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The Political Economy of Peru, 1956–1978: Economic Development and the Restructuring of Capital by E. V. K. FitzGerald

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pediment to improvement of the profile of income distribution. Moreover, the demographic factor itself may accentuate socio-economic effects of growth without distribution.

The volume also throws some light on an important issue of contemporary policy in Brazil. To be sure, the authors do not find evidence in support of an adverse effect of rapid population growth on economic growth. Yet population growth has resulted in numerous problems of provision of services such as housing, health, and education. Moreover, because of Brazil's broad-based age distribution there is a significant yearly increment to the labor force (estimated loosely in Brazilian debates at 1.5 million new entrants). The high yearly new job formation of Brazil requires very high yearly rates of growth. But Brazil is now facing several obstacles in this effort. The already high base of its economy, ranking now as the eighth largest market economy in the world, suggests lower growth rates in the future. Furthermore, Brazil's lack of fossil fuels, in the framework of higher inflation and lower growth after 1973, may impose growth rates lower than those required for creation of sufficient new jobs. In this environment, Brazil's population policy, or lack of it, may have to be reconsidered.

Because of the length of the period considered and the interdisciplinary nature of the methods used, this volume should be of interest to economic historians and to social scientists in demography and economic development.

CARLOS MANUEL PELÁEZ, *Banco Lar Brasileiro*

The Political Economy of Peru, 1956-1978: Economic Development and the Restructuring of Capital. By E.V.K. FitzGerald. Cambridge: Cambridge University Press, 1979. Pp. xi, 360. \$36.00.

Professor FitzGerald's book is an attempt to analyze three successive restructurings of Peruvian capital whose aims were to reorient development from the primary export model to one of industrial dynamics. Particular attention is paid to patterns of production, ownership, organization, and surplus disposition for the period.

The first four chapters introduce the theoretical issues, political background, and economy of Peru. Inconsistencies and contradictions are pointed out in the military's development model with respect to the maintenance of dualism, the relation of public enterprise to central government, the continuing presence of conflict with both capital and labor, the lack of true fiscal reform, and the enduring need for multinational presence. The fifth chapter examines asset ownership and income distribution from a sectoral viewpoint. Agriculture, mining, manufacturing, fishing, banking, all the subject of basic reforms from 1968 to 1978, are dealt with in detail. The sixth chapter looks at a six-phase cyclical model of capital accumulation in which the central theme is struggle over control of natural resources. The emphasis appears misplaced. The long-term trend of declining private and rising public investment is relegated to one paragraph; however, analysis of appendix data on which the chapter is based shows that the trend alone explains over three-fourths of the private investment variance and almost two-thirds of the public. The remainder is explained only in part by these phases.

The core of the work, which constitutes its main contribution, is found in the two chapters explicitly dealing with the economic role of the state. In chapter seven FitzGerald concludes that the main result of the increasing role of the public sector is the emergence of state bureaucrats as a political phenomenon. Looking at the economic aspects, he disaggregates the state into central government, public enterprise, and public finance issues, and notes a pattern of restricted central services with an increasing role for security measures until 1968, and increased reliance on public enterprises with high military expenditures thereafter. Such a growth in activities was not matched by a commensurate growth in tax revenue or public enterprise profits. The eighth chapter provides an in-depth look at the policy making and planning. While the system demonstrated certain strengths,

it could not adapt to certain macroeconomic constraints such as shortage of funds, unprofitable public enterprises, and indeterminate trade and consumption. It also turned a blind eye to social objectives such as employment and more equitable income distribution among regions. His description of the planning process during the mid-1970s is a valuable contribution.

A ninth chapter dealing with industry's structure, ownership, accumulation patterns, and economic policy appears to be an afterthought. Policies are not judged a great success because of the faulty underlying assumption that Peruvian industry could be understood according to an orthodox market model awaiting nothing but the correct government-supplied climate to grow.

The book is flawed by certain editorial inconsistencies which make it impossible to verify FitzGerald's conclusions. The import-substitution efforts of the 1950s and 1960s are judged a failure, in part because of the growing demand for imported industrial capital goods and inputs. Yet figures provided for industrial capital imports at times include construction and transport equipment (p 81), and at other times mining and military hardware (p. 270). Years in tables are mismatched, further making comparisons impossible (for example, Tables 9.4 and 9.5). The majority of the data sources are not cited in the bibliography and the limited four-page index is more a nuisance than an asset.

AL SAULNIERS, *University of Texas at Austin*

Guatemalan Caudillo: The Regime of Jorge Ubico, Guatemala, 1931 to 1944. By Kenneth J. Grieb. Athens, OH: Ohio University Press, 1979. Pp. xvii, 384. \$16.00

The Chilean poet Pablo Neruda characterized the dictatorship of Jorge Ubico as yet another accomplishment of the United Fruit Company in Central America, and Ubico himself as a fruit fly soaked in the blood of those whom he oppressed. Kenneth J. Grieb's examination of the Ubico regime is an attempt to refute this sort of appraisal, to assess the diverse aspects of Ubico's tenure, and to place the episode in the context of political change in Guatemala since the Great Depression.

Grieb draws upon a wide array of archival sources in Guatemala and the United States, and his use of material drawn from interviews with officials of the regime provides a close look into the personality, political style, and methods of Jorge Ubico. Grieb has produced a comprehensive view of the internal organization of the regime; an examination of Ubico's diplomacy; and an analysis of the programs Ubico devised to mitigate the impact of the depression on the Guatemalan economy. Less systematically, Grieb's narrative also furnishes data on Guatemalan social structure, and suggests the constraints under which Ubico's "modernizing" authoritarian regime operated.

After 1871 coffee became Guatemala's principal source of foreign exchange and government revenue, and coffee shaped the dominant pattern of land tenure. *Fincas*, or large plantations, monopolized most arable land, and the rural population was reduced to subsistence agriculture on *minifundios*, or small parcels. An oligarchy of planters prospered with the export of coffee, and it was from this class that Ubico hailed. His approach to the problems of the depression reflected the mentality of his class, and worked to its economic benefit. While there were minor efforts to diversify the composition of agricultural exports, and some success in increasing the output of corn, beans, and rice, Ubico sought mainly to raise the production of coffee, and to find new markets for it. The program was a mixed blessing, though, since the disruption of trade patterns by World War II left the United States as virtually the sole purchaser of Guatemalan coffee.

Ubico was also able to construct a system of usable roads. Between 1932 and 1943 the network was expanded fivefold, and the feasible area for commercial agriculture enlarged. Yet, as Grieb is forced to admit, this investment was financed in a thoroughly regressive way. Involuntary Indian labor was its principal basis, a means of capital investment not