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The Historical-Structural Foundations of Peru's Dependent Development in the Twenty-First Century

The nature of Peruvian economic development has begun to be questioned in recent years. Whereas some have charted the change and continuities associated with economic growth in modern Peru, others have identified its dependent characteristics. However, recent work on the latter proposition is incomplete, as it leaves aside the political and societal underpinnings of the latest phase of dependent development in Peru's economic history. In this paper, we will provide a simultaneous social, political, and economic analysis of Peru in the Marxian tradition. For this purpose, we will utilise the historical-structural framework developed by Cardoso and Faletto, which emphasized not only the structures in which social interaction took place, but also that structures can change across historical epochs due to conflict, social movements, and class struggle.

Introduction

The nature of Peruvian economic development has begun to be questioned in recent years. Whereas some have charted the change and continuities associated with economic growth in modern Peru, others have identified its dependent characteristics (Ganoza & Stiglitz, 2015). However, recent work on the latter proposition is incomplete, as it leaves aside the political and societal underpinnings of the latest phase of dependent development in Peru's economic history. Investigation into the economic dynamics of contemporary Peru has been limited solely to analysis of economic variables.

This has been an oversight, given that Cardoso and Faletto (1979: 20), whose empirical enquiry led to establishment of the dependent development model, themselves stated that economic processes 'depend on structural factors and the historical process of change'. Study of a country can only be considered 'complete... when the economic and social have [had] their reciprocal determinations defined at the internal and external levels' (Cardoso & Faletto, 1979: 28).

In this paper, we will provide a simultaneous social, political, and economic analysis of Peru in the Marxian tradition. For this purpose, we will utilise the historical-structural framework developed by Cardoso and Faletto (1979), which emphasized not only the structures in which social interaction took place, but also that structures can change across historical epochs due to conflict, social movements, and class struggle. This has been neglected in recent scholarship on the dependent development of Peru in the twenty-first century limiting understandings of the dynamics involved in Peruvian politics, economy, and society.

In the following section we will present an overview of the key factors that we will explore in the paper. We will then outline our plans to develop the paper over the coming months.

Explaining dependent development

The latest phase of Peru's dependent development, which has characterised the country's recent economic history, has its roots in a confluence of factors. The economic history of Peru has been predicated around the extraction and export, under coercion during colonial rule by the Spanish (Fisher, 1973; Fisher, 1970), of its natural resources (Thorp & Bertram, 1977). This has also been a key factor in the unusually long period of economic boom that Peru enjoy during the first decade-and-a-half of the 21st century. Sustained economic growth was thanks to an exceptionally long boom in commodities exports driven by demand for Peru's natural resources shifted from key emerging markets, notably China (Ghezzi & Gallardo, 2013).

This shift in demand distinguished this boom (widely known as a commodity super-cycle) from previous episodes of commodity-driven growth in Peru's economic history. Helped by the sustained nature of commodity-driven growth, knock on effects in key sectors such as retail and construction created an illusion of economic growth and development being more broadly based than it was (Parodi, 2012; Ganoza & Stiglitz, 2015; Ghezzi & Gallardo, 2013).

Global economic subordination

This relationship with international trade has left Peru with a subordinate position in the global economic system as an enclave economy (Thorp & Bertram, 1977). This has shaped

how its economy has developed throughout the contemporary era. Indeed, Peru continues to rely upon the extractive industries for capital and technological accumulation. This has meant that the recent decline in international metals prices has affected the country heavily. The sustained boom meant that the economy was able to weather the effects of the decline for a number of years thanks to sustained construction activity and consumer spending (Ganoza & Stiglitz, 2015). However, the economy has slowed markedly over recent years, which has led to declines in domestic demand alongside a rise in poverty and inequality levels (Parodi, 2012).

However, this is not only the result of historical processes, but also the confluence of a particular juncture in Peruvian politics with a specific conjecture within global capitalist expansion. The authoritarian regime of Alberto Fujimori in Peru from 1990-2000 implemented economic policy that opened the Peruvian economy to foreign capital, with the aim of full integration into the global economy (Crabtree & Thomas, 1999). This led to a significant influx of foreign direct investment in the mining sector, as well as the expansion of Peruvian mining companies such as the Southern Peru Mining Corporation and Hochschild (Parodi, 2012).

Fujimori's departure from power in 2001 coincided with the start of a global boom in commodity prices driven by the rising demand from emerging markets. Therefore, economic growth, and the resulting strengthening of confidence, was key to restoring political stability under the government President Alejandro Toledo (2001-2006). The subsequent governments of Presidents Alan García (2006-2011) and Ollanta Humala (2011-2016) all continued to run administrations that were welcoming of foreign direct investment (FDI) in the extractive sector, often despite strong opposition from local communities, sometimes supported by international non-governmental organisations (NGOs) (Crabtree & Durand, 2017).

The result was that Peru developed a reputation for economic policy and continuity. The consequence of this, against a backdrop of strong extractive revenues, was rising economic growth and falling poverty that masked Peru's continuing 'situation of dependency' within global capitalism. This is occurrence that scholars and commentators are only just beginning to identify (Parodi, 2012; Ganoza & Stiglitz, 2015;).

Fragmenting alliances

Dependent development in Peru has been underpinned by a specific transnational political alliance that incorporates foreign capital and governments, the Peruvian political and business elite, and a rising middle class (Thorp & Bertram, 1977). Marginalised within Peruvian society has been rural population and those employed in the informal economy (Crabtree & Durand, 2017). However, there are signs that this political alliance is beginning to fracture.

For example, a transnational corruption scandal involving Brazilian construction giant Odebrecht has shaken the political establishment, leading to the removal of former President Pedro Pablo Kuczynski and significantly undermining the authority of the long-standing de facto opposition leader, Keiko Fujimori, the daughter of Alberto Fujimori, and her party, though this continues to control Congress. It has shined a broader spotlight on corruption, which has had the effect of further undermining already low levels of public confidence in politicians and political parties (Vergara, 2018). While corruption is a long-standing issue in Peruvian public life, it is extremely likely that the decline in economic performance has

exacerbated public anger about, and the resulting attention on, corruption in public life (Vergara, 2018; Crabtree & Durand, 2017).

Conclusion: Development of the paper

This paper is part of a broader research agenda about the nature of Peru's economic and political development, and the institutional characteristics of Peruvian capitalism. Building on an initial paper, we intend to develop our work with further analysis of Peruvian economic data, as well as archival research on Peru's recent political history, which will draw on extensive media and other documentary sources. Our aim is to make a contribution to understandings of Peru's recent economic and political story, as well as shine a light on broader debates around the extent to which Schneider's notion that a hierarchical variety of capitalism exists in Latin America continues to hold true (Schneider, 2009).

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