

# Resource reviews

## *PERU: ELITE POWER AND POLITICAL CAPTURE*

### Review by Mark Stevenson Curry

John Crabtree and Francisco Durand (2017) *Peru: Elite Power and Political Capture*, London: Zed Books.

2016 marked a year of extraordinary, even seismic, global changes for development and democracy thinkers and practitioners. In Brazil, Turkey, the Philippines and even the United States (US) and United Kingdom (UK) unexpected political shifts occurred, for which a new branch in political theory - varieties of state capture - may be emerging. The 2016 Peruvian elections slipped below the radar of global political drama partly because there was no upset to expectations: the run-off choice between the centre-right and the authoritarian-right made no difference to the resilient influence of business interests in the national power calculus (186).

Crabtree and Durand are acknowledged authorities on Peru and the regional context. In this even-handed and thoughtful new collaboration, they show how Peru's political economy is predicated on political capture by power elites of a remarkably resilient type. Peru's form of political capture exhibits the interplay between fragmented civil society structures, a compliant media, political parties without ideological heft, and the agency of the state enveloped and permeated by legally protected corporate networks (3). A salient idea in this work is that under contemporary global neoliberalism the capacity and determination of private sector actors to assume powers that exclude or co-opt the state's capacity to regulate them are the established norm, not a novel exception. Peru, far from being a local case even within the Latin American context, provides a formidable example of the norm, which the authors develop from background to evolution to current manifestation with crisp, fluent exactitude. The approach and perspectives presented in this book are clear and accessible to non-specialist readers while

providing a valuable, timely resource for specialist comparative analysis of state capture in other arenas. It will be particularly useful to scholars of social movements, neoliberalism and state dynamics, political theory, and global South analysis.

The historical approach in this work is cognisant of critical path dependency (e.g. routing of the old oligarchic order following the 1968 military coup) and the mutability of formal and informal institutions over time. An example of the latter is the dissipation of the leftist coalition immediately prior to former president Alberto Fujimori's election in 1990 and the configuration of APRA (American Popular Revolutionary Alliance / Alianza Popular Revolucionaria Americana - Partido Aprista Peruano) a long-standing political party ostensibly of the left, within the influence of criminal syndicates. However, it acknowledges the importance of internal discrepancies to established patterns in a country as geographically, resource-endowed, and socially disparate as Peru.

The book's structure takes the theoretical import of state capture and traces how the concept applies in the Peruvian context from its post-independence development in the nineteenth century to state governance under elite corporate influence in 2016. Given the reliance by both domestic and transnational corporate actors on the extractive resources of the economy, the authors identify scope for future change in four areas: social movements, notably those of indigenous people, women's empowerment, environmentalism, and a potential resurgence of left politics under charismatic new leadership (187).

The authors make ample use of an idea first developed in 1967 by Julio Cotler in which Peruvian power relations were described as a 'triangle without a base' (Cotler, 1994): colonial forms of dominance remain permanently exercised against a fragmented civil society made up of single-issue movements that lacked effective bargaining power. However, a more adaptive figure to suit Crabtree and Durand's analysis could be a pyramid without a base, which draws in the combined influence of elite domestic and

international corporate interests, media, territorial, resource and geographical disparities, and clientelistic state actors with inherent neoliberal values.

Some projects are longer than they need to be but this book, by contrast, is a short work with the claims of a substantially longer one. For example, we learn about educational reforms instituted during Fujimori's period in office (94-5) but not enough about the educational system's foundations, evolution and cleavages. Other questions could include the role of higher education and student movement politics in the formative thinking of new leaders like Veronika Mendoza. We also cannot judge in a strongly neoliberal environment what the relative cost of private and public higher education is to ordinary Peruvian families.

Similarly, *Sendero Luminoso* (Shining Path, a Peruvian Communist militant group) may be less well known than it should be for readers new to Peruvian and Latin American development, and the authors could have valuably elaborated on a movement that up until twenty-five years ago was one of Peru's primary global headline-earners. In a separate yet related sense, the canon system of distributing the proceeds of extractive industries is mentioned early in chapter six but only fully explained on page 143. The layout and presentation of these elements could have been improved with the inclusion of a historical timeline to the introductory section of the work.

The pace of the book means that on occasion clarity and elaboration are called for. One example is the brisk treatment in a single sentence of the structural adjustment measures instituted between 1980 and 1985 contrary to Peru's constitutional provisions for a devolution of powers to the regions (139-140). Another example is the reference to the modernisation of Peru's business elite from 1990 onward. The authors cite the acquisition of two domestic brewing companies by 'US multinational SAB Miller' (106). However, the company's name before a subsequent merger was SABMiller, formed in 2002 and based in London. Whether the Peruvian acquisitions were directed from London or the US, before or after 2002, is uncertain in the text. These elements are important because of the complexity of

multinational globalisation as a factor in development analysis and for how these entities deal with one another, as exemplified by the Xstrata-Glencore-MMG controversy in 2015 at the Las Bambas mine in Apurimac (158).

Another issue deserving elaboration for comparative analysis in developing countries relates to the leadership of social movements. Crabtree and Durand describe the atomisation of civil society, the difficulty to coordinate demands coherently and to establish real bargaining power. As a consequence, civil society in Peru has had to resort to more direct confrontation with the state through protest. Where we observe similar conditions in countries like the Philippines, the state has a long history of resorting to targeted assassinations ('salvaging') and extra-judicial killings ('EJK') to break civil society resolve, disrupt the articulation of grievances and deter the drive for justice. The book does not really make clear whether such conditions, including targeted assassinations of civil society leaders, obtain in the Peruvian case.

A final consideration is the description of Peruvian business organisations, or *gremios*, in chapter five, particularly the AEF (Association of Family Enterprises / Asociación de Empresas Familiares del Perú), a network of new-elite family-owned business entrepreneurs (120). AEF enjoys one of the few substantial quotes in the book, taken directly from the association's website. The subsequent commentary complements the quote in a way that deviates from the otherwise admirably objective analysis used throughout the text. A future edition of this work could revise the section to elaborate more critically from different perspectives on the role and relations of AEF within the arrangement of business organisations.

Some compelling elements of the book for early career researchers in the fields include the capacity of Confiep (Confederation of Private Business Institutions / Confederación de Instituciones Empresariales Privadas), an association of business interests, as an institutional power broker in its own right (128); the utility of economic crises as an instrument of leverage for business interests over civil society protections (124); the

immediate and extraordinary about-turn in 2011 of the newly elected president, Ollanta Humala, on campaign promises needed to secure his victory (126); and an instructive chart (Figure 5.1: 123) detailing the conceptual dynamics of political capture in Peru.

Added to this, the description of former authoritarian president Fujimori's methods of seizing political control reads like a succinct guide to neoliberal power usurpation: abandon campaign promises; privatise; use the military for headline security goals; play to a cooperative media while quashing critical perspectives; drive through constitutional change; and make direct appeals to fragmented citizenry (180).

Likewise, the role of the World Bank and development agencies like USAID from 1990 onward toward such sea change policies such as the privatisation of education, decentralisation, big budget public works, and the campaign against *Sendero Luminoso* is underlined with clear-eyed consistency. Peru may serve as a model of 'Washington Consensus' wish-fulfilment but the authors point out that an element of entrained lawlessness has successfully predated upon foreign investor activities (174). In conjunction with other large-scale illicit enterprises dependent on political protection – particularly narcotics and contraband - it remains to be seen how salutary the engineered 'atomisation of collective identities' (176) is in the long run.

The authors are cautious about ascribing hegemony to the form of state capture Peru has maintained thus far. They are hopeful that charismatic young leaders such as Veronika Mendoza, and environmental movements in confrontation with the antiquated perspectives of the extractive resources industries, together with women's groups and indigenous peoples can broach differences, achieve consensus on aims, means and demands, and potentially change the legacy of Peru's developmental history. Crabtree and Durand have succeeded in drawing Peru in from regional and conceptual margins and centring its significance as a country to pay careful attention to in the future.

## **References**

Colter, J (1967) *La mecánica de la dominación interna*, Reprinted in J Cotler (1994) *Politica y sociedad en el Perú*, Lima: Instituto de Estudios Peruanos.

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