

Peru from 1930 to 1968

In 1930 a military junta headed by Col. Luis [Sánchez Cerro](#) overthrew Leguía, and Sánchez Cerro defeated Haya de la Torre, the APRA candidate, in the presidential elections of 1931. APRA claimed that the elections were fraudulent and instigated a campaign to discredit the regime. The threat from the left led to the emergence of a fascist group, whose chief exponent was the historian José de la Riva Agüero. In July 1932 Apristas organized an uprising in [Trujillo](#), on the northern coast, which included a bloody takeover of the Trujillo military garrison. In response, Sánchez Cerro ordered the bombing and recapture of the city, during which many Trujillo Apristas were killed; this ultimately led to the retaliatory assassination of Sánchez Cerro by an Aprista in 1933. These incidents created an enduring [enmity](#) between the military establishment and APRA that would last for more than 50 years.

Troubled democracy

Sánchez Cerro's successor (1933–39) was Gen. Oscar Benavides, who restored confidence in the economy. He also settled a dangerous boundary controversy with [Colombia](#) over the port of [Leticia](#) on the upper [Amazon](#) and a finger of land giving access to the river, both of which had been ceded to Colombia in a treaty of 1922. To avoid war Benavides returned the territory to Colombia. Benavides reduced the strength of APRA by declaring the party illegal, by a relentless persecution of its leaders, and by the adoption of social assistance projects. In the presidential [election](#) of 1939, the Apristas supported Manuel Prado, a banker and a member of an aristocratic family of Lima.

During [World War II](#), Peru cooperated with the [United States](#), authorized Allied use of airfields and ports, and arranged to sell the Allies [petroleum](#), [cotton](#), and [minerals](#). In 1942 Peru severed diplomatic relations with the [Axis powers](#), and in 1945 it declared war on them. During the war Peru succeeded, with U.S. support, in getting a favourable settlement of a boundary dispute with [Ecuador](#), which it had invaded.

World War II brought not only economic prosperity but also hope for real [democracy](#). Prado, swayed by public opinion, approved the presidential candidacy in 1945 of [José Luis Bustamante y Rivero](#), a lawyer from [Arequipa](#) with liberal leanings, who represented a [coalition](#) of middle- and upper-class elements. APRA, again a legal party, obtained a majority of seats in the lower house and half the seats in the Senate. Bustamante generally followed an independent course, and the Apristas withdrew their support. After Apristas staged an abortive insurrection in Callao, near [Lima](#), the president outlawed the party.

The dictatorship of Manuel Odría

In October 1948 Gen. [Manuel Odría](#) seized power, protesting the president's lack of firmness in dealing with the radicals, and extreme measures were taken to suppress the Apristas. Haya de la Torre found refuge in the Colombian embassy, where he stayed for five years before leaving Peru.

Odría led an [authoritarian](#) regime in which political stability allowed the revival of prosperity. The Korean conflict of the early 1950s benefited foreign trade because of heavy U.S. demand for Peruvian minerals, and a friendly policy toward foreign capital prompted large-scale investments.

Return to elected government

In the election of 1956, Manuel Prado, who was supported by Odría, won a second term, defeating [Fernando Belaúnde Terry](#). A surprising feature of the election was the decline of APRA, some of whose members joined Belaúnde's [National Front](#) Party.

Prado countered the financial crisis inherited from Odría by appointing as minister of the treasury [Pedro Beltrán](#), whose policies contributed to a 4½ percent annual increase in the gross national product. The fishing industry based on the massive harvest of [anchovies](#) in the cold waters off the coast expanded. Beltrán's measures did not, however, lessen the pressure from the landless Indians and the underpaid urban proletariat.

With political tension at a high level in 1962, none of the presidential candidates received the one-third vote necessary for [election](#); the decision went to the congress, but the military forces seized the government. A new election called in 1963 by the junta permitted Belaúnde's party, now called Popular Action, to be victorious.

Belaúnde promised solutions to the country's economic and social problems. An agrarian act of 1964 provided for expropriation of unused or misused agricultural properties; by 1966 more than 500,000 [acres](#) (200,000 [hectares](#)) had been distributed. [Community](#) development projects and irrigation schemes were instituted, and a network of roads was planned. Indians were encouraged to colonize land in the foothills east of the [Andes](#). Education was promoted with the establishment of new universities and with attacks on illiteracy.

Military rule (1968–80)

On Oct. 3, 1968, the military forced the resignation of Belaúnde. The [junta](#), headed by [Juan Velasco Alvarado](#), imprisoned opposing politicians and suspended constitutional liberties. On October 9 the government expropriated the holdings of the International Petroleum Company, straining relations with the [United States](#).

Economic nationalism

In 1969 the junta embarked on a program of economic [nationalism](#) that would affect U.S. capital investments totaling \$600 million. In 13 months three basic reform measures were enacted: the Agrarian Law (June 24, 1969), the Mining Law (April 14, 1970), and the Industrial Law (July 30, 1970). Accordingly, on Aug. 22, 1969, the [government](#) seized the Paramonga sugar plantation, which belonged to W.R. Grace and Company, one of the largest U.S. interests in Peru. Other large plantations of the north coast were taken over as well. The military junta also sought to control essential industries and public services through outright ownership and by "Peruvianization"—insistence that a majority of the stock of a foreign company be held by Peruvian nationals. The occurrence on May 31, 1970, of a major [earthquake](#) in northern Peru—which killed between 70,000 and 80,000 people, left 140,000 injured and more than 500,000 homeless, and caused millions of dollars of damage—jeopardized the financial stability of the regime.

The junta appealed to the highland peasants by expropriating many of the landed estates, which thereafter were operated by government-directed [collectives](#) or by individuals or Indian communes. The opening up of arid lands was part of the new agricultural program, and the junta signed a contract in July 1971 with a Yugoslav company for the construction of a [canal](#) in the Piura Valley to irrigate 330,000 additional acres (135,000 hectares). Two more major [construction](#) projects were subsequently initiated. Commercial fishing was to be encouraged, but the disappearance of the [anchovies](#) in 1972 because of [El Niño](#) brought about a suspension of [fish](#) exports and dealt a serious blow to the economy. In 1973 the government moved to nationalize the fish meal industry, valued at \$500 million. With the organization of Petroperú, a state-owned company, the petroleum industry expanded.

An education reform bill, promulgated in March 1972, was to put in force "a system of learning from the cradle to the grave." Major features were recognition of the equality of women, the establishment of rural schools, the granting of [autonomy](#) to the universities, and the use of the Indian languages Quechua or Aymara in the schools in the [Andes](#) and east of the Sierra.

To prevent [criticism](#) of its tight [dictatorship](#), the junta censored the press, closed or confiscated some [radio](#) stations and [newspapers](#), and acquired control of privately owned [television](#) stations. In foreign relations the junta initiated a two-China policy, hoping to arrange the sale of minerals and fish meal to the [People's Republic of China](#). As part of an innovative trans-Pacific policy, Japanese investments and contacts were encouraged by the [government](#). Friendship with the [Soviet Union](#) led to the exchange of ambassadors with communist-bloc countries.

The second junta

Economic factors fostered resentment among many groups toward the Velasco [regime](#). The decline in fish meal exports and in [copper](#) prices ended the economic boom, while loans obtained abroad for agrarian reform and huge copper and petroleum projects increased foreign debt. On Aug. 29, 1975, a new junta was formed, headed by Gen. [Francisco Morales Bermúdez Cerrutti](#), former minister of finance and economy, and Peruvian policies were constantly altered as repeated changes in the [cabinet](#) took place. Morales shifted toward more moderate right-wing policies. The National Agrarian Confederation was dissolved in 1978; the state fishing enterprise was denationalized; [mining](#) projects were opened to private investors; and more foreign investment was encouraged.

Return to civilian rule

The Morales government committed itself to reestablishing constitutional rule, and a popularly elected [Constituent Assembly](#) was summoned in June 1978 to [draft](#) a new constitution. The Apristas formed the largest bloc of the assembly, and Haya de la Torre was elected president. The new constitution was signed on July 12, 1979.

Elections were scheduled for May 1980, with the expectation that Haya de la Torre and the Apristas would win. Prior to the election, however, Haya de la Torre died, and Belaúnde won the election with a plurality of votes, returning to the office he held before the 1968 military coup. His party, Popular Action, headed a majority coalition in the legislature. Belaúnde immediately returned newspapers that had been confiscated by the military junta to their previous owners. The new legislature issued a package of decrees designed to reorganize the economy with a view toward reducing government involvement and encouraging private enterprise, but these were insufficient to [ameliorate](#) the growing economic and political crisis. The economy was hurt by an increase in imports due to Belaúnde's free-market policies, lower world prices for Peru's major export commodities, high international interest rates on the country's burgeoning foreign debt, and a devastating [El Niño](#) in 1982–83. Aggravating the economic problems was the rise of the guerrilla movement, led by the neo-Maoist [Shining Path](#) (*Sendero Luminoso*) and the [Túpac Amaru Revolutionary Movement](#), which forced the government to commit ever-increasing resources to combating the guerrillas and to repairing the damages inflicted in the conflict. When the inflation rate rose a staggering 3,240 percent between July 1980 and June 1985, the economy almost collapsed. Moreover, the national [currency](#), the sol, lost so much of its value that a new monetary unit, the inti, was created in 1986.

In the 1985 elections APRA, capitalizing on the country's plight, had its presidential candidate elected for the first time in its history. The new leader— young, [charismatic Alan García Pérez](#)— shocked the international community when he announced that Peru would pay no more than 10 percent of its export earnings toward a nearly \$14 billion foreign debt. Adopting a [populist](#) stance domestically, García attempted to reactivate the economy, end human rights abuses in the [war against the guerrillas](#), gain control over the drug traffickers, and rally the [population](#), but the [International Monetary Fund](#) dealt a blow to the country when it declared Peru ineligible for future loans and credits until García adopted more orthodox economic and debt-repayment measures. Facing a deteriorating economic situation, the president moved to nationalize the banks in 1987, an act that eroded his personal popularity. The end of García's term was marked by runaway inflation, a series of crippling general [strikes](#), and even rejection by his own party.

With inflation, the guerrilla war, and the drug trade as major concerns, the 1990 presidential elections resulted in a runoff between [Mario Vargas Llosa](#) of the Democratic Front Movement, or Fredemo, and [Alberto Fujimori](#) of Change 90. Vargas Llosa, a distinguished novelist, advocated a drastic anti-inflation program that alarmed many of Peru's poor. His support among the European-descended coastal elite was not enough to defeat Fujimori, the son of Japanese immigrants and an agricultural engineer. Much of Fujimori's support was gained by decrying Vargas Llosa's plan and was drawn from the upwardly mobile lower-middle class, evangelical Christians, the residents of the [squatter](#) settlements around most of the large cities, and highland Indians. However, less than two weeks after taking office, Fujimori instituted [austerity](#) measures as harsh as those he had earlier decried, including suddenly raising the price of [gasoline](#) by 3,000 percent. The program wiped out inflation but caused immediate hardships, notably among the poor.

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