

CAMBRIDGE  
UNIVERSITY PRESS

**Economic History Association**

---

The Peruvian Experiment: Continuity and Change under Military Rule by Abraham F. Lowenthal

Review by: William Glade

*The Journal of Economic History*, Vol. 36, No. 4 (Dec., 1976), pp. 976-978

Published by: [Cambridge University Press](#) on behalf of the [Economic History Association](#)

Stable URL: <http://www.jstor.org/stable/2119281>

Accessed: 31/01/2014 11:31

---

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Cambridge University Press and Economic History Association are collaborating with JSTOR to digitize, preserve and extend access to *The Journal of Economic History*.

<http://www.jstor.org>

The second objective has greater methodological significance. The discussion of price and quantity indexes as means of determining productivity change is not a new field of investigation. Krantz and Nilsson point out that Alfred Marshall discussed chain indexing as long ago as 1887. Unfortunately, having opted for the use of Laspeyres' indexes in contrast to Johansson's deflators, the authors place themselves on the side of value-added treatment of sectoral contributions to total output. So confined by these constraints to a linearly homogeneous production function that does not incorporate intermediate input changes, the validity of measurement of long-run changes is jeopardized. Krantz and Nilsson do attempt to reduce the upward bias inherent in Laspeyres' index deflators by a periodized linkage. That is, a kind of Paasche conversion is attempted by applying initial weights of one period to the base of the immediately preceding period. This process is designed to utilize the Gerschenkron effect to discover structural change period by period through the century examined.

In view of the extensive analysis under way for the past few years (the Denison-Griliches, Jorgenson controversy, the contributions of Christensen, Samuelson, Swamy, Hulten, and others), the emergence of the clear superiority of the Divisia index suggests its use in this connection. It will be extremely interesting to learn what will result from the application of the Törnquist index (see *Bank of Finland Monthly Bulletin* [October 1936]) to the same data.

If the preceding comments too heavily concentrate on shortcomings in the work, that is simply to indicate how subsequent efforts may be improved. The Krantz and Nilsson study is the pilot in an extended project underwritten by the Swedish Council for Social Science Research to update and revise the Swedish national accounting series. In their leading study the authors have laudably resumed previous work, and advanced the system not only in quantity but in form. Their final consideration of structural change concludes with the promise of further developments in the extension of research on Swedish production from the beginning of the nineteenth century. These further developments will be well worth the waiting.

BERNARD OLSEN, *North Carolina State University*

*The Peruvian Experiment: Continuity and Change under Military Rule.* Edited by Abraham F. Lowenthal. Princeton: Princeton University Press, 1975. Pp. xvi, 497. \$22.50, cloth; \$6.95, paper.

*Vale un Perú* was the Spanish colonial way of likening something to a pearl of great price. To judge from the outpouring of books dealing with contemporary developments there, Peru is again worth a great deal, at least to aspiring young Ph.D.'s. Ever since 1968, the social and political changes associated with the Peruvian revolution have proved to be an unusually rich and attractive lode for social commentators and analysts.

True, this is not the first time the area has elicited such scholarly attention; pre-Columbian and colonial Peru have for years caught the fancy of historians and archaeologists. But for the most part, the experience of the national period was unspectacular, except perhaps as the very embodiment of a traditional economy with export enclaves. The pronounced dualism of cultural arrangements, the disparity between oligarchs and underlings, and the general conservatism of the social order

seemed to place Peru squarely in the midst of the *ancien régime* which held sway throughout Latin America until recently. Only the notable success of the rather conventional, market-oriented development policies of the 1948-1962 period in any way distinguished the country from its sister republics. Compared with the other major Latin American countries, Peru lagged somewhat behind in terms of industrialization and the assorted indicators of modernization.

The coup of 1968 changed things with electrifying swiftness and comprehensiveness, considering the apparent stability of the status quo ante. A great deal of interest was ignited among both journalists and area specialists by the reform policies promulgated by the military leaders who, somewhat unexpectedly, led the revolution. High hopes were also kindled among young Peruvians at home and abroad. Moreover, as such things go, the work of societal renovation got underway with even a certain decorum, and the leadership maintained a remarkable coolness and aplomb throughout. It was, in a sense, an elegant revolution.

In *The Peruvian Experiment* a dozen commentators—mostly U.S. scholars but including two Peruvian and one British—offer their varying interpretations of what has happened. In so doing, they trace both the direction and magnitude of social changes, clarify the important shifts in the working rules (to use John R. Commons' term) that order economic and other relationships, and provide glimpses into the nature of the problems encountered in the course of social reconstruction. The agrarian reform process is treated in the greatest historical depth; other essays deal almost wholly with the past decade or so. Among the topics examined are housing policy, educational reform, ideological wellsprings and constraints, reforms in economic organization, foreign investment policy, and the like. Three comments seem to be in order.

First, there is not a notable perceptual cleavage between the Peruvians and the foreign observers. One of the Peruvians, Cotler, presents what is essentially an essay in ideological advocacy, purporting to demonstrate that the incumbent government is devoted to "the encouragement of new modes of capitalism and imperialism." The author laments the "failure to achieve national autonomy" (whatever that might mean for a small country like Peru), and salts the discussion with terms like "state capitalism," whose meaning is neither self-evident nor defined. While the contribution does help one detect areas of potential political weakness, its value lies chiefly in what it reveals of the state of mind of some of Peru's intelligentsia. Webb's chapter, in contrast, develops an interesting three-sector model which he uses, along with some fragmentary empirical data on income, to make inferences about the probable direction and size of income redistributions during the Belaunde and Velasco governments. In approach and style the two Peruvian contributions serve well as brackets to all the others, which tend to be less formal in analytical structure (like Cotler) but also less explicitly judgmental and *engagé* (like Webb).

A second observation is that nine of the twelve contributors may be said to represent the mainstream of the freshly minted generation of area specialists. This being the case, it is instructive to comment on the prevailing analytical mode—which eschews, incidentally, the tedious debate over assorted right-left taxonomies that has found favor among some of their academic generation. To a surprising degree, the progeny resemble their progenitors, methodologically speaking. No great use is made of quantitatively testable models, and indeed little reliance is placed on either an ordered body of tested hypotheses or clearly specified models of any sort. The

presentations are not simply straight ethnographic accounts nor mere "descriptive" history, let alone some sort of higher journalism. But neither is the level of analytical rigor in this type of "diagnostic" social commentary as much beyond the equivalent writings of, say, twenty-five years ago as one might have expected it to be. (For example, Sanford Mosk's *Industrial Revolution in Mexico*, a fine work published in 1950, is in no sense methodologically more primitive than the essays contained in this volume.) This is not to fault the contributors to *The Peruvian Experiment*, I hasten to add, but to note how little real advance there has been in systematizing the structure of interdisciplinary analysis. This is unfortunately so, even though it has long been recognized that, in social phenomena like those connected with the Peruvian revolution, the interactions among variables ordinarily dealt with by separate disciplines have been unusually strong.

Finally, it should be said that the restrained and careful way the contributors to this collection have gone about documenting the main drift of policy in Peru may well prove to be of even greater value to future economic historians than it is to today's social scientists. From today's vantage point, Peru seems still too *sui generis*. In time, one supposes, events will sort themselves out more clearly and the larger significance of the Peruvian experience will become evident. When that day arrives, researchers will doubtless thank Lowenthal's collaborators, along with the collaborators of David Chaplin (*Peruvian Nationalism: a Corporatist Revolution*), Daniel Sharp (*U.S. Foreign Policy and Peru*), and such individual authors as Frits Wils (*Industrialists, Industrialization and the Nation State in Peru*), E.V.K. Fitzgerald (*The State and Economic Development: Peru, 1968*), and Alfred C. Stepan (whose study of Peru will soon be out). In each of these books one catches a good many of the insightful contemporary social observations that must ultimately be used by historians in fashioning their analyses of how things happened and to what effect. Of all their efforts it may be said *valen un Perú*.

WILLIAM GLADE, *University of Texas at Austin*

*Class Structure and Economic Growth: India and Pakistan Since the Moghuls.* By Angus Maddison. New York: W. W. Norton, 1971. Pp. 181. \$7.95.

*The Economic Development of India Under the East India Company, 1814-1858: A Selection of Contemporary Writings.* Edited by K. N. Chaudhuri. Cambridge: Cambridge University Press, 1971. Pp. vi, 319. \$19.50.

The object of Maddison's book is to analyze the relationship between social structure and economic performance in India and Pakistan. It raises two questions: did the social system have a significant dysfunctional role, by hindering growth, historically and since 1947; and have governments tried to change the social structure? Both the theme and the questions are important, but Maddison provides only a sketchy treatment of the former and inadequate answers to the latter. The book is just too short to encompass its subject satisfactorily. For example, can one seriously devote a "chapter" of only four and a half pages to a topic as broad as "The Social Origins and Ideology of the Nationalist Movement"? To answer his questions, Maddison relies heavily on secondary works. Naturally, the choice of sources partially