</i> (mns 1970 dollars)	B <i>Millex, SIPRI</i> (mns 1970 dollars)	C <i>Millex, ACDA</i> (mns 1970 dollars)
1950	50.7	55.0	
1951	58.7	63.6	
1952	56.1	61.5	
1953	58.0	60.1	
1954	59.1	56.6	
1955	66.0	60.3	
1956	74.8	99.3	
1957	72.7	89.4	
1958	73.3	101.4	
1959	71.6	89.3	
1960	75.0	88.0	
1961	88.9	104.3	
1962	88.2	103.5	
1963	121.5	142.6	
1964	137.0	139.4	
1965	129.9	138.6	145.9
1966	130.2	137.7	146.0
1967	225.1	175.2	181.2
1968	112.1	175.2	206.4
1969	120.3	184.2	176.1
1970	192.9	232.3	193.2
1971	234.7	242.1	204.5
1972	219.0	224.9	215.9
1973	284.5	274.7	263.3
1974	243.4	281.2	273.4
1975	319.3	382.2	357.3
1976	239.2	481.7	421.1
1977	242.9	389.0	597.6
1978	162.4	462.5	453.6
1979	130.4	313.3	

Sources: A) Cuentas Generales de la República. Exchange rate 1970: 1 US dollar = 38.7 soles.

B) SIPRI Data: 1950—1958, *SIPRI Yearbook 1968/69*, pag. 200. 1960—1975, CIESUL, *Gastos Militares y Desarrollo en América del Sur*, p. 63, 1976—1979, *SIPRI Yearbook 1980*, pag. 19.

C) ACDA, *World Military Expenditures and Arms Transfers 1969—1978*, pag. 63.

The reasons for these various discrepancies are as follows:

- the different definitions of *millex* as well as the different classifications used by each source;
- the distorting effects of the conversion and deflator techniques;
- the difficulty in correctly assessing the costs of Peru's important military procurement in the Soviet Union, which took place around 1975;
- the sharpest discrepancies between the three sources coincide with Peru's most se-

vere economic crisis (1977—1978), when the exchange rates varied abruptly and frequently, making still more difficult the gauging of Peru's military expenditures and especially of her military procurement.

The aforementioned discrepancies concerning *milex* figures as furnished by the Peruvian government, SIPRI and ACDA are apparently centered in the valuation and timing of Peru's procurement of Soviet weapons in the mid 1970s. Obviously, both the timing and the valuation of these purchases have been carried out according to different, if not antithetic, methods. In the first place, the time-frame for reporting the Soviet arms transfers to Peru differs quite visibly from one source to another. This may be because of differing criteria of considering a transaction as completed: when it is ordered, or when it is received, or when it is paid for. In the second place, the amounts may differ as a result of: a) how Peru and the USSR have actually valued the arms transfer in which important but not publicly known elements may be included. Among these elements there may be concessional and refinancing terms that would modify substantially a given *milex* calculation; b) SIPRI's valuation system, as is known, is not the same as ACDA's; and obviously, the canon used by Peru is different from these two; c) ACDA's valuation, particularly of Soviet equipment, is made according to USA costs and therefore is considerably higher than the Soviet's own estimates for their own military expenditures or sales.

Table 4
Peru: Milex according to Budget Structure by Service Branches
(mns of current soles)

Years	REMUNERATIONS			GOODS AND SERVICES			CONSTRUCTIONS			TRANSFERS		
	Army	Navy	Air Force	Army	Navy	Air Force	Army	Navy	Air Force	Army	Navy	Air Force
1950												
1951												
1952												
1953												
1954												
1955												
1956												
1957												
1958												
1959												
1960												
1961												
1962												
1963												
1964												
1965	8.0		0.2	29.0		0.4	3.0			3.0		0.02
1966	68.0		1.0	43.0		2.0	5.0		0.1	212.0	38.0	94.0
1967	107.0		21.0	22.0		42.0	6.0		12.0	323.0	108.0	136.0
1968	54.5	473.5	7.1	29.6	341.9	28.1	10.0	4.0	5.0	1.1	134.2	1.4
1969	40.3	527.8	13.8	16.9	356.7	18.5	4.0	91.1	0.1	0.9	128.3	3.2
1970	31.2	892.7	20.8	15.3	692.5	42.0		129.4	3.0	2.2	256.1	4.7
1971*		965.1	903.5		429.5	105.3		355.2	89.1		225.4	308.1
1972*		965.1	903.5		429.5	105.3		355.2	89.1		225.4	308.1
1973	2,512.0	1,169.5	1,117.0	1,688.5	824.5	1,571.5	122.0	122.0	94.5	944.0	605.5	457.0
1974	2,512.0	1,169.5	1,117.0	1,688.5	824.5	1,571.5	122.0	122.0	94.5	944.0	605.5	457.0
1975	3,815.5	2,240.0	1,808.5	4,261.5	2,155.0	2,686.5	476.5	361.5	436.5	1,556.0	760.0	796.0
1976	3,815.5	2,240.0	1,808.5	4,261.5	2,155.0	2,686.5	476.5	361.5	436.5	1,556.0	760.0	796.0
1977	7,634.0	4,082.0	3,232.0	4,598.0	3,710.0	2,784.0	287.0	439.0	476.0	1,714.0	1,247.0	1,181.0
1978*	8,507.7	5,516.6	3,893.6	5,296.4	5,107.1	3,580.5	151.0	60.6	651.3	2,399.8	1,066.5	1,530.9
1979	11,811.4	8,157.4	6,024.9	7,671.2	11,122.3	5,621.4	137.3	474.7	589.0	4,468.7	1,666.9	1,952.9
1980												
Partial Total	40,917.1	28,399.2	20,872.4	29,621.4	28,148.5	20,845.5	1,800.3	2,876.2	2,976.7	14,124.7	7,826.8	8,026.3
Total	90,188.7			78,615.4			7,653.2			29,977.8		
% of Total	36.2 %			31.6 %			3.1 %			12.0 %		

*Additional data: Biennial 1971—1972 and 1978.

**This partial total (1965—1979) has been used to distribute the expenditures shares of the six budget categories.

Source: Cuentas Generales de la República.

While the details of the Peru-USSR arms transaction are not known, it is assumed that it involved soft credits, amounting to somewhat less than 1,000 mns US dollars; long-term (around ten years) repayment period; and low interest rates (around 2.5%). In addition it is known that the debt was rescheduled in 1979—1980.

4.2. Total millex distribution according to budget structure

Peruvian *millex* are distributed among six main categories: Remunerations, Goods and Services, Construction, Transfers, Financial Payments and National Defense. However, distributed budget figures are not available for every year of the period (1950—1980). In fact the disaggregated figures available appear with great paucity, with important limitations and only for the maximum period of 1965—1979. For these reasons the data available for assessing the role of the different budget categories of *millex* is only partially significant. Thus the total *millex* corresponding to the period, which amounted to 361,180.5 mns soles, only 249,117.1 mns appears as budget distributed (Table 4).

The total amounts, averages and percentages of the total *millex* incurred in mns of current soles for 1965—1979 were respectively as follows (Table 4):

- Remunerations, 90,188.7 mns, 6,012.6 mns, and 36.2%;
- Goods and Services, 78,615.4 mns, 5,241.0 mns, and 31.6%;

FINANCIAL PAYMENTS			NATIONAL DEFENSE			TOTAL			GRAND TOTAL
Army	Navy	Air Force	Army	Navy	Air Force	Army	Navy	Air Force	
						236.6	64.2	80.0	380.8
						321.0	75.1	88.8	484.9
						305.3	85.9	104.1	495.3
						359.5	92.5	106.8	558.8
						378.0	100.4	121.7	600.1
						414.3	111.0	176.8	702.1
						511.7	139.4	187.2	838.1
						532.9	160.0	182.4	875.3
						580.6	172.4	199.5	952.5
						657.7	187.9	203.1	1,048.7
						723.2	222.6	247.6	1,193.4
						889.4	269.7	340.3	1,499.4
						937.3	295.8	351.5	1,584.6
			1,248.7	444.9	623.6	1,248.7	444.9	623.6	2,317.2
			1,414.0	690.6	763.6	1,414.0	690.6	763.6	2,868.2
			1,519.1	831.0	772.0	1,562.2	831.0	772.6	3,165.8
			1,461.0	820.0	711.0	1,789.0	858.0	808.1	3,455.1
			2,604.0	1,616.0	1,557.0	3,062.0	1,724.0	1,768.0	6,554.0
	2.3		2,016.7		778.3	2,112.0	955.9	819.9	3,887.8
	25.3		2,085.3		1,119.6	2,147.4	1,129.2	1,155.2	4,431.8
	26.3		3,505.8		1,843.6	3,554.5	1,997.0	1,914.1	7,465.6
	583.1	792.6				4,289.0	2,558.3	2,621.2	9,468.4
	583.1	792.6				4,289.0	2,558.3	2,621.2	9,468.4
47.0	1,672.5	855.0				5,313.5	4,394.0	4,095.0	13,802.5
47.0	1,672.5	855.0				5,313.5	4,394.0	4,095.0	13,802.5
345.5	348.0	338.5				10,455.0	5,864.5	6,066.0	22,385.5
345.5	348.0	338.5				10,455.0	5,864.5	6,066.0	22,385.5
						14,233.0	9,478.0	7,673.0	31,384.0
						16,355.0	11,750.8	9,656.2	37,762.0
						24,088.6	21,421.4	14,188.2	59,698.2
						37,908.0	29,769.0	27,987.0	95,664.0
785.0	5,261.1	3,972.2	13,191.9	3,267.0	6,781.5	156,436.9	108,660.3	96,083.7	361,180.5
10,018.3			23,240.4						249,117.1**
4.0 %			9.3 %			43.3 %	30.1 %	26.6 %	100 %

- Construction, 7,653.2 mns, 510.2 mns, and 3.1%;
- Transfers, 29,977.8 mns, 1,998.5 mns, and 12.0%;
- Financial Payments (1968—1976), 10,018.3 mns, 667.9 mns, and 4.0%;
- National Defense (1963—1970), 23,240.4, 1,549.4 mns, and 9.3%.

The limitations presented by these figures notwithstanding, it should be noted that Remunerations, Goods and Services, and National Defense, adding up together to nearly 80%, were by far the most important *milex* categories. This would roughly coincide with those of the five leading South American countries analyzed in a recent study.²⁵

In view of the scarcity of data referred to the different military budget categories, the conclusions one may draw from a year to year analysis of those categories can only be tentative.

Out of the total *milex* corresponding (Table 4) to the period, 156,436.9 mns soles went to the Army; 108,660.3 mns soles (30.1%) went to the Navy and 96,083.7 mns soles went to the Air Force (26.6%). This % distribution coincides with the one for South America in 1970.²⁶ The evolution of the *milex* distribution according to services during the Period reveals that:

- a) from 1950 to 1955 the expenditures of the three service branches were relatively close, although the Army's were higher;
- b) from 1955 to 1980 the Army *milex* outspaced visibly *milex* of the other two branches; and
- c) the Navy and Air Force *milex* zig-zagged close together throughout the period, except for 1977—1980, when the Navy's *milex* were somewhat higher.

In sum, throughout the period, the Army's *milex* have been markedly higher than those of the other two branches, thus reflecting the strategic priorities of Peru's Military Sector and the larger political influence of the Army. The *milex* of the three service branches, of course, followed the same pattern as the total *milex*, mirroring the three cycles into which Peruvian *milex* were divided.

This budget distribution also reveals the existing interservice rivalry and competition, which became an important component of the political engineering of the RMG (1968—1980). The figures above cited, generally agree with those obtained by a previous study for the period 1940—1972, wherein the year averages were for the Army 56.5%, for the Navy 21.3%, and for the Air Force 23.7%.²⁷

4.3. *Milex Ratios*

Milex during the period in Peru seem to have responded to complex *stimuli*. These *milex* may be related to a number of domestic as well as foreign variables. For example, they may be linked to a country's population, GDP, CGE (Central Government Expenditure), exports and so forth (Table 5). And, of course, they may be related to the military expenditures of other countries and regions.

a) The *milex*/population ratio is an important indicator and it is here calculated in US dollars of 1970 on the basis of *milex* figures furnished by SIPRI, thus to make international comparability somewhat easier. This coefficient shows an overall growing trend similar and basically parallel to the increases in absolute *milex*. Therefore, we

²⁵ Encinas, *The Ayacucho Declaration...*, op.cit., page 41.

²⁶ *Ibid*, page 73.

²⁷ Gertrude Heare, *Trends in Latin America Military Expenditures 1940—1970*, Washington, Department of State Publications, 1971, Table 11, page 21.

can see that the *milex per capita* of Peru went up from 6.8 dollars (1950) to 18.1 (1979), although in the process it went up as high as 30.3 (1976).

b) The *milex*/GDP ratio is the most widely used one, although it is not entirely defensible on account of the constraints involved in any application of the GNP or GDP concepts. This is the case especially in some developing countries where the national product is often distorted by dualistic, low-liquidity and non-monetary structures.

Table 5
Peru: *Milex* ratios*

Years	<i>Milex</i> / population	<i>Milex</i> / GDP	<i>Milex</i> / CGE	<i>Milex</i> / Export
1950	6.8	2.4	16.5	13.3
1951	7.7	2.4	16.0	12.7
1952	7.3	2.3	13.6	13.5
1953	7.0	2.5	14.5	14.9
1954	6.5	2.3	13.8	12.5
1955	6.8	2.4	12.3	13.6
1956	10.9	2.5	12.6	14.2
1957	9.6	2.4	12.1	14.0
1958	10.6	2.4	11.3	14.0
1959	9.1	2.2	12.5	14.3
1960	8.7	2.1	10.8	10.3
1961	10.0	2.4	10.1	11.4
1962	9.6	2.2	10.2	11.1
1963	12.9	2.9	11.9	16.1
1964	13.3	3.0	11.7	16.1
1965	11.8	2.8	9.7	17.8
1966	11.4	2.5	9.1	16.9
1967	14.0	4.2	16.6	28.2
1968	13.6	2.1	8.1	11.6
1969	13.9	2.1	8.7	13.3
1970	17.3	3.1	11.5	18.5
1971	17.5	3.7	12.5	28.1
1972	15.8	3.3	9.6	26.6
1973	18.8	3.8	9.4	32.1
1974	18.7	3.1	6.2	23.7
1975	24.7	4.0	7.8	36.1
1976	30.3	2.9	5.8	23.7
1977	23.8	3.0	5.8	21.6
1978	27.5	2.0	4.1	10.9
1979	18.1	1.5	3.0	5.7
1980		1.9	4.0	8.5

* Based on figures in current soles except for the *milex*/population ratio which is based on figures in 1970 dollars.

Sources: Tables 1 and 3; Instituto Nacional Estadísticas (population); Instituto Nacional de Planificación, *Plan de Desarrollo Económico y Social 1967—1970*, Vol. 1 (CGE = Central Government Expenditure); and Banco Central de Reserva del Perú, *Cuentas Nacionales* (GDP in current soles and value of exports).

For the period 1950—1980 as a whole, the *milex*/GDP ratio for Peru has reflected the changes in absolute *milex* as may be seen in the following phases (Table 5):

- from 1950—1966 the ratios were low, oscillating between a lowest one of 2.1% (1960) and a highest of 3.0% (1964). The average for these years was 2.5%;
- from 1967 to 1975 the ratios were generally higher for every year (excepting 1968 and 1969 with 2.1% each). These ratios were as high as 4.2% (1967) and 4.0% (1975), the average for this phase being 3.3%; and
- from 1976 to 1980 the ratios declined again to an annual average of 2.3% for the phase.

The *milex*/GDP ratios annual average for the whole period (1950—1980) was 2.7% and it may be compared with similar ratio calculated for the whole of South America between 1960—1976 which was 2.3%.²⁸

c) The *Milex*/CGE (Central Government Expenditures) ratio has particular relevance because *milex*, being the result of government decisions, have a direct point of reference in overall governmental expenditures. Therefore this ratio focuses on an area of special significance for this study; that is to say, the emphasis or priority accorded to the different decisions at play, including those regarding the size of the Public Sector.

Among the limitations of this ratio is that the CGE can change suddenly in accordance with changes in government or in government policies. Lacking information on government planning, the ratio in question serves thus to mirror both governmental policies that are the outcome of several possible choices as well as of the variations (expansion or contraction) of the Public Sector.

Under these circumstances, this ratio in Peru (Table 5) has tended on the whole to diminish. It started at 16.5% (1950) and ended at 4.0% (1980). It is possible to see two phases in the process:

- the first, from 1950 to 1966, when the ratio fell to 9.1%; and
- the second, which started in 1967 with a high of 16.6% falling almost uninterruptedly to the all-time low of 3.0% (1979) and then rising slightly to 4.0% (1980).

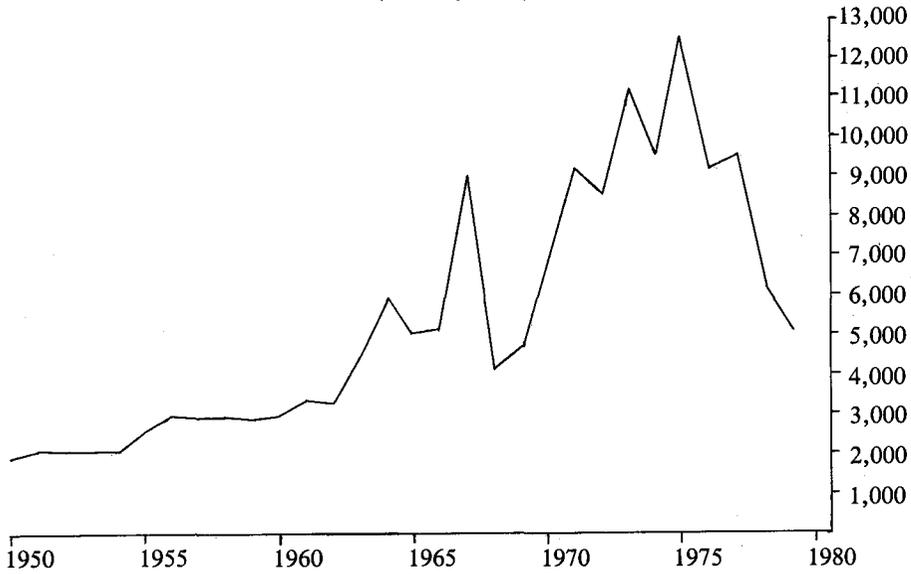
The performance of this ratio in Peru may be explained by the spectacular rise in governmental expenditures, largely due to the growth of the Public Sector, especially since 1967; and by the very low levels the CGE had to begin with, that is to say, in the 1950s.

d) The *Milex*/Exports ratio is another useful coefficient which permits the establishment of the share a country devotes to *milex* out of her export earnings, which, as has been shown, are one of the principal components of Peru's national income. This ratio has, of course, broad limitations: it registers only a share of the exchanges of the national economy; it reflects the unreliability of such material factors as export prices and terms of trade; and it mirrors the statistical difficulties involved in calculating exchange rates.

The performance of this *milex*/Exports ratio reveals a fairly steady and modest level (with one single exception, 1967, of 28.2%), with an average of 14.7% until 1970. Starting in 1971, the ratio moved to the much higher level of 28.1%, around which it fluctuated through 1977, the average for the period being 27.4% per year. In the remaining years (1978—1980) the ratio decreased to a yearly average of 8.4%. Over the entire period (1950—1980), the yearly average ratio was 17.0%.

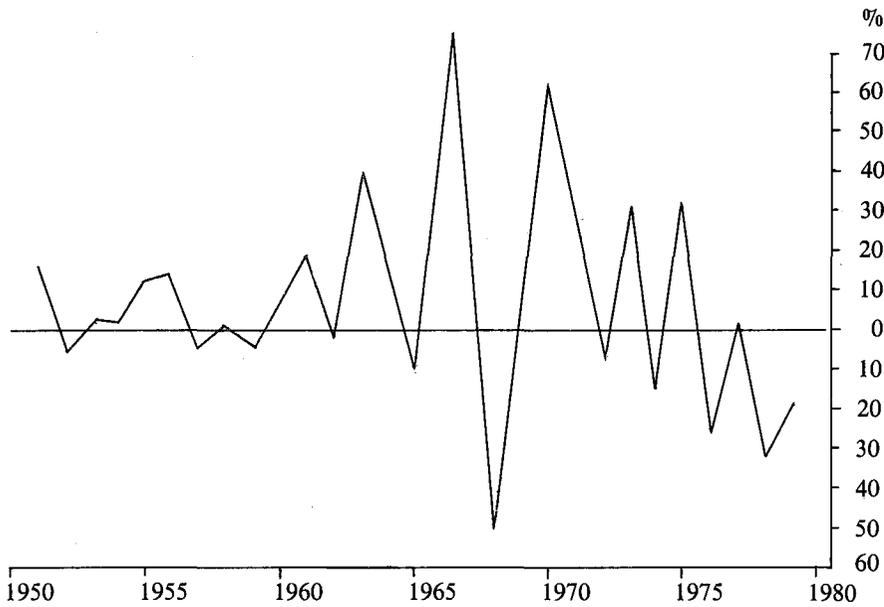
²⁸ Encinas, *The Ayacucho...*, op.cit., page 59.

Figure 1
Peru: Milex changes (1950—1979)
(soles of 1970)



Source: Table 1

Figure 2
Peru: Milex Growth Rate (1951—1979).



Source: Table 1.

While this period average may be regarded as relatively modest, the seven-year series (1971—1977), in which an average 27.4% was recorded, ought to be underlined. This high average shows the heavy strain put on the country's Balance of Trade by military procurement abroad, having contributed thus to the aggravation of the 1977—1978 crisis. The subsequent years of readjustment and recovery were aided by the lower ratios that resulted both from reduced arms purchases and much increased export earnings in these final years of the period under examination.

e) The performance of these rates during the period (1950—1980) has been highly erratic; although they are mostly positive, except for 11 years, a fact that means that for the most part they have been rising. The *milex* yearly average rate variations have been 5.0% for the first cycle (1950—1962); 11.6% for the second (1963—1968) and 4.8 % for the third (1968—1978). The yearly average rate of change for the whole period has been 6.3% (Table 1). The curve for these rates (Fig. 2) is somewhat misleading because while the highest relative increase took place in 1966—1967 (and this was on account of the low base they started from) the largest absolute increase in *milex* was actually in the mid 70s, as shown in Fig 1.

It might be useful to compare these *milex* growth rates with those corresponding to the GDP, which were positive for the entire period except for two years (1977—1978). The average GDP growth rates were 5.5%; 4.5% and 4.4% for the first, second and third cycles respectively and 4.9% for the whole period.

The above figures show that while GDP has grown more or less evenly, this has not been the case with *milex*. These *milex* seemed to have evolved independently, according to multiple perceptions, having been destabilized during the 1970s.

4.4. *Milex correlations and the multiplier effect*

In order to explore the relationship between *milex* and GDP changes in South America, correlation tests have been made²⁹ for the years 1960—1976. It was established that for Peru (as for Bolivia, Ecuador, Paraguay and Venezuela) they were particularly high (0.98389884). Within this South American context, it was estimated not without some reservations, that the GDP-*milex* correlations ran high among the least and low among the most industrialized countries of the region. It should be made clear, however, that due to technical and chronological limitations of the test no final conclusions could be reached.

Following a different approach, the above mentioned study adapted a Leontief-type model (with some Keynesian components) to the study of interactions between *milex* and other macro-economic variables covering five South American countries. It established that in all of these countries, except Argentina, the multiplier effect in the Military Sector was the lowest, and in Argentina was next to the lowest. Therefore, a reassignment of financial resources from this to other sectors would not have deleterious effects in the economies of those countries. In other words, *the study showed that in Argentina, Chile, Brazil, Colombia and Peru non-military expenditures had the largest multiplier effect*. Venezuela, an important military spender for the region, could not be included in the analysis because there is no input—output table for that country.

With specific reference to Peru the model revealed that:

a) the highest multiplier effect was in Investment, followed by Public Consumption, then by Exports and last by *Milex*;

²⁹ Encinas, *The Ayacucho...*, op.cit., page 231.

- b) a reduction in *milex* of 1.0 US dollar would mean a corresponding reduction in the GDP by a factor of 1.1;
- c) a proper reallocation of these expenditures to sectors having a higher multiplier effect would more than make up for the relative decline in the GDP;
- d) the opportunity costing of Peruvian *milex* is high (as it is for the other South American countries studied), particularly if we take into account the actual or potential investment options; and
- e) such high opportunity costs were present especially as regards critical foreign exchange, of which there are chronic shortfalls and some of which are directed towards military procurement abroad.

4.5. Disaggregated Peruvian Milex

Peruvian *milex* for the greater part of the period are highly aggregated and do not lend themselves readily to an explicit classification according to the United Nations matrix. In fact, the Peruvian *milex* during the period under analysis began to be disaggregated only in 1965 and not very consistently from then on. For example, there are no breakdowns for 1980; and in the years 1973—1974 and 1975—1976 the expenditures are budgeted on a biennial basis. However, as indicated, starting in 1965, the *milex* of Peru were broken down into the following items (Table 4):

- 1) Personnel Remunerations;
- 2) Goods and Services;
- 3) Constructions (*Obras de Contrata*);
- 4) Transfers;
- 5) Financial Payments; and
- 6) National Defense

The item National Defense would seem to be a special case because between 1971 and 1980 there are no figures for it, while between 1963 and 1970 it was by far the largest item listed. It would seem that in recent years "National Defense" has been redistributed in unknown shares among the other categories and/or that in the earlier years it included an unspecified portion of expenditures belonging to other categories.

a) Peruvian *milex* and United Nations *milex* matrix

The United Nations definition of *milex* has been listed as containing three basic items for the Military Sector:

- Operating Costs;
- Procurement and Construction; and
- Research and Development.

Because of the different approaches involved and of the practical problems that Peru's *milex* budgeting faced over 30 years, the assimilation of its six major items into the United Nations matrix presents some difficulties. The following attempt therefore is only approximate:

1) Under United Nations "Operating Costs" the following Peruvian items would be included:

- Remunerations (of military and civilian personnel, excluding pensions);
- the share of Goods and Services which the Peruvian budget categorizes under Current Expenditures (some examples might be public utilities, telephone, administrative and non-combat equipment and service costs) and which we might calculate amounted to 78% of the total Goods and Services;³⁰

³⁰ This % as well as others covering the same category is based on the sample of 1973—1977, Table 6.

- the share of Transfers which the Peruvian budget categorizes under Current Transfers (including items such as insurance, banking payments) and which might be estimated at 94% of the total of Transfers³¹; and

- apparently an unspecified share of National Defense during 1963—1970.

2) Under United Nations "Procurement and Construction", the following Peruvian items would be included:

- the remaining 22% of Goods and Services which includes capital expenditures, that is to say in equipment and machinery;

Table 6
Details of Samplings of Selected Budget Items (1973—1977)
(mns of soles)

Project Studies as Portion of Constructions Item in Budget						
Year	Army	Navy	Air Force	Project Studies sub total	Constructions total	% of item total in Projects
1973	4	10	15	29	677	4.3
1974						
1975	25	-	27	52	2,549	2.0
1976						
1977	28	25	19	72	1,202	6.0
<i>Totals</i>	<i>57</i>	<i>35</i>	<i>61</i>	<i>153</i>	<i>4,428</i>	<i>3.5</i>

Goods and Services Item of War, Navy, and Air Force Ministries					
Year	Current Expenditures	% of total	Equipment and Machinery	% of total	Total
1973			2,115		8,169
1974	6,054				
1975	13,229		4,977		18,206
1976					
1977	9,889		1,203		11,092
<i>Totals</i>	<i>29,172</i>	<i>78 %</i>	<i>8,295</i>	<i>22 %</i>	<i>37,467</i>

Transfers Payments of the War, Navy, and Air Force Ministries					
Year	Current	% of total	Capital	% of total	Total Transfers
1973	3,385	84.4 %	628	15.6 %	4,013
1974					
1975	6,008	96.5 %	216	3.5 %	6,224
1976					
1977	4,140	99.9 %	2	0.1 %	4,142
<i>Totals</i>	<i>13,533</i>	<i>94.0 %</i>	<i>846</i>	<i>6.0 %</i>	<i>14,379</i>

³¹ If we take into account the incomplete figures of the sample of 1973—1977. Table 6.

- Construction (*Obras por Contrata*), which excludes the portion used for Project Studies belonging in the category R and D but includes such Military Sector construction as for example barracks, airports, bases, and infrastructure in general. This share of the category "Construction" would amount to 96.5% of the total item Construction (*Obras por Contrata*)³²;
 - the share of Transfers categorized as capital transfers, and which might be estimated to be 6% of the category;
 - Financial Payments, which includes military procurement; and
 - National Defense, which includes also military procurement among other items.
- 3) Under United Nations "R" and "D" the Peruvian item Project Studies (*Estudios de Proyecto*) which amounted to about 3.5% of the Construction (*Obras por Contrata*) category, would be included.

b) Military Industries

Peruvian military industries are still at very modest levels in comparison with those of the industrialized countries or even the two major South American countries, Brazil and Argentina. Peruvian Government statistics are, therefore, rather scant. This also reflects the highly confidential character of the planning and development of these industries.

Accordingly, the available data contain information in principle about only four military corporations, to wit:

Industrias Militares del Perú (INDUMIL); *Servicio Industrial de la Marina* (SIMA); *Empresa de Transporte Aéreo del Perú* (AEROPERU); and *Industrias Aeronáuticas del Perú* (INDAER).

INDUMIL, consolidating several smaller production units of the War Ministry, was established in 1973. It is a military-industrial complex producing rifles, munitions, uniforms, small arms and communications equipment. SIMA is a naval-industrial complex, producing medium-weight ships, both for civilian and military purposes (tankers, transports, gunboats). It was established in the year 1945, having exported ships for fishing, patrolling, grain transport, etc. It has shipyards in Callao, Chimpote and Iquitos, on the Amazon River. Also SIMA has recently established an Arms-Manufacturing Centre, which is producing machine guns on an export scale. In the near future it will produce pistols, hand grenades and mortars.³³

AEROPERU (established in 1973) is for air transport. INDAER, established in 1975, is an aircraft assembling and manufacturing corporation, connected with Macchi of Italy, although it is not certain whether it has started operating as planned.

c) Military pensions

As has been indicated elsewhere, military pensions in Peru are not included in the budgets corresponding to the Ministries of War, Navy, and Air Force. It has been possible to obtain data only for the sub-period 1957—1977 (with the exclusion of 1971—1972).

For the period indicated above (1957—1977), the total amount paid out under the category of pensions was 10,753.7 mns soles, having risen from 172.9 mns soles (1957) to 1,110.2 mns soles (1977), that is to say by a factor of almost 6.4. This

³² Based on incomplete sample figures for the years 1973—1977.

³³ *El Comercio*, 4 de Junio, 1981.

growth rate compares with the evolution of the pensions of other branches of the Peruvian Civil Service.

Out of this total for pensions, 6,626 mns soles (57.9%) corresponded to the Army; 1,983.1 mns soles (18.4%) to the Navy; and 2,544.6 mns soles (23.7%) to the Air Force.

Pensions may also be related directly to CGE, considering that they are not a share of *milex* as such. The overall military pensions for the years cited above (1957—1977) show an average of 0.9% of the Central Government Expenditure.

d) Paramilitary Forces

It is debatable whether Paramilitary Forces expenditures ought to be considered as a part of *milex*. To begin with, there is no agreement as how to define the term "Paramilitary Forces". Different countries have different institutions that may be considered "Paramilitary Forces". This is the case with *Guardia Civil* (Spain, Peru), Municipal Police, *Gendarmerie* (France, Belgium, Switzerland), *Carabinieri* (Italy, Chile), Coast Guards, Border Patrols, Customs Agents, National Guards (USA), Militias (China), etc. Therefore, some countries include all or some of what may be called Paramilitary Forces expenditures under their *milex* and some do not. The United Nations has proposed that a column be opened for Paramilitary Forces in its proposed reporting matrix for *milex*, and for this purpose Paramilitary Forces are understood to include those forces "that are organized, equipped and behave in a similar way to the armed forces, and which could carry out combat actions of the same nature in terms of goal, area and results as those performed by the armed forces."³⁴

In Peru, besides the regular armed forces there are the following main services that may be regarded as Paramilitary Forces: the *Guardia Civil*, the *Guardia Republicana*, and the *Policía de Investigaciones* (PIP). All are formally trained and militarily organized; the former two are armed with rifles and machine guns and are uniformed, but not the latter. In addition, there is the Municipal Police, which is uniformed but not armed and is used to supervise the fulfillment of Municipal regulations.

The *Guardia Civil*, with about 30,000 members is by far the largest body and performs regular police-force duties, including automotive traffic control. The *Guardia Republicana* with around 7,000 members, performs detective, laboratory and research services in the criminal sector. This makes a total of about 44,000 members of Paramilitary Forces.

The available information for the expenditures of these Paramilitary Forces is unevenly classified by the Ministry of the Interior. It appears only in aggregated form between 1950 and 1962; then it is disaggregated into the three above-mentioned Services, between 1963 and 1979.

In 1970 soles these expenditures rose from 1,103.1 mns soles (1950) to 3,995.9 mns soles (1980); that is to say, by a factor of 3.6. At their highest point they reached 5,632.5 mns soles (1975). The evolution of these expenditures, while on the whole ascending, is rather erratic and does not seem to follow the overall pattern of *milex*.

The shares of total paramilitary expenditures, which amounted to 69,336.3 mns soles for the period 1963—1979 were as follows: for the *Guardia Civil* 69.6% (48,223.7 mns soles); for the *Guardia Republicana* 12.4% (8,592.8 mns soles) and for

³⁴*Reduction of Military Budgets*, Report of the Secretary General, United Nations, New York, A/35/479, page 37.

the *Policía de Investigaciones del Perú* 15.8% (10,969.5 mns soles). In relation to Central Government Expenditures, the annual average expenditures of the Paramilitary Forces (1950—1959) amounted to 6.5%; for 1960—1969 to 6.3% and for 1970—1979 to 2.9%. For the whole period 1959—1979, the corresponding figure was 3.2%. For comparison purposes we may recall that the corresponding *millex/CGE* ratios were 13.5%, 10.7%, 7.0% and 10.5%.

e) Nuclear and Space Expenditures

This area of expenditures is very new and on the whole, negligible in Peru. Its study is further complicated by difficulties in determining what proportion of it belongs to the Military Sector strictly speaking. There are two national institutions in charge of these matters: the National Commission for Air and Space Research and Development, and the Atomic Energy Control Board. The Air and Space Institution, established in 1974, has been experimenting with meteorological and multi-spectral space photography rockets at the *Punta Lobos* Base and also in San Juan de Miraflores. These rockets are to be used for natural (especially mineral) resource detection and eventually for the setting up of a "National System of Long-Distance Perception"³⁵. These experiments have received some assistance from Argentina and are carried out in cooperation with the United Nations.

The Atomic Energy Control Board was also set up in the 70s, and its aim is to develop nuclear energy for peaceful purposes. So far, also with Argentinean assistance, it has installed a training reactor of 0 potency. Most recently 1981, a Brazilian-Peruvian Agreement also allows for cooperation in this field.

The available data (so far) refer only to the years 1975 and 1976, indicating that for such a biennial period the National Commission for Air and Space Research spent in current soles, 15.3 mns and the Atomic Energy Control Board 46.2 mns.

5. Acquisition of weapons

A developing country like Peru has two sources for the procurement of military weapons: domestic production and the foreign market.

5.1. Domestic production of weapons

The production of military weapons in Peru is extremely limited. It is determined, in the end, by the economic and technological levels of the country and specifically by the capability of the Industrial Sector and Military Industries Sub-Sector. This military Industrial Sub-Sector is entirely government-owned.

Significant difficulties exist in obtaining statistical information with reference to the domestic production of weapons. First, as most of these plants produce civilian and military goods, it is difficult to assess costs and expenditures pertaining to one specific line of products. Second, there is considerable reticence to furnishing relevant data since these matters are regarded as highly confidential by the government. At any rate, it can be ascertained that domestic production of arms in Peru is modest, with very few exceptions.

Concerning the production of conventional weapons (for Peru, as is well known, does not produce nuclear artefacts), the situation is as follows:

- a) regarding major weapons, the country does not produce heavy naval craft, battle

³⁵ *El Comercio*, 11 de Junio, 1981.

tanks, missiles or military aircraft, although plans have been announced for manufacturing, with the cooperation of Macchi of Italy, training aircraft;

b) the country probably produces some light armored vehicles and assembles some heavier ones;

c) the country builds a significant amount of naval craft, both military and non-military, such as auxiliary ships, (tankers and freighters) and frigates, modified LUPO-class under licence from Italy;

d) the country produces unspecified amounts of small and light arms such as hand grenades, revolvers, rifles, machine guns, guns and ammunition for them.

Consequently, the expenditures involved in the domestic production of arms are also modest and they have been so far limited to four major enterprises, which have already been mentioned. They are INDUMIL, SIMA, AEROPERU and INDAER. The total military industries expenditures were 4,950 mns soles in 1975, having risen to 17,667 mns in 1979³⁶, that is to say, with a factor increase of 3.6 over five years, although a high inflation rate must be taken into account.

INDUMIL expenditures went up from 649 mns soles (1975) to 2,535.6 mns in 1979. The current expenditures have been approximately 71% for the years covered, and the capital expenditures have been 29%. The total expenditures of SIMA went up from 1,682 mns soles (1975) to 15,131 mns (1979), of which capital expenditures amounted to 64% and current expenditures, the rest. As for AEROPERU, its total expenditures for 1975—1976 were 5,238 mns soles, with 96% corresponding to current expenditures.

There are no reliable data available for INDAER, although it has been announced that some activities in assembly and part manufacturing under licence from the Italian Macchi aircraft corporation are in the process of crystallization.

Total military industries expenditures are related to the total *milex* of Peru as follows: 22% (1975); 22% (1976); 13% (1977); and 30% (1979). These high percentages reflect the situation already mentioned above, namely that military industries in the case of Peru have expenditures that cover not only military but also civilian output (especially SIMA).

5.2. Arms Trade

The other source of arms acquisition is the foreign market.

In recent decades arms trade has become a vast and growing operation. It is no longer a simple private enterprise. Now, the full-fledged state establishments of the major powers, in addition to private companies, are active participants and trade in arms has become a part of the great powers global strategy. Besides, an ever growing number of LDCs are also involved in this international transfer of arms. The vast majority are importers or recipients while a few are providers or exporters.

Despite the obvious difficulties in assessing the real amounts involved in these international arms transfers, it is possible to ascertain that in 1978 the value of such arms trade was about 20,000 mns US dollars of which 70% was sold to the LDCs. These arms sales to LDCs have grown at a yearly rate of 15% between 1950 and 1975, and of 25% between 1974 and 1978.

Inasmuch as the domestic production of arms in Peru is limited in both quantity and quality, most, if not all, of the major arms procurement has to be done abroad. The characteristics of such procurement may be summarized as follows:

³⁶ Current soles.

- a) they cover all the major weapons, such as military aircraft, advanced missiles, armored vehicles and the more sophisticated naval craft;
- b) until the mid 60s, this procurement took place almost on a monopoly basis in the USA;
- c) from the mid 1960s on, Peru embarked on a programme of arms procurement diversification, spreading into the European countries, mainly France, and in the mid 70s, the USSR;
- d) in the same period military aid gradually decreased (at least insofar as that from the USA is concerned which was by far the largest source); and tacitly, all arms purchases abroad were made on a commercial basis; one possible exception to this may be the procurement made in the USSR in the 70s, although the exact terms and conditions are not publicly known; and
- e) in recent years, Peru seems to have embarked on a build up of her military industries, particularly of light and intermediate weapons, especially in the naval sector.

The situation described above may be seen in greater detail in the analyses (not always compatible) of both SIPRI³⁷ and ACDA³⁸ (there are no available monetary figures for this in Peruvian statistics). According to SIPRI, out of the total South American arms imports (in 1975 US dollars) of 1,479 mns, which amounted to 8% of the total arms imports of the Third world, Peru imported 204 mns during the period 1970—1974, amounting to 14% of the regional total. For the period indicated, the USA was the main supplier, with 30% of the total Peruvian arms imports.

As indicated before, this situation changed significantly for the period 1975—1979, when South America's total imports rose to 3,963 mns US dollars, that is to say, 9% of total Third World imports, out of which Peru imported 806 mns US dollars, amounting to 20% of the regional total. For these years, 1975—1979, the USSR was the *main Peruvian supplier* with 41% of Peru's total arms imports³⁹.

From the mid 1960s on, the USA carried out a restrictive policy of arms sales to Latin America on the basis of different business, economic, political and human rights criteria, resulting in a Latin American procurement shift towards Europe, which quickly became a major source for Latin American arms transfers. Since 1973, however, the USA has relaxed its policies and sold F5E Tiger 2 aircraft, and Cessna 837 Dragonflies to Peru, and other South American countries, under the Foreign Military Sales Program. Between 1975 and 1979, Brazil ranked first and Peru second in these purchases⁴⁰.

According to ACDA, the situation concerning Peru's arms imports is as follows⁴¹:

- a) between 1974 and 1978 Peru acquired 1,000 mns US current dollars worth of arms of which 90 mns US dollars were from the USA, 650 mns US dollars from the USSR, 70 mns US dollars from France, 10 mns US dollars from the UK, 60 mns US dollars from the Federal Republic of Germany, 40 mns US dollars from Italy, and 90 mns US dollars from others;
- b) during this same period 1974—1978, Peru was the largest Latin American importer of arms (24 % of the regional total);

³⁷ SIPRI: Stockholm International Peace Research Institute.

³⁸ ACDA: U.S. Arms Control and Disarmament Agency

³⁹ SIPRI Yearbook 1980, pages 96—97, Tables 3.6, 3.7.

⁴⁰ SIPRI Yearbook 1980, page 115.

⁴¹ ACDA *op. cit.*, 1969—1978, page 162.

c) for the longer period 1968—1978, Peru's arms imports followed two different patterns: until 1975, approximately 6% of her total imports were for arms; and in 1976 and 1977, these arms imports rose abruptly to 11% and 22% respectively of her total imports.

Faced with the uncertainties of a monetary account of arms imports of Peru during the period (1950—1980), it may be useful to consider the following list, divided into decades and covering the major weapons acquired by or on order for the country. Since the following list contains, in some cases, unconfirmed or disputed information concerning acquisitions made over a 30 year span, it does not accurately represent the military potential of the country at any given time.

Naval Vessels:

1950—1959

- 1 Cruiser (8,800—11,096 tons; UK)
- 3 Destroyer Escorts (1,240—1,900 tons; USA)
- 4 Submarines (825—1,400 tons submerged; USA)
- 4 Landing ships (USA)

1960—1969

- 1 Cruiser (8,281—11,110 tons; UK)
- 2 Destroyers (2,120—3,050 tons; USA)
- 2 Corvettes (890—1,250 tons; USA)
- 1 Transport (6,194 tons; USA)

1970—1980

- 1 Cruiser (9,529 tons; Netherlands)
- 5 Destroyers (2,800 tons; 2 from UK and 3 from Netherlands)
- 10 Submarines (about 1,000 tons submerged; FR Germany)⁴²
- 1 Submarine Guppy class (USA)
- 18 Fast Patrol boats (France)
- 12 LUPO Frigates (Italy/Germany)
- 3 Missile boats (France)
- 1 Missile Cruiser (Netherlands)

Aircraft:

1950—1959

BOMBERS

- 8 Douglas Invaders (USA)
- 9 English Electric Canberra (UK)

FIGHTERS

- 20 F-86F Sabres (USA)
- 16 Hawker Hunters F-52 (UK)

TRAINERS

- 19 Lockheed (USA)
- 1 Hawker Hunter (UK)

TRANSPORTS

- 6 DHC-2 Beaver (Canada)

⁴² *El Comercio*, Lima, 27 December, 1980 quoting a France Presse report, assigns 12 submarines to Peru.

4 Douglas C-54 (USA)
 12 Lockheed C-60 Lodestar (USA)
 4 Beech C-45 (USA)

HELICOPTERS

2 Hiller UH-12B (USA)
 1 Sud Alouette II (France)
 4 Bell 47 (USA)

1960—1969

BOMBERS

6 BAC Canberra B-2 (UK)
 2 BAC Canberra T-4 (UK)

FIGHTERS

12 Mirage 5 (France)

TRAINERS

26 Cessna T-37B (USA)
 6 Beech T-34 (USA)
 26 Cessna T-41A (USA)

TRANSPORTS

6 Douglas DC-6 (USA)
 3 Lockheed C-130 Hercules (USA)
 4 Douglas C-47 (USA)
 3 DHC-2 Beaver (Canada)
 21 Beech Queen Air 65-80 (USA)
 1 Fairchild Hiller Turbo-Porter(USA)
 4 NAMC Y-S11 (Japan)
 1 Douglas C-54 (USA)
 3 DHC-Twin Otter (Canada)

HELICOPTERS

6 Bell 47G (USA)
 5 Sud Alouette III (France)
 5 Alouette II (France)
 2 Bell 47G (USA)
 9 Bell UH-ID Iriquois (USA)

1970—1980

BOMBERS

6 BAC Canberra B (UK)
 8 BAC Canberra B-1 Mk.8. (UK)
 52 Sukhoi SU-22 (USSR)
 11 BAC Canberra B-1-58 (UK)

FIGHTERS

22 Mirage 5 (France)
 12 MIG-21 (Cuba)⁴³
 9 Grumman S-2A Tracker (USA)

TRAINERS

6 Beech T-34C (USA)

⁴³Information concerning this item is contradictory.

- 14 MB-339A (Italy)
- 18 T-37B (USA)
- 6 Pitts S-2A Special (USA)
- 40 Cessna T-41D Model 172 (USA)
- 24 Cessna A-37 B Dragonfly (USA)
- 5 Beech T-42 Baron (USA)

TRANSPORTS

- 16 DHC-5 Buffalo (Canada)
- 11 Lockheed C-130 Hercules (USA)
- 8 DHC-6 Twion Otter (Canada)
- 4 Fokker VFW-F28 (Netherlands)
- 6 Pilatus Turbo Porte (Switzerland)
- 3 Lockheed L-100-20 Hercules (USA)
- 4 An-26 (USSR)
- 1 Fokker VFW-F28 (FR Germany)
- 6 Douglas C-47 (USA)
- 2 Gates Learjet 25B (USA)
- 1 Piper Aztec (USA)

HELICOPTERS

- 3 MI-8 (USSR)
- 2 Bell 212 (USA)
- 13 Bell UH-1 Iroquois (USA)
- 3 MI-8 (USSR)
- 8 Alouette III (France)
- 14 Bell 212 (USA)
- 10 Bell 206 (USA)
- 2 Bell 212 (Italy/USA)
- 23 Mil MI-8 (USSR)
- 2 SH-2D Sea King (Italy)
- 4 Bell 212 (Italy/USA)
- 2 SH-3D Sea King (Italy)

CONSTANT PATROL PLANES

- 4 Nomad (Australia)

Armoured Fighting Vehicles:

1950—1959

LIGHT TANKS

- 10 M-3 Stuart (USA)
- 55 AMX-13 (France)

HEAVY TANKS

- 60 M-4 Sherman (USA)

ARMOURED CARRIERS

- 50 M-3A1 White (USA)

1960—1969

LIGHT TANKS

- 40 M-24 Chaffee (USA)
- 78 AMX-13 (France)

1970—1980

HEAVY TANKS

250 T-55 (USSR)

200 T-62 (USSR)

ARMoured CARRIERS

218 UR-416 (FR Germany)

Missiles:

1970—1979

20 Aerospatiale EXOCET MM38 (France), ShShM

72 SSN-2x Styx (USSR), ShShM

33 Aerospatiale AS-30 (France), ASM

100 SA-7 (USSR), SAM (portable infantry)

10 SA-3 (USSR), SAM (mobile)

100 SA-7 Grail (USSR), SAM (portable)

24 Aspide 1-A (Italy), AAM

48 Ottomelara Matra (Italy), ShShM (for "LUPO" class frigates)

48 Aspide Albatross (Italy), ShAM and ShShM (for "LUPO" class frigates)

48 Aspide 1-A (Italy) AAM

48 Aerospatiale MM38 (France), ShShM

On the basis of the above listing we may advance a few tentative comments regarding Peru's weapons.

Concerning naval vessels:

a) Peru has bought one cruiser every ten years, all of practically the same tonnage;
 b) Peru acquired 2 and 5 destroyers respectively during the second and third decades;
 c) Peru bought 4 and 11 submarines respectively during the first and third decades;
 d) of the total of 69 major naval units (cruisers, destroyers, escorts, submarines, fast patrol boats, corvettes, frigates, landing ships, transports and missile boats), 17% were acquired during the first decade; 9% during the second; and 74% during the third decade;

e) of the three cruisers purchased, two were from the UK and one from the Netherlands; of the ten destroyers and destroyer escorts, 5 came from the USA, 3 from the Netherlands and two from the UK; and of the 15 submarines, 5 came from the USA and 10 from FR Germany;

f) of the 69 major naval units, 17 (25%) were produced in the USA; 4 (6%) in the UK; 5 (7%) in the Netherlands; 10 (14%) in FR Germany; 21 (30%) in France; and 12 (17%) in Italy. Heavier and traditional craft were produced in the USA, UK, Netherlands and the FR Germany; lighter but technologically more advanced vessels came from France and Italy;

g) there has been a general shift towards the procurement of lighter and faster missile-carrying craft.

Concerning aircraft:

a) Peru acquired 17, 8 and 77 bombers; and 36, 12 and 43 fighters during the first, second and third decades respectively;

b) Peru procured 26, 46 and 62 transports; 20, 58 and 113 trainers; as well as 7, 27 and 26 helicopters during the first, second and third decades. In this last decade she

also acquired 4 coastal patrol planes;

c) of the 642 aircraft units procured, 106 (17%), 151 (24%) and 385 (60%) were procured in the first, second and third decades respectively;

d) of the 102 bombers acquired during the period, 42 (41%) came from the UK; 8 (8%) from the USA; and 52 (51%) from the USSR;

e) of the 91 fighters acquired by Peru during the period, 29 (32%) were produced in the USA; 34 (37%) in France; 16 (18 %) in UK; and 12 (13%) in Cuba-USSR;

f) of the 191 trainers, Peru acquired 176 (92%) in the USA; and the rest in the UK and Italy;

g) of the 134 transports, Peru procured 79 (59%) in the USA; 36 (27%) in Canada; and the rest in Japan, USSR, Switzerland and the Netherlands; and

h) of the 120 helicopters procured by Peru, 62 (52%) were acquired in the USA; 29 (24%) in the USSR; 19 (16%) in France; and 10 (8%) in Italy.

Concerning Armored Fighting vehicles:

a) in the period, Peru acquired a total of 961 units including light tanks, major battle tanks and armored carriers. Of these 125 were LTs and MBTs acquired in the first decade; 118 in the second and 450 in the third;

b) the number of MBTs acquired in the period was 510;

c) of the total units acquired, 50 ACs, 50 LTs and 60 MBTs were procured in the USA (17%); 133 LTs in France (14%); 450 MBTs in the USSR (47%) and 218 ACs in FR Germany (23%).

Concerning missiles:

a) all the missile acquisitions were made in the third decade (1970—1980);

b) Counting both ordered and received missiles, Peru must have procured an assortment of about 551 missiles;

c) these missiles are divided between ShShM (Ship to Ship Missiles); ASM (Air to Surface Missiles); SAM (Surface to Air Missiles); AAM (Air to Air Missiles); SHAM (Ship to Air Missiles); and portable missiles for the infantry;

d) accordingly, this would make 216 ShShM, 33 ASM, 210 SAM, 72 AAM, and 24 SHAM. These missiles were procured as follows: 101 (18%) in France; 282 (51%) in the USSR and 168 (30% in Italy).

In this regard, we must note the heavy concentration of weapon procurement during the last decade, a fact which may be explained by the threat perceptions of the Military Sector in Peru. This sector, like its analogues in Chile, Argentina and Ecuador, had estimated that by the end of the decade, the international peace of the region might enter into a phase of critical danger. These perceptions were based on the approach of the year 1979 (the 100th anniversary of the Chile-Peru-Bolivia War) when, it was felt, hostilities might be reopened. Also they rested on the standing Bolivian claim to regain its outlet to the sea. These fears were also based on the continuing Argentinean border frictions with Chile. And finally, the Ecuadorean claim of Amazonian territory that Peru considers its own, was another sensitive point which later led to a significant although brief, military border clash.

6. Military Aid to Peru

Military aid embraces arms transfers which are a crucial element in a country's over-all diplomacy. Military aid has been carried out through such different approaches as

financial facilities, materials or construction, equipment, major weapons, missions, technology, training, services and so on. Military aid has been generally supplied in the form of grants, tied sales, credits, loans, subsidies and the like. Thus understood, military aid has been and is rendered throughout the world according to the spheres of influence or strategic objectives of each of the Great Powers. This being so, and there not being an international agreement for military transfers in general or military aid in particular, there is a general paucity in the relevant available statistical data.

The background of the military aid received by Peru may be traced to the beginning of the last century, when she received substantial military assistance, particularly from England, in order to gain her independence from Spain. By the end of the XIX Century Peru had contracted the services of a French Military Mission, which continued in operation throughout the 1920s.

Starting in the 1920s, when Navy and Air Force training missions were secured from the USA, the military aid received by Peru began to concentrate to the USA. Roughly speaking this USA aid was organized according to the following categories:

- a) Military Assistance Program (MAP), consisting of loans (Table 7) and grants to purchase arms, equipment and services;
- b) Foreign Military Sales Program (FMS), which furnished credits and financing for commercial transactions for the purchase of weapons;
- c) the International Military Educational and Training Program (IMETP), which provides educational material and training;
- d) the Foreign Assistance Act, which provides assistance in the form of subsidies to regimes threatened from without and within, and
- e) Excess Defense Articles (EDA).

Between 1950 and 1977, according to this classification, the USA MAP to Peru amounted to 74.9 mns US dollars; the IMETP to 18.2 mns US dollars; FMS Financing to 85 mns US dollars; FMS to 107.4 mns US dollars and EDA to 20.2 mns US dollars. Out of these categories, plain FMS, being in fact market transactions, would not be considered aid. Therefore, the total USA military assistance to Peru between 1950—1977, amounted to 198.5 mns US dollars, As a % of this total, MAP was 37.7%; IMETP was 9.2%; FMS Financing 42.8%; and EDA 10.2%.

From the above figures, we can see that the categories with the greatest concessional component (MAP, IMETP and EDA) registered the lower percentages, representing all together 57.1% of the total military aid. It should also be noted that the largest component, plain FMS amounting to 107.4 mns US dollars, has not been taken into account because, as explained, it cannot be regarded as assistance.

Moreover, out of the four categories that may be regarded as military assistance, aid under MAP and EDA became zero from 1969 on, leaving only ITEMPT and FMS Financing to continue on a modest basis. This military aid given to Peru may be related to broader parameters. According to available statistics ⁴⁴ the USA provided a total of 67 billion current US dollars to the Third World between 1950 and 1977, South America receiving approximately 1.5 bn US dollars, out which Peru got 12%.

While the above constitutes only part of the aid received by Peru (the USA's) it represents by far the largest share of all military aid received. However, the country has obtained, as noted elsewhere, arms transfers from other sources as well; although their concessional elements are considerably less well known. Thus, informal calcula-

⁴⁴US Congress House Committees, *US Arms Transfers*, Washington, D.C., 1978, pages 127—147.

Table 7
USA Military Assistance to Peru
(in thousands of dollars)

Years	MAP ¹	IMETP ²	Foreign Military Sales Financing Program		
			Direct	Guaranty	Total
1950—1967	74,165	10,611	15,978*	3,562*	19,540*
1968	745	661	0	0	0
1969	0	543	0	0	0
1970	0	553	0	0	0
1971	0	508	0	0	0
1972	0	925	0	0	0
1973	0	725	0	0	0
1974	0	941	5,000	10,000	15,000
1975	0	820	0	20,500	20,500
1976	0	1,078	0	20,000	20,000
1977	0	878	0	10,000	10,000
1950—1977	74,910	18,245	20,978•	64,062•	85,040•
%	37.7 %	9.2 %			42.8 %

Years	Foreign Military Sales		EDA ³ Acquisition Cost	
	Agreements	Deliveries	Program	Delivered
1950—1967	31,089	27,236	20,135	17,575
1968	1,492	4,060	142	1,607
1969	982	694	0	52
1970	185	1,981	0	0
1971	1,487	1,487	0	1,037
1972	796	672	0	0
1973	24,863	1,338	0	0
1974	43,416	4,425	0	0
1975	24,128	8,240	0	0
1976	26,489	31,349	0	0
1977	13,112	26,003	0	0
1950—1977	170,030	107,486	20,277	20,277
%				10.2 %

¹ Military Assistance Program

² International Military Education Training Program

³ Excess Defense Articles

*1955—1967

•1955—1977

Source: U.S. House of Representatives Committee on International Relations, *United States Arms Transfers and Security Assistance Programs*, US Government Printing Office, Washington, D.C., March 21, 1978.

Table 8
Economic Aid to Peru compared with milex of Nato and Warsaw Pact (1969—1979)
 (mns of US dollars)

Years	Economic Aid to Peru (A)	Milex Nato (B)	Milex War- saw Pact (C)	(A)/(B) %	(A)/(C) %
1969	33.1	31,400	77,300	0.1054	0.04282
1970	43.7	33,000	83,700	0.1324	0.05221
1971	38.2	36,300	90,500	0.1052	0.04221
1972	62.5	39,900	97,800	0.1566	0.06391
1973	95.3	42,900	108,100	0.2221	0.08816
1974	80.9	48,800	123,000	0.1658	0.06577
1975	74.4	54,000	138,900	0.1378	0.05356
1976	74.1	58,200	152,300	0.1273	0.04865
1977	96.6	62,700	161,700	0.1541	0.05974
1978	142.7	68,900	177,400	0.2071	0.08044
1979	199.0				
<i>Averages</i>	<i>85.5</i>	<i>47,610</i>	<i>121,070</i>	<i>0.15138</i>	<i>0.059747</i>

Sources: ACDA, *World Military Expenditures and Arms Transfers 1969—1978*, Table I (milex in billions of current dollars), page 34.

tions and unofficial sources value the Peruvian arms transfers from the USSR in the mid 1970s as somewhere around 600 mns US dollars, with an unspecified but important share of concessionality involved.

7. Pre and post military coup variables: factors that determine direct military intervention

In order to draw conclusions regarding the factors that determined direct military interventions in the political power structure of Peru, it is useful to examine empirically the contents and evolution of each one of the coups d'état that occurred in Peru during the period (1950—1980).

These coups d'état were:

- *the 1948 Coup*, which took place nearly two years before our period began, was headed by General Manuel A. Odría, and created a regime that lasted well into our period;
- *the 1962 Coup*, which was led by General Ricardo Pérez Godoy on behalf of the Armed Forces of Peru; and
- *the 1968 Coup*, which was carried out by the radical military élite led by General Juan Velasco, and which obtained the support of the Armed Forces on an institutional basis.

These three coups have one all-important characteristic in common: not only were they all carried out by the military, but they had sooner or later to secure basic institutional support. Thus, the coup d'état and the *de facto* government, during the period, have been a military prerogative. This must be contrasted with the fact that in the past there have been civilian coups and *de facto* regimes, the last one being in 1931.

In addition to these three coups d'état, there have been two coups within the coup. One was in 1963, whereby General N. Lindley deposed General R. Pérez Godoy; and the second in 1975, when General F. Morales Bermúdez deposed General J. Velasco. While both sub-coups had decisive consequences for the policies undertaken by the main coup, the first reaffirmed and reinforced the original goals of its main coup, while the second effectuated a volte-face in many of the original aims of this main coup.

Different factors in differing ways and combinations, have conditioned the evolution of these coups. In the three cases mentioned the following factors seem to be most relevant:

A) *National Security*. This factor means the perception of external or internal threats to the nation; that is to say that, when facing an external or an internal danger, the military have considered it necessary to intervene in order to safeguard the integrity and stability of the nation-State.

B) *Personal Interest*. By this is meant that an ego-centered motivation has acted significantly in the carrying out of a coup.

C) *Corporate or Institutional*. By this is understood the degree of institutional representativeness of a coup; that is, the extent to which it reflects the will of the military institutions.

D) *Political*. This factor relates concretely to political freedom, democratic procedures, human rights and representative government.

E) *Economic*. The coups on the whole have been responses to specific economic situations, with significant social consequences. That is to say, leading economic factors, such as Balance of Payments deficits, currency devaluations, inflation, unemployment and others have been related to the coups. For evaluation purposes the coups have been linked in this study directly to economic growth and development as conventionally understood in the sense that some coups promote them and others do not. In the former case the correlation is positive, in the latter, negative.

F) *Class Orientation*. This factor does not entail in our analysis a narrow cause/effect relationship between class and political decisions. While this would in general be a tenuous relationship to establish, it is even more so in the case of Peru, since the coups under examination have all been carried out by the Peruvian Army, which in itself is a melting-pot type institution. This important characteristic notwithstanding, it is feasible to detect within the three coups correlations between post-coup policies and class orientations. For evaluation purposes, we have considered the class link as negative, because political decisions thus motivated imply a basic loco-centered drive that prevents or distorts decisions based on national perspectives.

G) *Violence*. Although all coups imply an initial act of violence the degree of violence has differed from coup to coup; and what is more, not all coups have used violence or the same degree of it to remain in power. This linkage between each coup and violence lends itself to positive and negative evaluations.

H) *Diplomatic*. This factor presupposes the existence of an external element which is linked to the coup or its subsequent regime.

Other factors applicable elsewhere have not had the same operability for the Peruvian experience. Such is the case, for example, with the ethnic factor. A number of circumstances make this irrelevant as a significant variable in Peru. One is that the country's population is greatly mixed with pre-hispanic, European, African and Asian elements, although the base is fundamentally hispanic-prehispanic, this mixture having intensively evolved within a Mediterranean pluri-ethnic historical and cultural background.

In effect, the performance as well as the understanding of the ethnic differences in the country are mainly economic and social functions. For the purposes of our study, it is highly relevant that both the political and military careers embody great vertical social mobility. Whatever remnants there may be of a discriminatory ethnic character, lingering from the past, they are greatly mitigated not only by long run demographic changes but by highly dynamic professions such as the military and political ones.

Still, it must be recognized that a vast majority of Peruvian Navy Officers are Caucasian (although the number of mestizos in the ranks is quickly increasing). This has not been and is not the case with the Air Force and even less with the Army, where the mixing is older and more distributed. At any rate, there has never been in Peru a political posture based on "race". In Spanish, the term itself, when used, carries cultural rather than anthropological connotations. In addition, there has been a growing national concern for and proud identification with prehispanic values.

This has been the case, not only in literature and the arts, but in politics as well. There is no political party that does not identify itself with such a stand. Chronologically this was started by the APRA in the 1920s, was greatly strengthened by Acción Popular in the 1950s, and continued into the 1970s, when the Revolutionary Military Government symbolically made *Qechua* an official language of the country.

There may perhaps be certain grounds for speaking of a regional factor insofar as coups are concerned. The country is distinctly divided into three regions — coast, mountain and jungle — and there has been an historical and cultural dichotomy between the first two regions. Despite its vastness, because of its lack of development and population, the jungle has played a rather negligible role. However, the once-important cultural differentiation between coast and mountains has been greatly reduced in the last forty years as a result of industrialization, urbanization, and above all, by the massive migrations into the larger cities of the country, which are to be found mostly on the coast.

With particular reference to the coups d'état, the second largest city of Peru, *Arequipa*, located in the mountains of 2,200 metres, has played a distinctive role, for a very large number of such coups d'état have originated there. However, this has not implied a recalcitrant regional antagonism, which in any case, would be fading as a consequence of strategic and techno-military shifts. Today, a successful coup d'état needs to be able to rely on armored divisions and the Air Force more than on a traditionally rebellious city.

In sum, because of the social and urban changes taking place in Peru, the regional differences are losing their importance. The main coup protagonist — the Army — is by now composed overwhelmingly of soldiers and officers from the provinces or with recent provincial origins.

The religious factor as a component in Peruvian coups d'état does not exist. The population is Catholic in the Mediterranean sense of the term, which means that a

large segment of the upper groups are functionally indifferent and that a larger segment of the lower groups are functionally ritualistic.

Concerning the factors that determine direct military intervention in coups as listed above, some caveats may be in order. *One*: their function must be examined during pre and post-coup dynamic situations. *Two*: in their performance these factors are not all equally significant to the country's overall development and well-being, as perceived by this study. Some have been regarded *a priori* as positive and others as negative, on the basis of an axiological stand that needs neither apology nor elucidation. *Three*: these factors have set the three coups in motion as a result of power vacuums invariably created by the regime about to be overthrown. *Four*: the factors in question must be appraised not in the light of what the coup leaders have stated or promised but rather according to the results obtained. As regards the coups themselves they are very different one from the other: some have lasting effects, others have not; some are reform-oriented, others are tradition bound; some are even revolutionary and some, of course, are not; some coups result in the liquidation of democratic procedures, and others have no other objective than their restoration; some coups entail a great deal of violence, some do not.

It is, in accordance with this spectrum that the three coups will be analyzed and evaluated.

7.1. The 1948 Coup

A) National security was one of the main overt preoccupations of the leaders of the coup. It was claimed that national security was threatened from within, as a result of extremist left-wing conspiracies, centred around the APRA Party. It is a fact that in October 1948 that party had started a Navy revolt to overthrow the government of President Bustamante. The attempt was radically quashed. The coup leader also asserted that the military infrastructure had been neglected, that the country should renew her weaponry and that she should be ready to contend with her foes. In fact, there was at the time no external threat; although, from an internal point of view, what this study has called TEP had entered into a major crisis. The post-coup performance in this regard was negligible except for some limited arm procurement and military modernization.

B) The personal interests factor was high for the following reasons. Odría had been a colorless army officer who had sprung from anonymity when he directed the military operations against Ecuador during the 1941 mini-war. Of a provincial background, Odría headed this revolt in order to stem unfolding currents against the already mentioned TEP. His was an attempt to go back to the *status quo ante*, which favored the interests of agro-mining exporters and large sierra land-owners. The recognition from these groups of Odría's performance as a revolt leader was high in every aspect. However, this recognition, or at least its known monetary rewards, were considerably below the published amounts generally linked with such contemporary Latin American dictators as Perón, Pérez Jiménez, Rojas Pinilla, Batista and others.

C) The institutional or corporate factor was null or in any case the lowest of the three coups. Odría carried out a personalist government almost entirely in the caudillo tradition of Latin America.

D) About the political background of the coup we might recall here, in brief, the following: in 1945 a democratic election was held in Peru, whereby José Luis Bustamante y Rivero was elected President. The 1948 Odría coup came as the aftermath of a growing political vacuum that had no expeditious solution. The post-coup evolution

of the political factor led to a dictatorship with suppression of democratic procedures, human rights and political freedom. By 1950 Odría called national elections, in which he ran as unopposed candidate. He of course won and remained in power until 1956, when he was forced again to call elections. He turned power over to the winner.

E) The pre-coup economic scenario fitted in the latter stages of TEP. The Bustamante regime represented a moderate attempt at economic and social reform. While its socio-economic goals were weak its commitment in favor of political freedom was uncontested. This combination, added to the usual and negative foreign trade balances resulted in 1947 in an economic and financial crisis, forcing the politically feeble Bustamante administration to introduce some foreign exchange and import controls. In other words, for the first time in the recent history of the country, an economic recession was focussed within a much broader context, inasmuch as the government had sought to redress it by bringing the agro-exporters and landowners somewhat into line. The 1948 Coup was directly aimed against these policies propounding the reestablishment of an unrestricted free market. Its backers were particularly interested in obtaining a different foreign-trade scenario, whereby a devaluated *sol* would bring larger export earnings and therefore, increased investment resources into the national economy, thus re-stabilizing the challenged TEP. The outcome of the coup policies was briefly as follows. The initial transition brought in hidden national and foreign capital for investment, and shortly thereafter, in 1950, a mini-boom ensued as a result of higher export incomes caused first by the Korean and later by the Cold Wars. These measures were followed by a Mining Code (May 1950), that promoted and favored foreign investment. Thus, on the surface, until 1956 the coup's economic effects were favorable. However, as the 50s advanced, these features faded away, mainly on account of external factors, and the basic economic and social structures of the country (such as, for example, GDP composition and national income distribution) remained almost without change. Some of the foreign earnings dripped down into the social scenario for building schools and hospitals, although no great improvements took place either in education or public health. The post-1948-coup era represented the last combination of economic liberalism *cum* political dictatorship of Peru's recent history.

F) The class orientation of this coup was particularly distinct in comparison with the other two. Thus, by military proxy, the 1948 coup represented an effort, perhaps belated, on the part of the oligarchy to stave off innovative economic and social policies that were to undermine the languishing TEP.

G) The violence component of the 1948 coup was the highest in the national evolution within our period. As pointed out before, it came in the wake of a bloody prelude and it maintained itself in power almost on the same basis.

H) The diplomatic component of the 1948 coup was nonexistent, either prior or during the coup. In the aftermath there was the *cause celebre* of Haya de la Torre's asylum in the Colombian Embassy in Lima. The Peruvian Government contested the legitimacy of his asylum and the case had to be taken to the International Court of Justice at The Hague.

7.2. The 1962 Coup

A) National security as a direct factor played no role in this Coup.

B) The personal interest was very minor although it cannot be said that it was entirely non-existent. The first government head was General Ricardo Pérez Godoy, who

was replaced as a result of his manoeuvres to turn the institutional into a personalistic regime, thus endangering the original commitment to a corporate one year government. His successor General Nicolás Lindley, brought the government back onto the rails.

C) The corporate or institutional factor was the highest of that of the three coups under examination. There were not only protected announcements before this coup to the effect that the military were not in agreement with many of the governmental measures, but it was also known that through many inter-branch consultations, the Armed Forces had concluded that there was an electoral fraud in process in favor of one of the candidates. He was Haya de la Torre, the APRA leader, who, on account of the past revolutionary and anti-military actions, had become the object of a standing military veto. The 1962 coup put an end to military *caudillismo* in Peru, for it governed through a Junta, whose president depended upon the support of the three service ministers, whose positions were determined by military seniority.

D) The political factor was the determining factor for this particular coup. On an institutional basis, the Armed Forces of Peru announced in 1962 that President Prado's government had carried out fraudulent elections against the popular will. Out of six presidential candidates, five agreed with this appraisal and, as President Prado failed to meet the remedial conditions set forth by the Armed Forces, the latter seized power. It was announced that the coup objective was merely one of bringing the country back into its constitutionally outlined election pattern and that one year would be the time needed for that. Consequently, new elections were called for 1963. However, the language in which the documents of the coup were phrased, as well as its subsequent measures, showed that there was a will to lay the basic foundations for a government of substantial economic and social reform. Thus there were indications that the Peruvian Armed Forces had started a reappraisal of their role in Peruvian politics, to the extent that they would no longer be instrumental in the policies of the other groups, but instead the designers, backers or performers, of their own policies. This was interpreted to mean an historical disagreement from the oligarchic groups.

E) The economic factor played, on the surface, a very minor role, inasmuch as the coup was conceived mainly as an operation to correct electoral irregularities. However, as stated, the full implications of the post-1962 coup were wider. This was shown not only in the phraseology surrounding their official statements, but also in important measures such as a localized but in-depth land reform carried out in the district of La Convención in Cuzco; the establishment of a National Planning Institute; the introduction of biennial budgets where development investment was separated from current expenditures, and others. In sum, this coup was reform-oriented.

F) The 1962 coup is considerably less linked to class pattern, both on account of its institutional nature and due to its short duration. Assuming the validity of detailed sociological class analysis and the premise that social institutions, including the military ones, are not isolated from specific economic and social functions and status, the 1962 Coup may be connected with some industrial groups that began to feel that they had grown strong enough to pursue policies independent of the oligarchic guidelines. A safer conclusion, however, would simply be that the 1962 coup amounted to a major corporate reassessment of the functions of the military in Peruvian politics.

G) The violence element of the 1962 coup was the lowest of all. The coup came about without bloodshed. It carried out new elections in 1963 and turned over power to the winner, all as announced.

H) The diplomatic factor of the 1962 Coup, although localized, did play a signifi-

cant role. In the prelude of the 1962 elections, as indicated above, creditable sources had linked the USA Embassy in Lima with the APRA electoral expectations. It was evident that one clear result of the Cuban revolution had been a decision on the part of the USA government to participate more directly in the political orientations of Latin America. Newspapers and commentators had pointed out the close cooperation between the USA Embassy and the APRA. The ever-rising nationalism and the new political functionality that the country's Armed Forces were quickly acquiring impelled them to take a strong stand against something considered by them as a foreign intervention in the political affairs of Peru. One direct post-coup effect was the declaration of the USA Ambassador as *persona non grata* by the 1962 coup leaders.

7.3. The 1968 Coup

A) Very broadly understood, the national security factor was of large import in this coup. The Peruvian military, particularly around the CAEM (*Centro de Altos Estudios Militares*), had assimilated many USA and French Army tenets whereby it was assumed that national security was closely linked with such non-military factors as economic and social development and well-being. It was held that an underdeveloped and poor population was unable to defend itself or was incapable of being defended by the professional armies; and that, therefore, a critical component of national security was the economic and social development of the population concerned. In conclusion, the Peruvian Armed Forces felt that it was as much as their duty to promote economic and social development of the country as it was to defend it militarily. These perceptions had already been moderately clear in 1962 and it was generally known that Belaúnde's access to power in 1963 took place in the understanding that he would be capable of carrying out these policies. By 1968, at least the military élite of the Peruvian Armed forces had concluded that President Belaúnde had failed in this commitment and that, therefore, national security was imperilled, with which the door for a coup d'état was opened.

This underdevelopment had however existed in Peru for a long time, so that it could not be used to justify the timing of the coup. Nonetheless there is a certain tenability in the notion that social and economic conditions in Peru had to be changed in order to make it easier for the Armed Forces to defend the country. Otherwise, in concrete terms a specific external threat to national security could not be regarded as a factor in the 1968 coup. However, as it turned out, post-coup developments brought about (around 1973, after Pinochet's coup d'état in Chile) a distinct perception of a foreign threat to the country's national security. This awareness had at least two immediate consequences: the slowing down of the economic and social reforms initiated by the RMG; and the heavy arms procurement carried out abroad, particularly in the Soviet Union.

B) Whether the personal interest factor was or was not present in this coup and in what measure, is a highly debated point. There is no question that this factor did not operate as it did in the 1948 coup, but there is also room to believe that perhaps some congressional investigations into massive contraband activities in 1967 and early 1968, involving some outstanding coup leaders, may have had something to do with the timing of the coup itself. There has been no indication of a personal interest factor operating significantly to the personal and illegitimate benefit of the major 1969 coup leaders.

C) The corporate or institutional factor, although quite apparent, embracing specially the Army and the Air Force, was admittedly somewhat weaker than during the

1962 coup, since the 1968 coup had a much wider and more ambitious scope and long-term projections. This made it difficult for the coup to establish a broad identification with the military institutions. Thus, some fissures soon appeared, mainly on the part of the Navy. Later on, this resulted in a narrower ruling élite, which was finally able to depose its original leader, General Velasco, replacing him, presumably again within institutional bounds, with General Francisco Morales Bermúdez in 1975.

D) The political factor was all-important in this coup, not only as a short term, but as a long term modifier. In the short term it came as an effect of AP's collapse as a governing party. In 1962 a tacit new coalition had emerged: AP and the military against the APRA-oligo-foreign power group. The function of AP was thus to be the Army's electoral shield and its proxy to carry out some basic economic and social reforms. But by 1967—1968, the AP Government reached a basic understanding with APRA with projections towards the forthcoming general elections in 1969. Thus, not only a political and ideological vacuum was created by AP's displacement to APRA's side; the Army had been left unprotected and faced the danger of being outflanked. The coup had as an objective not only a change in the political course given to the nation by President Belaúnde (who was charged with "selling out" to the Standard Oil Company in the Brea y Pariñas Negotiations) but to institute a "New Society" and thus a totally overhauled country. This purported model was neither formal democracy or totalitarian communism; it was something new and different: "social democracy with full participation and economic pluralism". While it was never very clear what all this meant in practical terms, it was soon quite plain that it did not comprehend representative government or political freedom or human rights or democratic procedures. Somehow the people's will was to "participate fully" at the highest levels of political decision-making by means of some socially-based (industrial workers, peasants, teachers, etc) mass organizations. This seemingly Corporate State⁴⁵ with the full support of local Marxist parties and organizations, but amidst mounting difficulties, political and economic, managed to survive until 1975. The "full participation" model had actually been worked out by sociologists and political scientists in the advanced countries of the West in order to complement and correct the shortcomings of their own political representativeness. These ideas — as others had been in the past — were imported into Peru, disregarding the different circumstances existing in this country.

Although long before 1975 there was increasing evidence of the inefficacy of this model, it was under President Morales Bermúdez that the process entered into a regressive phase. The balance shows that while the oligarchy was politically dethroned as a result of important economic and social changes, it had not been extirpated by any means; for it succeeded in shifting into power positions not so deeply affected by the changes introduced by the Revolutionary Military Government. However, the changes that occurred were enough perhaps to transform the oligarchy into a different kind of dominant group, although it is still too soon to reach any conclusion in this regard.

E) The economic factor played an all important part in this coup, and its action was centered around four main areas: the nationalization of major economic enterprises; land reform; industrial reform; and international regional economic integration. All these aspects have been explained elsewhere in this study, and all that remains to be said here is that they strongly motivated the coup. In almost every case, the success was

⁴⁵ Alfred Stephan, *The State in Society*, op. cit., page 73.

considerably below what had been hoped for by the government, but the situation was better than before. The achievements of the RMG were particularly evident in what it undid rather than what it did. Thus, the agro-exporters, mining exporters, and large sierra landowners were eliminated as traditional economic, social and political forces. However, the cost of these changes was high, because the private sector lost all confidence in the market, creating a vacuum that the public sector failed to fill. As a consequence, investment, production and other major economic functions decreased, except for borrowing abroad and inflation, all of which brought the economy of the country to a crisis in the years 1977—1978. This has been analyzed elsewhere.

F) The 1968 coup purported to follow an independent, institutional and "revolutionary" path. Whereas the proclamations were not homogenous in this regard, leading spokesmen for this coup identified themselves variously with the poor classes: the peasantry, the workers, the employees and the lower-income groups of the nation. In actuality, the 1968 coup at least continued on the line of disengagement from the oligarchy started by the 1962 coup. However, in very important respects it went beyond or away from the orientations of the 1962 coup, adopting in the process conflicting ideopolitical postures.

G) The violence component of the 1968 coup was less than that of the 1948 coup and considerably more than that of the 1962 Coup. Nonetheless, comparisons with the latter are out of proportion because of the different durations of the coups and also because of the different reform dimensions undertaken by each.

H) The diplomatic component of the 1968 Coup was of great complexity. First, there was the direct role played by the USA Ambassador in the negotiations between the IPC and the Belaúnde Government, which, by many accounts, turned out to be considerably less than positive. So was the USA government's reaction to the nationalization of the IPC by the Peruvian Government. Aid was cut off and there was a threat, to apply the Hickenlooper Amendment as well; as a result of which Peru sent home the USA Military Mission. These exchanges and others, brought USA-Peruvian relations to the lowest point ever; until, gradually, by the end of our period, they have returned to normal. Second, the 1968 coup had most important consequences in establishing trade and diplomatic relations with the Soviet Union, China and the rest of Socialist countries including Cuba. Third, the 1968 coup developed linkages of the utmost importance with the Third World. It forwarded regional economic integration agreements, such as the Andean Pact, and, in general, fostered closer ties with the developing countries.

In summation, the 1968 coup has been the most significant by far of the three coups considered; and, while it was a definite response to the many failures in the past to reform the country, it cannot be said that it was itself particularly successful.

7.4. *The Linkage Coefficient*

The comparative evaluation of these three Peruvian coups is rendered plausible because they have some common features, though it cannot be forgotten that they contain heterogenous components such as different durations, value perceptions and time frames. In sum, within the limits of coherence, but with the *caveats* pointed out, it would be feasible to compare, however tentatively, these three coups on the basis of the linkage-effects surrounding the eight variables used for their analysis. In no case are these linkages to be construed as cause/effect relationships, but simply as feeding lines running in both directions between the coups and the factors mentioned above.

An important qualification is that these variables do not belong to one and the same set. For example, within our scheme A, C, D, and E are regarded as positive, in the sense of being "good", whereas B, F and G are considered negative or "detrimental". H is seen as mixed. Further analysis may allow for greater disaggregation in these value-judgement terms, although for the sake of simplicity we shall not go beyond the levels here adopted. Needless to say, our categorization of variables as positive or negative implies *ex definitione* assumptions freely but not illogically made. The different partial scores represent the degree of linkage existing between a coup and each variable as it is perceived by this Study (Table 9).

Table 9
Pre and Post Coup Variables

Coups	A	B	C	D	E	F	G	H	Linkage Coefficient
1948	0	-2	0	-3	-1	-3	-3	-2	-14
1962	0	0	3	3	1	0	0	1	8
1968	1	-1	2	-2	3	-2	-2	3	2

A = National Security

B = Personal Interest

C = Corporate or Institutional

D = Political (political freedom, human rights, representative government and democratic procedures)

E = Economic (growth and development)

F = Class

G = Violence

H = Diplomatic

Accordingly, the 1948 Coup registered no linkages to variables A and C; medium and negative for B and H; low and negative for E; and high and negative for D, F and G. As for the 1962 Coup, it had zero linkages for A, B, F and G; high and positive for C and D; and low and positive for E and H. In the 1968 Coup, we have low and positive for A; low and negative for B; medium and positive for C; medium and negative for D, F and G; and high and positive for E and H. As for the overall score appearing under the column "linkage coefficient", it is the sum of these partial scores, giving some idea of the general performance (positive or negative) of each coup.

8. Conclusions

1. The period 1950—1980 in Peru is characterized by a crisis of historical dimensions; that is, the disintegration of TEP. Early in the period, this low-level socio-economic equilibrium was no longer operating as a self-correcting mechanism; and by the end of the period, it had become a potentially explosive trap. The main elements of this trap were lingering TEP components, such as excessive foreign dependence and crucial aspects of dualism, combined with the lack of a workable substitute for TEP's export-led economic growth-model.

2. The Peruvian economy has performed dynamically. It has grown almost without interruption for the last 30 years at a rate of nearly 5% p.a., although recently within a declining trend. This growth has taken place through different economic policies

(controllist or liberal), political orientations (democratic or dictatorial, civilian or military) and diverse national and international circumstances.

3. Economic growth has been export-led throughout the period. There have been high diversification and destination concentration in exports; on the average about 77% have gone to the OECD countries. Such export earnings have had pervading effects on the nation's Public and Private Sectors, on growth and recession periods as well as on social and political stability. Throughout the period there has been a shift from agricultural to non-traditional exports (fish products, manufactures and others) and mining. Imports have tended to outpace exports, and have also been concentrated to OECD countries. An import shift from consumer to intermediate goods, foods, and raw materials has taken place. Both these export and import changes reflect Peru's industrialization and urban growth.

4. Except for the last few years, inflation has played a minor role in Peru. But, since about 1974, inflation rates have grown steeply to nearly 80% per year, with declining real wages and salaries. Among the main causes, national and foreign, for this inflation, military expenditures seem to have played an important part.

5. During the period, the military have become professionalized and have continued intervening in politics. While this has contributed to the virtual liquidation of TEP, it has not brought about its replacement. The military participation in politics has been facilitated by power vacuums resulting from economic, social and political crises in the regimes overthrown.

Before our period, the military had often intervened in politics on behalf of the oligo-foreign complex. Halfway through our period, the Peruvian military élite became aware that they did not need such a linkage; that the country required new policies which the military could provide; and that the military themselves or their proxies could implement such policies.

6. Military expenditures in Peru have been, on the whole, modest; albeit, together with those of other South American countries, there has been a heavy concentration of military procurement in the last decade. Military expenditures do not appear to be related to any major economic or social variable, and seem to react only to complex *stimuli* linked with national security as perceived by the military. Military procurement abroad was first concentrated in the USA, but by the end of the period, it had become highly diversified in origin, coming i.a. from the USA, Europe and the Soviet Union. Military aid has virtually come to an end.

7. Although there have been no serious deviations from the South American tradition favoring international peace and conciliation, and, furthermore, there has been a first attempt to reach an arms limitation agreement, frictions and intra-South American rivalries as well as *de facto* sub-regional alignments have continued.

8. The social indicators of the country continue to be distinctively low, although substantial improvements in literacy rates and health standards, especially in the urban sector, have taken place. Also, in recent years, a decline in population growth rates has been noticeable. On the other hand, there has been considerable growth of the middle sectors as well as of the bureaucracy, centred in the larger cities.

9. The period is characterized by the alternation of civilian and military regimes as well as by the emergence of new political parties, and their proliferation. This proliferation was due largely to party splitting which, especially among the left, resulted from doctrinaire ideological interpretations. As a whole, political parties tended to be personalist and/or to adopt messianic postures. The above, so the Peruvian experience shows, has prevented the political structures from being stronger.

10. In the last 30 years, Peru has been incapable of overcoming the underdevelopment barrier, and thus leading features of backwardness, such as income maldistribution, disruptive dualism and excessive foreign dependence, stubbornly remain. These are long-term phenomena, requiring coherent, sustained and efficient policies and policy-implementations. To a large extent, the Peruvian failure is to be attributed to the insufficiencies, discontinuities and diviseveness built into her political structures. As a result the period has witnessed in Peru a dynamic, but excessively foreign-dependent, economic sector; a schizoid but changing social framework; a professionalized, but overpowering military; and a wavering and handicapped political sector, as the weakest link in the chain.

Lima, October 1981.