Electric media in rural development: Individual freedoms to choose versus politics of power and control.

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The anger that breaks the good into doubts,
the doubt, into three similar arcs
and the arc, later on, into unforeseeable tombs;
the anger of the poor
has one steel against two daggers.
César Vallejo, *The anger that breaks the man ...*

10 PERÚ

10.1 INTRODUCTION
An overview of politics in Peru from the 1960s to the 1990s provides necessary insight into the political landscape of Peru. In 1962, Víctor Haya de la Torre of the left-centrist Revolutionary American Popular Alliance (*Alianza Popular Revolucionario Americano*, APRA) appeared to be winning the presidential elections, but the military intervened and annulled the elections. In 1963, the military supported the election victory of the right-centrist Popular Action (*Acción Popular*, AP) and Christian Democratic Party (*Partido Demócrata Cristiano*, PDC), which resulted in the first presidency of Fernando Belaunde Terry. However, in parliament Belaunde had to rely increasingly on APRA, which led to a military coup. In 1968, General Juan Velasco Alvarado was named president, but contrary to other military regimes in Latin-America, Peru’s military regime turned out to be leaning to the left. Velasco started a large scale nationalization of industries, introduced land reforms and cooperative agricultural structures (*Reforma Agraria*), but failed to include indigenous communities. Velasco also introduced a State-agency to support the formation of social organizations, which he intended to link to the State-structure. The initiative failed, partly because grassroots organizations resisted interference with their autonomy. An important side-effect of the left-leaning policies of Velasco’s regime was a confused and splintered left-wing political movement in Peru, which particularly affected the Communist Party of Peru (*Partido Comunista del Peru*, PCP). One of the earliest splinter groups of the PCP, the PCP-Red Banner (*Bandera Roja*), led to two further splinter groups, the PCP-Red Fatherland (*Patria Roja*). and later, in 1970 in Ayacucho, the PCP-Shining Path (*Sendero Luminoso*). The 1973 oil crisis exacerbated Peru’s poor economic situation and Velasco was ousted and replaced by a more conservative general, Francisco Morales Bermúdez. Bermúdez reversed some of Velasco’s more radical reforms, allowed democratic elections and Belaunde was elected president for a second term.

Under the second Belaunde presidency (1980 to 1985), the economic situation gradually declined. Belaunde also allowed *Sendero Luminoso*’s military insurgency to grow without taking action. As a result, he had to declare a state of emergency at the end of 1982. He subsequently yielded political powers to military commanders in insurgency areas of the southern Andes. However, declining export income, an increasing burden of international debts, inflation and general economic depression further worsened Peru’s economic situation. Guerrilla activities by *Sendero Luminoso* and the Revolutionary Movement Tupac Amaru (*Movimiento Revolucionario Tupac Amaru*, MRTA) became increasingly violent. In 1985, the combination of the militarily successful guerilla actions and a deteriorated economy led to the election of Alan García as the first APRA president. Despite initial successes, the economic decline continued from 1988 onwards leading to the virtual bankruptcy of Peru, while guerrilla activity increased. The popular disillusionment with traditional politicians, the impossibility of opposition political parties presenting a united front with a viable political alternative, a general erosion of the class defined electoral bases of the political parties, combined with the miserable economic condition of Peru allowed for the election of a politically unknown agricultural engineer, Alberto Fujimori. His election was not based on power derived from a political party. Fujimori claimed that his political project was an exercise in direct democracy. The 1993 municipal elections indeed took place without candidates of Fujimori’s political movement, Change90 (*Cambio90*), and many independent council members were elected. As a populist, Fujimori thrived on the situation of political fragmentation. However, Fujimori’s apparent disdain for political organizations appeared to be more aimed at restricting ‘popular [political] participation to the individual act of casting a ballot for an
autocratic leader' (Roberts, 1998: 267) than at reviving direct elections.

Although he was elected on promises of moderation, everything Fujimori did during his first term in office was drastic. Rigorous economic reforms created a 'Fuji-shock' of skyrocketing consumer prices, but the effects were softened by a Social Emergency Program (Programa de Emergencia Social, PES). However, apart from softening the impact of the drastic economic reforms, the program can be perceived as the first step in creating a new dependency relation between the Peruvian State and its economically weakened citizens. Economic liberalism replaced the policies of the centrally planned and operated State-led economy and after two years of continuous struggle with an opposition dominated congress, Fujimori staged a self-coup (autogolpe) on April 5, 1992. The anti-democratic move temporarily evoked international criticism, but after the formal democratic institutions had been reinstated, the focus was again on Peru's improved macro-economic indicators. In 1995, Fujimori was elected for a second term on the basis of positive macro-economic indicators and increased security, after Sendero Luminoso and MRTA guerilla activities had mostly been suppressed. Apart from continuing his neo-liberal economic policies, Fujimori's main concern in his second term appeared to be creating legal conditions for a third term in office, as well as to suppress the opposition.

The run-up to, and the first round of, the 2000 presidential elections made clear that in Peru de facto party organizations still do not exist as political forces. Illustrative of this fact is the rise of a relatively unknown presidential candidate, Alejandro Toledo, who managed to force a second round run-off with Fujimori. Shortly before the elections, Toledo came almost out of nowhere, with only a basic political organization supporting him. The fact that Toledo was perceived as leader of the democratic forces in Peru may be more a confirmation of the appeal of populism in Peru than a nationwide desire for democracy. His pull-out of the second round of the elections has tainted his democratic credentials and, in my opinion, is an indicator that he possesses the same autocratic tendencies Fujimori has demonstrated. Executive power is concentrated in the presidential office and its ministry. The main issue for Peru shall be whether a new president will hand over part of that power to restore democratic checks and balances which Fujimori removed, de-activated or existed only nominally under his presidency.

10.2 DEMOCRATIC INSTITUTIONS AND PRACTICES, AND POLITICAL FREEDOMS

In 1992, Fujimori dissolved parliament and a new constitution was drawn up, which centralized executive power in the office of the president. Shortly after the autogolpe, Fujimori dissolved regional governments (DL No. 25432) and replaced them with non-elected transitional regional councils, consisting of people appointed by himself. Fujimori declared a state of emergency in large parts of the country and handed the military extensive authority to fight guerilla movements. A negative side-effect of Fujimori's drastic approach to the guerilla insurgency was a reduced respect for, and status of, political and human rights in emergency zones and in Peru as a whole. Nevertheless, Fujimori's economic performance and Peru's important role in the war on drugs guaranteed continued international support.

Although the 1993 Constitution restricts the number of consecutive presidential terms to two, Fujimori managed to place himself on the ballot for a third term in office, claiming that the constitution was written during his first term and that, therefore, his first term fell outside the two term limit. Members of the judiciary, opposed to Fujimori's interpretation of the constitution, were dismissed by the Cambio90/ New Majority (Nueva Mayoría) dominated Congress, which subsequently agreed to a possible third term.

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1 In May 2000, similar transitional councils were created for the main entities of the Lima metropolitan area, Lima and Callao (Ley #27271 and 27272). The implication is that the president has more political and administrative control over these two urban areas.

2 In my opinion, this result constituted serious collateral democratic damage, since it was achieved after the dismissal of three of the seven members of the Constitutional Tribunal (Tribunal Constitucional) by a parliament dominated by Fujimori's Cambio90/Nueva Mayoría coalition. After his election for a third term, Fujimori tried to silence international criticism by promising to resuscitate the tribunal. In the meantime, Fujimori's connection to bribery scandals, caused by his head of the secret service, Vladimiro Montesinos, caused a major public outcry and Fujimori unexpectedly, and in a bizarre way, resigned in the course of November 2000. The speaker of parliament, Valentín Paniagua, has assumed the presidency until the 2001 presidential elections. Given the concentration of executive power in the office of the president, it is, in my opinion, uncertain whether the future elected president

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Political system

Since independence, Peru has been a republic with different types of government, including ‘enlightened’ military dictatorships. The government is unitary, representative and centralized and organized in line with the principles of separation of powers (1993 Const., art. 43). The constitutional interpretation of centralization may not have united most executive power in the presidency, but the office of the president has to be considered the gravitational center of Peru’s political system. The political system consists of the following main elements:

- the highest law in the country is the 1993 Constitution, which subordinates international law to national law (1993 Const., art. 51); the Constitutional Tribunal (Tribunal Constitucional) is Peru’s supreme institution for interpreting and safeguarding the constitution and its seven members are elected (and can be dismissed) by the legislative body (1993 Const., art. 201/202);
- the head of state is the president, who is elected (with two vice-presidents) every five years in direct elections (1993 Const. 1993, art. 110 to 112) and can serve a maximum of two consecutive terms;
- executive power rests with the president, who is also the head of government and of the Presidential Ministry (Ministerio de la Presidencia, MinPres) (1993 Const., art. 118.1 to 23); the members of the Cabinet (Consejo de Ministros) and the Prime-Minister (Presidente del Consejo) are appointed by the president (1993 Const., art. 119, 122);
- the country’s legislative power is installed in a unicameral parliament, the Democratic Constitutional Congress (Congreso Constituyente Democratico, CDC), consisting of 120 members; parliamentary elections take place every five years (1993 Const. art. 90); Congress can delegate its power to issue legislative decrees (Decretos Legislativos, DL) for a pre-determined period of time to the president (1993 Const., art. 104); and
- the highest court is the Supreme Court of Justice (Corte Suprema de Justicia).

Despite the presence of formal democratic institutions, Peru is de facto ruled by its president. Congress has acted as a rubber stamp parliament, as a result of the congressional majority of parties loyal to Fujimori. The basic framework for the electoral system is laid out in the 1993 Constitution (art. 176 to 187) and Congress elaborates on the constitutional articles in electoral laws. According to the 1993 Constitution, the electoral institutions are the National Board for Elections (Jurado Nacional de Elecciones, JNE), the National Office for Electoral Processes (Oficina Nacional de Procesos Electorales, ONPE) and the National Registry of Identification and Civil Status (Registro Nacional de Identificación y Estado Civil, RENIEC). The electoral institutions operate independently from the government (1993 Const., art. 177) and administer different parts of the election process. The main tasks of the electoral institutions are registration and recognition of political parties and lists of candidates (JNE), organizing and monitoring the elections and the vote counts (ONPE) and providing necessary information on the civil status of Peruvian citizens with respect to the electoral process (RENIEC). There are no opportunities for review regarding rulings on electoral matters by the JNE (1993 Const., art. 142, 181). Established parties obtain legal recognition on the basis of a minimum of 5% of the vote in the previous election. All other parties have to present signatures of at least 4% of the electorate. There are no requirements with respect to size and national presence of a political party’s organization. Representatives for Congress are elected on a proportional basis, with the entire country being one district. However, despite the constitutional and legal frameworks to guarantee fair elections,

will adopt more democratic ways than Fujimori. The first round of the elections have led to a run-off between Alejandro Toledo and Alan Garcia.

3 The Ministerio de la Presidencia was established in 1992 as the State-institution to coordinate aid to the poor.

4 The following parties were represented in the 1995 - 2000 CDC: Cambio90/Nueva Mayoria (Fujimori, 67 seats), Unión por el Perú (UPP), 17 seats, Partido Aprista Peruano (PAP, 8 seats), Frente Independiente Moralizador (FIM, 6 seats), CODE-Pais Posible (CPP, 5 seats), Acción Popular (AP, 4 seats), Partido Popular Cristiano (PPC, 3 seats), Renovación (3 seats) and 5 parties occupying 7 seats.

5 In addition, article 26 of the Telecommunication Law states that, in compliance with article 131 and 134 of the 1993 Constitution, the JNE is the entity which, during electoral processes, ensures that the companies which provide broadcasting services offer, under equal commercial conditions without any discrimination, broadcasting slots to political parties, political groups or candidates duly inscribed in the JNE and who participate in the electoral campaign (Decreto Supremo No. 013-93-TCC).
many irregularities have been observed in the 2000 elections for president and Congress (Carter Center, 2000: 1 - 6).

Administrative structure
The 1979 Constitution mandated the creation of autonomous regions out of existing departments. The 1993 Constitution reiterated that 'the regions have political, economic and administrative autonomy in matters under their responsibility' (1993 Const, art. 197)6. However, Fujimori had been reluctant to decentralize the administrative structure. The 1993 Constitution states that elected regional governments had to be installed before 1996 (1993 Const., Disposicion 8), but Fujimori's government did not adhere to that timetable. Including the national level, the administrative structure consists of four levels:

- 24 departments, which are the de facto regions, and the 12 regions which exist on paper only. The head and the members of the departmental governments, the Transitional Council for Regional Administration (Consejo Transitorio Administracion Regional, CTAR), are appointed by the president, although the 1993 Constitution states that 'the President of the Region is elected through direct elections for a period of five years'(1993 Const., art. 198);
- the departments are constituted of 192 provinces (provincias); and
- the provinces in themselves are divided into 1808 districts (distritos).

At provincial and district level, local governments are elected every four year in elections for local assemblies and heads of local government (alcaldes). The district is officially the lowest administrative level. Below districts a distinction is made between townships (municipios) and peasant and native communities (Comunidades Campesinas y Nativas, CCN). However, the territory of a CCN can cover parts of more than one district and for practical reasons CCNs cannot be perceived as an administrative level. CCNs are recognized as separate legal entities under the law on rural and native communities (Ley de Comunidades Campesinas y Nativas, No.26850). Municipalities (municipalidades7) are officially the local government (1993 Const., art. 191) and the law on municipalities confirms that 'municipalities are organs of local government, which originate in the popular will' (Ley Orgánica de Municipalidades, No.23853, art. 2).

 Freedoms, liberties and rights8
A discussion of individual human rights in Peru has to include remarks on the impact of the State’s fight against guerilla insurgencies and narco-terrorism on the human rights of Peru’s citizens. Although Sendero Luminoso and MRTA have been all but eliminated, narco-terrorism continues to pose a threat to security in some of the coca-growing parts of Peru. The 1993 Constitution gives the president the power to declare a state of emergency by decree, without approval by Congress. A state of emergency can be declared for the entire national territory, or for a part, for a maximum period of 60 days, after which a new decree has to be issued. The circumstances under which the president can decree a state of emergency are vaguely described as ‘disturbance of peace or national order’, ‘catastrophes’ and ‘serious circumstances which affect the life of the nation-state' (1993 Const., art. 137). Under a state of emergency, the following rights, embodied in the respective articles of the 1993 Constitution, are suspended: articles 2.9 (inviolability of an individual’s domicile); 2.11 (freedom to choose a place of residence and freedom of movement); 2.12 (right to assemble peacefully and unarmed); and 2.24f (protection from unwarranted arrest/detention). The articles do not include restrictions on the freedom of speech (1993 Const., art. 2.4), but representatives of the mass media are de facto denied actual

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6 All excerpts and phrases for the constitutional text have been translated into English from the Spanish original.
7 The municipalidades are the local government responsible for a municipio, which is defined as a population center with a certain geographical area (Távara, 1999: 12).
8 In the 1999 Freedom House Survey, Peru was declared to be partly free, but not considered an electoral democracy. On a scale from 1 (highest) to 7 (lowest), the situations concerning political rights and civil liberties were rated as 5 and 4 respectively (Karatzyncky, 2000: 187 - 200).
enjoyment of that right, because they are restricted in their movements. In a state of emergency, the armed forces take control of internal security instead of the police. In the context of the official fight against drugs, a violation of another individual right, the right to private enterprise, is hardly ever mentioned. Coca is grown in many parts of the Andes and many social rituals and customs are connected with coca leaves (Allen, In: Starn, Degregori and Kirk (eds.),1995: 388 - 400). Coca cultivation is a major source of income for many peasants, who are denied the right to cultivate the crop of their choice in narco-terrorism emergency zones without being offered any compensation for the violation of that right.

The 1993 Constitution distinguishes among three types of individual rights, (i) basic human rights (derechos fundamentales de la persona, 1993 Const., art. 1 to 3), (ii) social and economic rights (derechos sociales y económicos, 1993 Const., art. 4 to 29) and (iii) political rights and duties (derechos políticos y deberos, 1993 Const., art. 30 to 38). Some rights are fully guaranteed by the constitution, but others are elaborated in legal provisions. The most important fully guaranteed human rights in the constitution are:

- freedom of conscience and religion, as an individual or in associations (art. 2.3);
- the right to protection of health (art. 7) and free access to public and private health care (art. 11);
- the right to free education (art. 13), but only in public primary and secondary schools (art. 17);
- the right and duty to work (art. 22); and
- citizens have the right to participate in political processes (art. 31).

Some basic rights depend on legal provisions. Despite the basic right to health protection and education, not every individual in rural areas of Peru actually enjoys these rights.

Freedom of speech (art. 2.4), assembly (art. 2.12) and association (art. 2.13) are mentioned in the 1993 Constitution, but are not fully safeguarded by that constitution and subject to provisions by law. Article 2.4 states that opinions can be expressed without prior authorization and formally censorship does not exist in Peru. However, by creating a conducive (legal and regulatory) environment for commercial mass media and a less conducive one for independent electronic mass media, the Peruvian government effectively stimulates entertainment over information. Free market forces, which were supported by Fujimori’s neo-liberal economic policies, are effective censors. The mass media appear to be a source of concern to the Peruvian government, leading to initiatives to influence information provision (section 10.6). The recent presidential elections illustrate the result of that concern, with access to electronic mass media skewed in favor of the incumbent (Carter Center, 2000: 3/4). Most of the larger electronic mass media are owned by a few families who have long formed an economic elite in Peru. Apart from the freedom of speech and of the press, free access to information is an important human right. Free access to public information is required for transparency of government in general, and accountability of the people in public office in particular. In Peru, freedom of access to that type of public information has not been guaranteed, but legislation has been proposed (El Comercio, 13.08.1999). In the 1993 Constitution, habeas data addresses the right to access information:

*The Action of Habeas Data acts against the deed or omission, from the side of any authority, functionary or person, which violates the rights to which articles 2, subsections 5, 6 and 7 of the Constitution refer (1993 Const., art. 200.3)*

In Peru, the habeas data concept means that information on individuals in public registers cannot be provided to third parties. It extends to the mass media in that it guarantees individuals the right to information and rectification from the side of the mass media if the mass media do not provide rectification on their own initiative. However, the constitutional and legal safeguards have not prevented electronic mass media from influencing the presidential elections by aggressively attacking presidential candidates other than Fujimori. The effectiveness of the habeas data concept can be doubted, since inaccurate or damaging information disseminated during the short time span of election campaigns may not be corrected until after longer lasting judicial procedures.

### 10.3 SOCIAL FREEDOMS

The 1993 Constitution recognizes individual rights to health care (art. 7), to social security (art. 10) and to education (art. 16). The rights are elaborated in subsequent articles, but social opportunities, such as
equal access to education and health care, or rather equal chances of being educated and remaining healthy, are not sufficiently provided for in rural areas of Peru, partly because of poor infrastructure. If education and health care are provided, the quality of the services is limited, which means that both the opportunity and process aspect of education and health care in rural Peru negatively influence actually enjoyed individual social freedoms. Peru’s relatively high female and male adult literacy levels (83.0% and 94.5% respectively in 1995; UNDP, 1998c: 132) mask distinct differences in literacy levels between urban and rural areas, since more than 70% of Peru’s population lives in urban areas. The situation for health care is worse, and about 55% of the population does not have access to basic health care services (UNDP, 1998c: 146). Social opportunities have an immediate link with political freedoms. Literacy is needed in many cases to participate in political activities and is indispensable to participate fully and on an equal footing. The State’s rural development approach consists of introducing market mechanisms and satisfying material development needs, creating dependency through a continuous need for receiving social benefits. However, in my opinion, social opportunities are about enjoying social choices, leading to obtaining increased capabilities, which are crucial to autonomous people-based development as freedom of choice.

Education in Peru
Apart from public schools, private education centers provide educational services. The Ministry of Education (MinEduc) is responsible for the national curriculum and operates as a supervisory institution with respect to educational standards that have to be met by institutions providing educational services under the national curriculum. Coordinating and supervising functions, as well as responsibilities for education and fund allocation, are centralized in MinEduc, although the constitution states that the educational system should be decentralized (1993 Const., art. 16). In 1999, Fujimori announced a partial decentralization of the educational system, but that only amounted to transferring public schools’ payrolls to departments. Constitutional guarantees, such as universal education irrespective of economic situations, eradication of illiteracy and support for bilingual education are clearly at odds with reality in rural areas.

Peru has a national curriculum for pre-school (educación inicial), primary education (educación primaria 1 and II, six years) and secondary education (educación secundaria, four years), all of which are free at public schools and compulsory. The majority of schools are public, but private schools exist for all school types. Although room is available to add regional elements to the curriculum, the absence of material, the fact that in rural areas pupils often do not attend school for all the official hours and a lack of qualified teachers usually prevents development of a regional component of the curriculum. The official national language is Spanish (Castellano, 1993 Const., art. 48), but where local languages are dominant ‘also Quechua, Aymara and the other aboriginal languages [have an official status] by law’ (1993 Const., art. 48). However, despite this formal acknowledgement of other languages and in spite of a constitutional guarantee to bilingual education (1993 Const., art. 17), experiments with a curriculum in Quechua have started only recently and on a limited basis.

In principle, any population center, or community, with more than 35 children has a right to an educational center, albeit only one with the first three grades of primary education. As a result, children in rural areas often have to travel a relatively long distance to continue education after the first three grades of primary school. Secondary education is not provided below the level of district capitals, meaning that an even larger number of children have to travel significant distances to continue education at secondary level. The reason for this is that secondary education requires subject teachers for each subject. As a result, secondary schools can only be financially sustained on the basis of a minimum number of students. In addition to infrastructure limitations and financial constraints, the education system is affected by the poor economic situation, which makes direct and opportunity costs of education prohibitive for parts of the population. Rural areas lack physical access and the quality of the educational processes is below standard. The main problems are low access to educational services in rural areas in general, and a sub-standard educational level for primary education in particular. The government has spent significant sums on education infrastructure, mostly schools, but less on improving the quality of education.
Health care in Peru
Even small population centers have health care posts (puestos de salud), which provide primary health care to the population of a number of CCNs. At district levels, health care facilities are called health care centers (centros de salud), which can also be part of general branches of hospitals in nearby cities. At provincial levels, health care facilities are called support hospitals (hospitales de apoyo) and major hospitals are typically located in departmental capitals and universities with medical faculties have their own medical centers. Peru’s main providers of health care services and infrastructure are the Ministry of Health (Ministerio de Salud, MinSa) and the newly created Social Health Care Insurance (Seguro Social de Salud, EsSalud).

Peru has a shortage of skilled medical staff and the more remote a health care facility is located, the more difficult it is to provide equipment and medicine. Trust in the primary health care facilities is not high and if people can afford it they go to the nearest hospital in the provincial or departmental capital. As a result, hospitals cannot cope with demand and primary health care facilities are underutilized. The health care system is centralized in Lima, although similar to education services, some administrative decentralization had been proposed by Fujimori in 1999. According to the constitution, decentralization is needed to ‘facilitate equal access to health care facilities for everyone’ (1993 Const., art. 9), which is different from Fujimori’s objective to balance the State budget. Nevertheless, Fujimori’s government did not announce plans other than allocating funds for salaries to lower administrative levels and left it to local governments to operate health care facilities, without matching funds.

10.4 ECONOMIC FREEDOMS
The shift from State-led development to neo-liberal economic policies has had a significant impact on the economic facilities of people in rural areas, in particular with respect to available credit. Another aspect is the dependency relation that has been created under Fujimori’s governments. Many people in rural areas receive food aid, a continued compensation for the negative effects of the neo-liberal economic policies.

Historical background
Peru’s economic system has gone through various transitions and the shift to State-capitalism under the military regimes of Velasco and Bermúdez is one significant transition. Under the military’s National Development Plan (Plan de Desarrollo Nacional), the public share in investment, as well as the active participation by the State in the economy increased, resulting in an increase in SOEs from somewhere between 18 and 40 (depending on the definition used) in 1968 to a total of 174 in 1977. Certain industrial sectors, in particular mineral resources, were given national strategic importance and strictly reserved for SOEs. In other economic sectors, domestic and foreign owned enterprises were nationalized and State-monopolies created. The most important State-monopolies were ENCI (importation of sugar, grain and flour), ECASA (rice imports), MINPECO (domestic trade in metal and minerals), PetroPerú (oil, gas production) and PescaPerú (fishing). The relevant service monopolies were CPT-ENTEL (telecom), ENAPU (port services) and ElectroPerú (electricity). These State-monopolies centralized and politicized economic planning. Price controls and subsidies characterized the State-led development policy, which was based on a strategy of industrialization through import substitution. Apart from internal inefficiencies, combined external factors (e.g., El Niño, Latin-America’s 1980s debt crisis and violent guerrilla insurgencies) exposed the various weaknesses of the model and in 1988 the economy finally collapsed. Two more years of sharp economic decline set the stage for another transition of Peru’s economic system, neo-liberal free market macro-economics and a roll-back of the State.

General guidelines for the economy
The Fujimori government made a break with Peru’s State-capitalism. Its economic objective was to improve macro-economic indicators to make Peru a respected member of the international financial community again. Fujimori realized that structural reforms of the economy would be necessary to
achieve the objective. The emergent economic system, was based on the following policy guidelines:

- redefining the role of the State, which, amongst others, meant downsizing the State and reducing (and eventually phasing out) State-control over specific economic sectors;
- introducing privatization processes, with the main objective of removing State-monopolies;
- liberalizing and deregulating the economic system to open up Peru’s markets to free competition for domestic and foreign enterprises alike; and
- reforming the financial system and stabilizing the currency.

Based on these policy guidelines, Fujimori canceled subsidies on consumer goods and increased prices for public transport, the ‘Fujishock’. Within a month prices had risen about 400%, dramatically reducing people’s purchasing power. Fujimori also reduced the size of the State-bureaucracy and started the privatization of SOEs. The 1993 Constitution provides that the State will engage in entrepreneurial activities only in exceptional cases:

*Only authorized by special law, can the State endeavor in state sponsored entrepreneurial activities, direct or indirect, for reasons of high public interest or of manifest national advantage.* (1993 Const., art. 60)

Except for ElectroPerú, all the State-monopolies, which are mentioned in the previous paragraph, had been dismantled by early 1992. These adjustments were expected to reduce public expenditures, curb hyperinflation, increase tax revenues and generally to improve the macro-economic indicators of Peru. In combination with neo-liberal economic policies, redefining government has led to small size government, with the private sector expected to take care of a number of services formerly provided by government agencies or SOEs. It also meant free trade, leading to the removal of almost all trade barriers and a drastic reduction in import tariffs. At the same time, Fujimori stimulated production of export crops on irrigated pieces of land on the coastal desert to increase the inflow of foreign exchange to finance increased imports and to pay off international debts. From a macro-economic point of view, the results of Fujimori’s neo-liberal policies have been impressive. Inflation has been brought under control and macro-economic growth has mostly been impressive since 1993 (6.4%, 13.1%, 7.0%, 2.8%, 4.5% of GDP from 1993 to 1997; Kisic, In: Crabtree and Thomas (eds.), 1999: 96), although growth has slowed (0.7% in 1998). Moving from a State-regulated socialist economy to a market oriented economy has had major effects on the organizational structure of Peru’s economy. According to the 1993 Constitution, however, the shift has not been that dramatic:

*Private initiative is free. A social market economy is implemented. Under that regime, the State guides the development of the country, and acts principally in areas of employment promotion, health care, education, security, public services and infrastructure.* (1993 Const., art 58)

Nevertheless, this statement seems merely to perform lip service to the concept of a mixed economy, since the emphasis appears to be on market mechanisms rather than on social security. State-guidance of rural development does not go beyond promoting free market mechanisms. After his re-election for a third term, Fujimori politicized his economic policies by canceling privatizations and re-introducing some measure of State-control over the provision of utilities. In general, Fujimori’s shift in policy was argued to be based on regaining popularity through populist economics.

**Economic coordination mechanisms**

In the past, the issue of land ownership in Peru has been closely related to power. The semi-aristocratic farmers (haciendistas) owned large pieces of land and ordinary farmers worked the land with varying levels of dependence, ranging from situations of free labor to de facto slavery. As in many developing countries, land tenure became increasingly politicized. In the northern part of the sierra, some land was transferred to individual farmers in the 1940s and 1950s, but most remained in the hands of haciendistas until the late 1960s. From that moment on, the left-wing military government of general

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9 To put this figure in perspective, inflation figures for the years 1988, 1989 and 1990 were 1722%, 2775% and 7649% respectively (Kisic, 1999, In: Crabtree and Thomas (eds.), 1999: 79).

10 For example, the personnel reduction of the Ministry for Agriculture was almost 80%, but, as will be shown below, that did not mean that the total government budget for agriculture went down.
Juan Velasco Alvarado introduced major land reforms, together with cooperative structures for agricultural production. The inefficiency of cooperatives caused shortages in traditional crops and in the 1980s cooperative land was handed over to the members, turning them into small landowners (parceleros) (Grand, 1998: 50).

The policies of Fujimori’s government have favored free market mechanisms for the distribution of resources and even attracted foreign investment into the mineral resource sectors. However, the financial resources for rural development were mostly controlled by MinPres, hence by Fujimori. At present, it is not clear to what extent Fujimori’s successor will continue the recently introduced and more populist economic policies.

The cooperative structure, which was introduced as a major component of the Reforma Agraria, never became popular. After the operational failure of the cooperative structure, it was gradually phased out. Despite the resulting unpopularity of the cooperative structures for production purposes in rural areas, the structure is still used in the (informal) service industry. At present, neo-liberal policies favor free enterprise following the demand and supply economics of free market mechanisms. The SOEs have been privatized or dismantled and the cooperative structure is discouraged as a mode of organizing production. The emphasis on export production also favors large-scale enterprise over SMEs and despite promises to improve the situation for SMEs, little has been done. Land ownership continued to be an important economic issue during the Fujimori governments. Individual land tenure is now encouraged in line with an emphasis on free enterprise, but by attempting to privatize the communal land of peasant communities, Fujimori politicized the issue differently by attempting to reduce the organizational strength of the rural communities.

The macro-economic policies are outlined by the government, which also takes the major decisions at that level. However, beyond the macro-economic level, individual enterprises are expected to take their own free market decisions. Decisions on the geographical distribution of funds for rural development are made by the State, which also decides the nature of projects that will be funded.

Financial institutions

The Fujimori government closed the State-owned Agrarian Bank (Banco Agrario, BA), which operated in rural areas. The main reasons for this closure were ineffectiveness and financial mismanagement, resulting in large amounts of uncollected debt. At present, Municipal Banks (Cajas Municipales, CM) and the Financial Development Corporation (Corporación Financiera de Desarrollo, COFIDE), which mainly channels international and government funds directly and indirectly to the rural population, make up the non-commercial part of the formal banking sector in rural Peru. Formal financial institutions, which provide credit to individuals and organizations in rural areas include commercial banks (91%), financial institutions (0.4%), Municipal Savings and Credit Banks (Cajas Municipales de Ahorro y Crédito, CMAC, 2.3%) and Rural Savings and Credit Banks (Cajas Rurales de Ahorro y Crédito, CRAC, 6.3%) (Trivelli, 1998: 26). The CRACs were established in 1992 and serve individuals and organizations in a predetermined geographical area. Potential shareholders from outside the area are allowed to invest in a CRAC, but none of the shareholders is allowed to own more than 15% of the institution. The main objective is to promote reinvestment of funds generated in a region into that same region again. Finally, a relatively close physical distance of CRACs to its debtors allows the institutions to tap into the information flows at the local level in order to better determine the potential risks of loans, a relevant advantage, as literature on the subject of imperfect markets in rural areas has shown (Hoff, Braverman, Stiglitz, 1993).

Peru also has an informal financial sector, which serves those who do not qualify for loans from any of the formal institutions. A distinction can be made between institutional credit supplying entities, such as commercial enterprises and NGOs, and non-institutionalized credit suppliers, such as small enterprises, community members or relatives. The institutionalized informal credit suppliers are small in number (and in credit supplied, as compared to total credit supplied), but operate on nearly perfect flows of information because of their knowledge of, and experience in, the area, but also because of their links with many local organizational structures (Trivelli, 1998: 51). Legal directives (Resolución 540 of the Supervisory Board of Banks and Securities, Superintendencia de Banca y Seguros) and the
anticipated legislation (Law on Saving and Credit Cooperatives) are said to be contrary to the interest of cooperatives in the financial sector, which indicates the State’s preference for commercial over cooperative enterprises (La República, 06.08.1999).

10.5 AUTONOMOUS DEVELOPMENT, OR.....?

Fundamentals of development policy
The 1993 Constitution mentions that in Peru the State has the task to promote general welfare for the entire society (art. 43). The general economic policies of the Fujimori government have significantly influenced the approach to rural development. Instead of State-led and -controlled development, the neo-liberal approach consists of both private initiatives and development projects, the latter initiated and managed by MinPres. Privatization has brought foreign investment to Peru, but a more immediate impact was expected from private investments in infrastructure. To that purpose a Board for Promotion of Private Concessions (Comisión de Promoción de Concesiones Privadas, PROMCEPRI) offers concessions for profitable infrastructure works to foreign investors. This leaves the State with less economic, but socially more profitable, infrastructure projects, such as schools, hospitals and others. This division of infrastructure works between private and public sectors is a feature of IMF and World Bank supported structural adjustment policies.

Another crucial elements of Peru’s rural development policy is an emphasis on agriculture related technology to produce export crops. However, the geographical focus for that policy has been the coastal region, with various irrigated areas providing the bulk of Peru’s export crops. As a result, significantly less attention is being paid to improvement of subsistence and limited-surplus farming in the sierra and rain forests (selva). Technical assistance has mostly been left to private enterprise. It has been government policy to withdraw from actual extension work and to focus on more fundamental research. A crucial element in rural development is the legal opportunity to privatize agricultural land inside and outside CCN territory (Law No.26505 and No. 26845), which, according to the government, is aimed at increasing productivity, but which NGOs perceive as an attempt to break up the community structure in rural Peru.

Institutionalization and centralization of development?
The Fujimori government significantly centralized decision-making power in all areas, hence also with respect to rural development. The relative absence of an overall development strategy and guidelines in that perspective may be surprising, but is in line with a reliance on free market mechanisms. In addition, MinPres funds various types of infrastructure projects. The size of State-bureaucracies, and in particular of rural development institutions in particular, has decreased enormously. Many development funds, however, have not been discontinued but were brought under control of MinPres, or more accurately, of Fujimori himself. MinPres initiated and controlled development projects accounted for 22.6% of the national budget in 1996 (1999, Degregori, Coronel, Del Pino, In: Crabtree and Thomas, 1999: 440). This means that Fujimori determined most of the direction of Peru’s development. MinPres allocates funds according to its own priorities and is largely funded by multilateral organizations and other international donors. The orientation of development in Peru is centrally controlled and top-down, as far as State-funded projects are concerned, and not controlled for development through private initiative. The lack of a coordinating framework for rural development effort has caused some NGOs to operate in isolation or in locally forged coalitions. Municipalities take part in the coalitions, but such coordinated development efforts are an exception. The government policy on rural development consists of a reliance on a laissez-faire approach, supplemented by non-structural emergency aid and infrastructure projects.

11 An example of this is the poverty alleviation campaign, started partly in response to the deteriorating socio-economic conditions of large groups of the population, with 49.4% and 32.0% of the population living below the international and national poverty lines respectively (UNDP, 1998c: 146).
Regional or rural development policy?
The Fujimori government was blamed for centralizing government and for emphasizing Lima and the coastal regions over other regions of Peru. However, centralization has prevailed throughout the history of republican Peru, with the Velasco regime (1968 to 1975) perhaps as an extreme example. Under Garcia, attempts were made to devolve decision-making power and control over resources and to create 12 regional governments. The attempts failed because of financial mismanagement, internal divisions in the suggested regions, which did not take into account the diversity of composing departments, and violence created by Sendero Luminoso and MRTA, but also because of the collapse of Peru’s economy in the last years of the Garcia presidency. The inability of previous governments to effectively deal with terrorist violence was one of the reasons Fujimori reversed the process of decentralization and declared the state of emergency in parts of Peru.

The result of the centralization is that there is little room for regionally initiated rural development in either policy making or in funding. At present, 3.4% of the national budget is allocated from Lima to administrative levels below departmental levels. The resulting lack of financial resources was addressed for districts, but not for provinces, by the Municipal Compensation Fund (Fondo de Compensación Municipal, DL 776, Law on Municipal Tributes). Although administrative units have other sources of income (1993 Const., art. 193.1 to 7), these are said to be small. CTARs and local level governments mainly function as payment booths. An example of this is the government’s anti-poverty program, for which lower level administrations serve as distributors without being able to influence where and how funds are spent, since funds are administered and allocated by MinPres. Lower level administrations do not undertake many initiatives to design development plans, although they formally have the authority (1993 Const., art 192.5). In order to stimulate regional and rural development, NGOs have started to promote the development of so-called Strategic Development Plans (Planes Estrategicas de Desarrollo, PEDs), which have various social actors in the regions discuss needs and possibilities for short- and long-term development. The PEDs are an initiative to arrive at an understanding of rural development through a participatory process, which involves all social actors in the respective area. The PEDs also have as an objective to lobby the central government (SER, 1998) (Távara, 1999) (GIIDA, 1999).

Rural organizations in Peru: civil society
Civil society is significant in size and influence, although under Fujimori the degree of organization in civil society has decreased. Internet is strongly promoted by various elements in civil society, of which the Peruvian Scientific Network (Red Científica Peruana, RCP), an association of NGOs and other groups in civil society, is the most active proponent. As a result, a parallel networked virtual civil society is emerging. However, so far the Internet is mainly used for communication purposes and less for political or social activism. Access to the Internet is relatively wide spread, partly due to a successful commercial expansion of basic telephone services. Peru’s government, however, does not stimulate the development of a virtual civil society or rural information exchange networks with specific policies.

A significant number of NGOs is active in rural areas, together with people-based organizations. The organizations are, to some extent, capable of supporting autonomous development, but the political freedoms for such development appear to be lacking. State involvement in these rural organizations has been minimal under Fujimori. The Velasco regime stimulated community and grassroots organizations, which were expected to become vertically linked to government institutions through a National System of Social Movements (Sistema Nacional de Movimientos Sociales, SINAMOS). However, the existing organizations rejected State-interference with their autonomous activities. The same people-initiated organizations reacted more or less in similar fashion towards

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12 Depending on population size and the relative poverty of that population, funds are allocated by MinPres through the Municipal Compensation Fund. This effectively means that departmental and provincial governments are bypassed in favor of influence/control by the central government.

13 In his book on the origins of rondas campesinas, Stam suggests a distinction between NGOs as intermediary/supportive on one side and membership/grassroots NGOs on the other (Stam, 1999: 193n 3). The NGOs referred to in this section are of the first type.
initiatives by leftist political parties to incorporate the people-based organizations in their hierarchical party structures. Despite the fact that grassroots organizations carefully guarded their autonomy, some leftist political parties established party grassroots networks. Examples are the PCP, which controlled the General Workers Confederation (Confederación General de Trabajadores del Perú, CGTP), the Unified Maristekista Party (Partido Unificado Mariskista, PUM), and APRA, which controlled the Confederation of Peruvian Workers (Confederación de Trabajadores Peruanos, CTP). Apart from APRA, most parties on the political left perceived grassroots networks as revolutionary tools to achieve power, whether or not under the guise of popular democracy and empowerment. Unfortunately, some of the stronger grassroots organizations, or political movements, were violent and preferred military struggle over democratic processes. As a result, the State and the vested economic interests tend to perceive politically motivated independent grassroots organization as potential threats to law and order, instead of the potential constructive elements of civil society and contributors to development. The alleged threat has been used as an excuse to monitor or attempt to suppress grassroots organizations, such as the Peasant Posses (rondas campesinas, RCs). Examples of violent political organizations are the Movement of the Revolutionary Left (Movimiento de Izquierda Revolucionaria, MIR; militarily defeated in 1965), the National Liberation Army (Ejército de Liberación Nacional, ELN; militarily defeated in 1966), Sendero Luminoso (a.k.a. the Red Path, Sendero Rojo, after the capture of their leader Abimael Guzman in 1992) and finally MRTA. In short, over the past decades rural grassroots organizations in Peru often had to operate under confrontational conditions, either based on economic, social, or military conflicts. The limited political freedoms in the parts of Peru, which had been declared emergency areas by the Fujimori government, have significantly restricted possibilities for rural organizations and decreased the number of active rural organizations. The negative economic impact of neo-liberal economic policies in rural Peru under Fujimori’s government have contributed significantly to that decrease. Furthermore, Fujimori was mainly elected as a result of an atomization of the electorate, resulting from a collapse of political movements in civil society, and was not interested in promoting a re-emergence of an opposition force in civil society.

State-controlled rural organizations are organized in projects reporting to MinPres, such as PRONAA, FOCODES and PRONAMACH. The Ministry of Agriculture (Ministerio de Agricultura, MinAg) operates branches (Direcciones Regionales, DAs) in all departments of Peru. However, DAs operate as normative organizations, issuing guidelines, and MinAg’s operational activities in rural areas are carried out by agrarian agencies (Agencias Agrarias, AAs), of which each province has one. However, the AAs maintain only limited contact with the farmers. The National Institute for Agrarian Research (Instituto Nacional de Investigación Agraria, INIA, formerly INIAPA14) provides new knowledge and information in the field of agricultural practices through fundamental research. Together with agricultural research departments of local universities, INIA’s experimental stations provide new agricultural knowledge. Although INIA and AAs have connections with local farmers and organizations, no formal coordination or cooperation between the two could be identified. State extension services typically consist of packages of technology and credit (to acquire the technology), without addressing the specific needs of the farmers and research results are of more interest to medium and large scale farms than to small land-owners (minifundistas, 2000 to 3000 square meter).

The number of State-related rural organizations is now limited, but a large number of independent rural organizations can be identified. In the southern sierra, the existing community structure of the ayllu15 was formalized by the Peruvian government with the law on rural and native communities. CCNs are legal entities and considered to be incorporated (1993 Const., art. 89). Previously communities could organize themselves as communal and multi-communal enterprises (empresas comunales and empresas multicomunales) or members (socios) of enterprises, but not as

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14 The National Institute for Agricultural Research and Promotion (Instituto Nacional de Investigación y Promoción Agropecuaria, INIPA), INIA’s predecessor, was dismantled and with that MinAg’s extension services were almost completely shut down.

15 Ayllu is an Andean community concept which dates back to pre-colonial times and can be defined as ‘a group of individuals cohering as a social body around a place, ancestor, or task that provides a unifying focus’ (Allen, In: Stern, Degregori and Kirk, 1995: 395).
economic entities with profit objectives. The most relevant law with respect to CCNs is Ley No.26505, popularly known as the land tenure law (La Ley de Tierras), which has the following implications:

- private investment is preferred and State activities are restricted to providing conditions (art. 1);
- communities can organize themselves in whatever legal entity they choose, allowing them to become a public shareholders company (sociedad anónima), which allows them to use land as collateral for loans (art. 8); and
- communities in the costa, sierra and selva can decide to allocate parcels of communal land to individual members of the communities, with only the decision-making process for the sierra and selva having to meet more stringent requirements (art. 10, 11)(1997, Castillo: 22 - 27).

These implications illustrate the drive towards privatization of the Fujimori government, both with respect to investment in development and land ownership. In the northern sierra, the ayllu structure had already been dissolved by hacendistos and instead of land owning communities, many people own small pieces of land. In the northern sierra, the people-initiated RCs can be considered the organizational counterpart of the ayllu or formally recognized rural communities of the southern sierra. Every CCN, or community has a communal board (directiva comunat), consisting of 7 to 8 people, which operates as administrative council of the community. Its members are elected for two year periods through community assemblies. Specialized committees and other community groups report to this council (e.g., comité forestado, comité de educación, comité de salud, vaso de leche, club de madres, comité de regantes, and comité de productores16, amongst others). The committees also have their own elected boards. The communal board, however, is the highest official authority in the community. The irrigation committees are strong local organizational structures (similar to the situation in Vietnam, but especially to the situation in Indonesia), with each committee having its own general assembly (assemblea general) consisting of all its members.

In late 1976, another community organizational structure was founded in the Chota Valley of the northern sierra, the Peasant Posses. When RCs first emerged as night patrols consisting of local villagers, they were by and large a response to increased theft and the impact of that on the economic situation of the people in the rural areas of the Andes. Contrary to widespread belief, RCs were not only a grassroots initiative, since from the beginning local authorities and other State-related institutions have played a role in founding the patrols (Starn, 1999: 36 - 69). However, the villagers stimulated the expansion of new and sustained operations of existing RCs. From 1979 on, the State started to feel uncomfortable with the independent and autonomous nature of the RCs. The RCs were a reaction to high crime rates, but were also a response to incompetent, corrupt and often physically difficult to reach official local authorities. Although the RCs took some organizational cues from earlier rondas de haciendas, the main difference with those rondas was that in the case of the RCs the members of the ronda (ronderos) acted in their own interest and elected their leadership mostly democratically through their assemblies. Eventually it was no longer possible for the authorities to deny the effectiveness of the RCs and, with rural areas becoming safer, some of the rougher edges were smoothened. As a result, the 1993 Constitution gives CCNs a right to exercise legal jurisdiction in their territory with official support from the RCs (1993 Const., art. 149). Over time, the RCs have evolved into organizations supporting community development. They have also organized themselves into overarching organizational structures, such as Peasant Unions (Uniones Campesinas, consisting of clubes de madres and RCs), often the most important institution in a locality, and Federations of Peasant Posses (Federaciones de Rondas Campesinas, FRCs), which consist of various peasant unions (uniones campesinas). For many NGOs and, reluctantly, State-organizations, RC-based organizations serve as the main organized structure in rural areas of the northern sierra. Over the years NGOs have worked with RCs, albeit with varying success. Nevertheless, RCs and FRCs appear to indicate that some level of autonomous rural development is possible without interventionist government policies.

Another aspect of the RCs was that in the areas where they were successful it was more difficult for the Sendero Luminoso insurgency to advance. Therefore, as an implicit acknowledgement of the general success of RCs, and in an effort to emulate the success of the RCs against Sendero Luminoso,
the State decided to introduce similar organizations in the southern sierra, the Civil Self-Defense Committees (Comités de Autodefensa Civil, CAC). Although these committees have had some success in the fight against terrorism and now engage in community development activities, they do not have roots in the local population like the RCs have. The fact that in the northern sierra the ayllu system had first given way to haciendas and serfdom, and, later on, to parceleros may have added to the benefits of a community based organizations. In the southern sierra, on the other hand, the ayllu system prevailed in CCNs. Since the CACs have been State-initiated, as an organized response to a violent threat, it is not certain to what extent the members will sustain these organizations now that the threat has mostly disappeared.

Another organization of local governments is the National Association of Municipalities in Peru (Asociación Nacional de Municipalidades del Peru, ANMP). Local governments, however, have shown little initiative in exploiting the little room left for them to stimulate local rural development. An initiative has been undertaken to arrive at regional development by Chambers of Commerce (Cámaras de Comercio y Producción) and local governments of major cities in the departments in southern Peru. During a conference in Cusco in 1999, Proposals for Regional Development (Propuestas de Desarrollo Regional) were presented, as well as a declaration, stating their objective of an overall development plan for the Macro Region South (Macro Región Sur).

10.6 ELECTRONIC MEDIA IN RURAL DEVELOPMENT

Policy framework
Characteristic of Peru’s economic policies in general is that they intend to create conditions for private initiative through market mechanisms. The policies towards electronic media share that characteristic feature. Private initiatives are encouraged through neo-liberal economic policies, in particular those electronic media that are solely aimed at economic objectives, such as mass media conglomerates providing entertainment and telecom operators providing basic telecom services.

Detailed policies on how to build and use a NII were not part of the macro-economic policy approach and Fujimori’s government did not formulate a general policy on how to use information provision and exchange in support of rural development. In the absence of government initiated policy or guidelines, most initiatives for networked electronic media in rural development are initiated by NGOs. Lack of government development policy has led to mainly commercial uses of Internet, with few initiatives explicitly aimed at using electronic media in rural development or for social purposes in general. The use of networked electronic media for social purposes is left to NGOs. Although the Telecommunication Investment Fund (Fondo de Inversión en Telecomunicaciones, FITEL), which provides incentives to telecom operators for expanding basic telecom services to rural areas, may be an exception. The objective of FITEL is to achieve universal access to basic telecom services, but that means that ‘every individual in Peru should have access to at least one public phone within an average distance of 5 km of her residence’ (Bonifaz, 1999: interview). The Ministry of Transport and Communication (MTC) is responsible for telecom development policies. The General Directorate for Telecommunication (Dirección General de Telecomunicaciones, DGT) formulates a National Telecommunication Plan (Plan Nacional de Telecomunicaciones), which contains sector plans on broadcasting, radio communication and rural telecom. The infrastructure development plans are revised on a regular basis. In the early 1990s, the MTC also established a new legal framework for the telecom market and the State-owned telecom companies (CPT and ENTEL) were privatized. In 1994, Telefónica de España merged the two companies as Telefónica del Peru (TdP).

In the electronic mass media sector, the Peruvian government’s neo-liberal economic policies have led to economically dominant market positions for a few media conglomerates. Although the government has not formulated policies to promote local electronic media for rural development, it has promoted and stimulated establishment of local radio stations on the border with Ecuador and Colombia. The rationale behind this is to provide Peruvians in those regions with information from Peru-based radio stations in addition to the information provided by Ecuadorian and Colombian radio stations. Interests of national security appear to be more urgent in electronic mass media policy than
development issues. Furthermore, the government has also been involved, through the FIDA-sponsored FEAS project, in setting up local radio stations in rural areas. However, illustrative for the centralizing tendencies of the Peruvian State is that the ministry which was involved in the project (MinAg) initially proposed a centralized structure with a radio station in Lima, to which people in rural areas could call by telephone.

**Legislative and regulatory framework**

The concentration of executive power in the office of the president has, through political appointments, also some indirect influence on the legislative and regulatory framework. As a result of the privatization efforts, the government has established regulatory institutions for various sectors of the economy in order to avoid a shift from State-monopolies to private monopolies. For the telecom sector, the Supervising Organism for Private Investment in Telecommunication (Organismo Supervisor de Inversión Privada en Telecomunicaciones, OSIPTEL) was established by presidential decree (DL No.702, 1990) as a public organism with administrative, functional, technical, economic and financial autonomy. However, OSIPTEL is ‘an organism dependent of the Council of Ministers’ (Law No.26285, art. 6), which handed Fujimori the power to influence OSIPTEL’s autonomy. The chairman of its Board of Directors (Consejo Directivo) is appointed by the president (Regulation for OSIPTEL, art. 37 to 39)\(^\text{17}\).

In Peru’s telecom law, telecommunication refers to ‘transmission and reception of signals which represent signs, script, images, sounds or information of whatever nature, through physical media, electromagnetic media, optical media or others’. This implies that broadcasting, radio communication and a number of other services that support communication over distances are included. In 1999, a modification of the telecom law (Ley de Telecomunicaciones) was prepared and a proposal for legislation had been suggested. The proposal intended to evaluate and re-consider the position of small independent radio stations, in particular educational and community radio stations. The following modifications were suggested:

- the educational radio stations will be considered commercial radio stations if they use part of their air time for strictly commercial messages, which bear no relation to the content or objectives of the radio stations programs;
- as commercial radio stations, the educational radio stations will have to pay taxes on their revenues and the full fee for using the electromagnetic spectrum;
- the MTC will annually allocate a percentage of the revenue from taxes and fees paid by radio stations to the promotion of educational, not-for-profit radio stations; and
- a third category of radio stations is suggested: radiodifusión comunal, or communal radio stations (FM and power below 500W), with the same rules concerning advertising being applicable; and
- for both educational and communal radio stations a minimum of 10% of the electro-magnetic spectrum is reserved for the FM frequencies.

In general, this proposition is likely to result in a shift in funding of educational local radio stations. The current commercial revenues of educational stations would be allocated to commercial radio stations in the same locality. The State would subsequently return part of the taxes levied over increased advertising incomes of commercial stations to local educational radio stations. However, this would make small local radio stations dependent on funding by the State. Nevertheless, the proposal also attempts to establish a formal legal position for communal radio stations. Despite the fact that the constitution, regulations and laws appear to encourage freedom of expression, a closer study within the context of Peru indicates that small-scale, independently operating local mass media are not the government’s preferred electronic medium of expressing opinions.

The remoteness of various parts of Peru, combined with relatively low accessibility of parts of the rural areas and a relatively permissive attitude of the authorities, have created the opportunity for very small radio stations to operate without an official license. Those radio stations do not broadcast for more

\(^{17}\) Fujimori forced Congress to pass legislation that endows OSIPTEL with increased authority ‘to monitor private phone conversations and to obtain access to computer and telephone records without court order’ (Clifford Krauss, In: The New York Times, 28 July 2000).
than a limited number of hours per day, with mostly commercial objectives. The prevailing attitude of the authorities is to leave these radio stations alone as long as they do not cause technical problems, and more importantly, as long as they refrain from broadcasting politically motivated content.

**Economics and ownership**

The most important aspect of the electronic mass media landscape in Peru is the increasing concentration of electronic mass media in large national mass media conglomerates. Those conglomerates are based in Lima, but have expanded to other larger cities in Peru by buying smaller, local commercial radio and television stations. Peru’s case is also illustrative of some of the structural factors identified by Herman and Chomsky (Herman and Chomsky, 1994), in particular ownership of the main electronic mass media. Commercial stations are owned by small groups of shareholders, often from the same family. The 2000 presidential elections indicated a preference by the main commercial radio and television stations for the incumbent president Alberto Fujimori. Apart from the content issue of information on presidential candidates, Fujimori’s main rivals for the presidency received significantly less access to the electronic mass media. Although the main commercial electronic mass media typically only play an economic actor role, the skewed information provision during the election campaigns is probably the closest electronic mass media in Peru have come to a political actor role, as defined for the dissertation (see section 4.3n15).

In rural areas a number of local electronic mass media are owned by religious institutions and mostly operate on a not-for-profit basis, although some operate under a commercial license. The latter group is not affected by the proposed law on local radio stations mentioned above. These independent radio stations, not-for-profit or commercially licensed, typically intend to perform a social actor role. The independent local radio stations also perform an economic actor role, but that role is subordinated to the social actor role. Many independent local radio stations are organized in the overarching National Radio Coordinator (*Coordinadora Nacional de Radio*, CNR), an association of socially active radio stations, which are partially owned or operated by churches or church related institutions. The purely commercial local radio stations are either independent as well or have been incorporated in a larger electronic media conglomerate. The independent commercial radio stations predominantly intend to perform an economic actor role, although to some extent those radio stations also play a social actor role.

**Electronic media: the present situation in Peru (1999)**

The 1993 Constitution acknowledges the role of some elements of the mass media in education. At the same time, the mass media are expected to ‘collaborate with the State in education and with the formation of moral and cultural values’ (1993 Const., art. 14).

Peru’s electronic media landscape provides an opportunity for a tentative definition of a social actor role of electronic mass media. In addition to playing a minor economic actor role, providing relevant local news and access to electronic mass media to rural populations, many independent local radio stations perform three aspects of a social actor role:

- creating and increasing awareness of government and NGO development activities and of successful activities by local people (e.g., testimonies), all of which can also be learning experiences;
- educating people on local and national issues (e.g., elections, new constitution) through debates; and
- mobilizing opinion concerning local issues or specific social problems and sometimes organizing activities (e.g., clean-up action as an environmental issue) to set an example.

I have abstracted this tentative definition from information provided by various independent radio stations in rural areas in Peru on their activities and perceived role in society.

In the 1970s and 1980s, rural radio was considered to be the means to reach the rural population. In that period, the Center for Peruvian Social Studies (*Centro de Estudios Peruanos Sociales*, CEPES) started a radio program called *Tierra Fecunda* (Fertile Soil). The radio program was based on the assumption that a radio station’s perspective should be that of the target audience itself, in this case of
farmers. Through audience participation and supported by CEPES staff in rural areas, an effort was made to establish two-way communication with the farmers. Tierra Fecunda served as a model for independent radio stations in Peru by providing program formats, advocating use of local languages and addressing the actual needs and demands of the target audience. Although independent local radio stations all have their own formats, some similarities in their operations are presented here. Typically, a local radio station has a comparatively sizeable staff of reporters, who operate in the city, and the city's surroundings, where the radio station is located. In addition, a net of local reporters, very often teachers, in the districts are provided with some means to file reports on local events. This construction permits radio stations to complement national news with information and news on issues and events of local relevance. Apart from that, educational local radio stations also use the format of audience participation by having people read testimonies on local experiences, by organizing discussion forums on specific issues or by allowing people to voice their needs and problems.

Radio and television

The State-owned radio station is Radio Nacional del Peru (RNP), but this radio station is not used for State-propaganda or State-led development activities. The market for radio broadcasting is open to competition and RNP is only one of a number of national broadcasters, of which privately owned Radio Programas del Peru (RPP) is the most popular station. RPP broadcasts an early morning program, Amanecer Campesino (Peasant's Dawn) for farmers. This program provides general information and discusses topics relevant for farmers. However, the intention is to provide commercial and technical information and not to establish a two-way communication link with the rural population. In rural Peru, radio is the most popular and widely accessible electronic medium. The estimated number of radio sets per 1000 people in Peru was 259 in 1995 (UNDP, 1998c: 166), but no separate data on rural areas is available. A distinction can be made between satellite based, national level and local level radio stations. Satellite and national radio stations do not broadcast programs on development issues. The exception is the Latin-American Association for Rural Education (Asociación Latino-Americano de Educación Rural, ALER), a Quito, Ecuador based association of Latin-American educational radio associations. Locally, a further distinction can be made between radio stations providing entertainment and general news and those directing most efforts and programming on development issues. The latter provide forums for discussion and mobilize public opinion, hence in many ways operate as a social actor. In general, though not always, the same line divides commercial and not-for-profit radio stations.

Gradually, television is becoming a more widely accessible electronic medium, due to increasing numbers of satellite dishes in rural areas. The mountainous geography of Peru limits the coverage of terrestrial stations and television is an urban phenomenon, with all eight national broadcasters operating in Lima. An estimated 29% of the population of Peru lives in Lima (UNDP, 1998c: 174) and another 7.5% lives in the next two largest cities of Trujillo and Arequipa. Specific data for television sets in rural areas is not available and official data estimate the overall number of television sets in Peru between 100 and 142 per 1000 people (UNDP, 1998c: 166) (World Bank, 1999: 227). Peru's State-owned television station is Televisión Nacional del Peru (TNP), but similar remarks apply to TNP as for RNP. The Lima based television stations are Frecuencia Latina (FL), América Televisión (ATV), Panamericana Televisión, Andina de Televisión, Austral, Red Global and Ucranio 15. Reception of nation-wide broadcasts is difficult in large parts of the sierra and selva. However, satellite transmissions have overcome that problem and a satellite dish and reception equipment is on the top of the list of things to get for many provincial and district authorities. That will allow more people to receive television broadcasts, but the content of those broadcasts is primarily aimed at entertainment, sports, and general news. The mass media conglomerates, which own the satellite broadcasters, are not at all interested in rural development, nor in educational broadcasts. The former is understandable, given the fact that their main market is Lima, and the latter illustrates the economic considerations of the stations.

MinAg produces one program, called El Mundo Agrario (The Agrarian World), but it is almost exclusively aimed at larger, export-crops-producing farms in the coastal areas. The number of local television stations is limited, mainly due to the prohibitive costs of infrastructure and production equipment. The stations that exist use signals from national level broadcasters to insert some hours of
programming per day, but the role of television in the rural development effort in Peru is limited.

**Telephone, Internet and radio communication**

Peru’s telecom infrastructure backbone consists of a nationwide microwave radio relay system and a domestic satellite system. For international traffic Peru’s two terrestrial stations use INTELSAT satellites. The liberalization of the market for basic telecom services (including the initial five-year TdP monopoly) has led to an expansion of the telecom infrastructure from 660,000 fixed lines in 1993 to 1,850,000 in 1998. Over the same period the number of cellular phones has increased twelvefold to 600,000. The addition of new lines included a rapid modernization of the network, which is now 88% digital, up from 33% in 1993. Out of the estimated 5000 major population centers, about 3000 are connected (compared to 1,450 in 1993) and the number of public telephones has gone up from 30,000 to 350,000.

Any natural person or legal entity can, by law, request a concession-holder to provide fixed or mobile lines to provide telephone services on a commercial basis (*Ley de Telecomunicaciones*, art. 58). Until the formal TdP monopoly ended, communication centers could only operate under the banner of TdP, using a franchise formula in which TdP provides equipment and connectivity and the operator of the communication center would pay part of the revenues as a fee to TdP. Some communication centers also offer Internet access, but provision of Internet access is generally separated from the provision of basic telecom services.

TdP operates Peru’s only international Internet gateway (1999), providing access to servers on the Internet outside of Peru. Internet services have been provided in Peru since 1994, with RCP being the first provider. RCP started providing access to individuals, but in an attempt to provide access to people without computers or means to pay for Internet subscription, RCP developed the concept of public cabins (*cabinas publicas*). Cabinas publicas can be described as an enhanced version of the regular cyber-cafes, which can be found in nearly all developing countries. RCP adds educational aspects in the form of courses on computer use in general, and Internet in particular. RCP’s main objective is to introduce as many people as possible to the Internet and to prepare the grounds for the increasing importance of networked electronic media. However, RCP does not have specific rural development objectives and has not developed a clear notion on the role of Internet in rural development processes, which limits the immediate relevance of RCP in rural development. The number of RCP’s cabinas publicas is small, with none of them present below the level of department capitals and, in 1999, not even all capitals of the departments were covered. Nevertheless, RCP has played a major catalyzing role in Internet development in Peru. The cabinas publicas concept has been emulated by numerous private entrepreneurs, albeit in the more popular cyber-cafe version and aimed solely at profit. As a result, Internet coverage of Peru is relatively extensive.

By their nature, radio and Internet are complementary, with radio typically being an allocative medium and Internet a conversational one. Despite obvious advantages of combining the two media in a communication for development effort, little use has been made of the Internet by the various educational radio stations in rural Peru. The Internet has mainly been used to obtain national level information from the web sites of national newspapers and possibly from other web sites with relevant information.

10.7 **CONCLUSIVE REMARKS: CONDUCTIVENESS TO SOCIAL CHANGE**

In my opinion, the relative level of conduciveness of Peru’s socio-political and economic context to development as freedom of choice through autonomous spheres of empowerment was medium under Fujimori’s presidency, but may not have been higher in the previously State-controlled environment under Garcia. Under Fujimori, the formal democratic institutions, to a large extent, became nominal, the scope of democratic practices was narrowed to the political domain and the depth of democratic practices in the political domain were limited. Formally, according to the 1993 Constitution, people are guaranteed rights in the political, social and economic domains. However, the concentration of executive power in the office of the president, a powerless Congress and the *de facto* absence of an organized political alternative led to easy restrictions on actual political freedoms. The socio-economic
dependency relation between the State and people in rural areas, resulted in reduced enjoyed social and economic freedoms for those people.

The legislative and regulatory economic framework, based on neo-liberal economic policies, favors large-scale national electronic mass media conglomerates over independent small-scale local electronic mass media. That same economic framework creates an environment conducive to expansion and use of networked electronic media on an economic rationale of commercial profitability. Nevertheless, a significant number of independent local electronic mass media performs a social actor role. Similarly, various NGOs have started initiatives to deploy networked electronic media in rural development efforts. Although political freedoms appear to allow for all types of electronically mediated information flows, including those following conversation patterns, economic freedoms are effectively restricted and favor electronically mediated information flows along allocation patterns. Therefore, Peru is an example of a socio-political and economic context in which restrictions on political freedoms have been substituted by economic legislation and regulation favoring vested interests and de facto limitation of actually enjoyed political freedoms.

Under Fujimori, State-controlled development was converted from being initiated, managed and executed by large institutionalized bureaucracies, similar to Vietnam and Indonesia, to control over development funds allocation by the Presidential Ministry, a small agency directly controlled by the office of the president. The dependency relation created by the centralized allocation of development funds is even exacerbated by the disadvantageous effects of the neo-liberal economic policies on rural Peru, which has further reduced people’s individual social and economic freedoms.

The recent, surprising and bizarrely executed, resignation by president Fujimori has paved the way for a transitional government. The political parties opposed to Fujimori have ousted the pro-Fujimori speaker of Congress (Martha Hildebrandt) and, instead, elected Valentín Paniagua, the leader of a small centrist party. Due to the resignation of the two vice-presidents, Paniagua is widely expected to become the interim-President until a new president has been elected in the 2001 elections. The assessment in this chapter of the conducive nature of the socio-political and economic context of Peru is, to a large extent, influenced by the authoritarian leadership style of Alberto Fujimori. However, many of the impediments to social change are also institutional and the formal concentration of executive power in the office of the president still needs to be addressed. In chapter eleven, I have already anticipated the disappearance of Alberto Fujimori from Peru’s political stage in my overall assessment of the conditions for electronic media in rural development in Peru. Therefore, and because it still remains to be seen how democratic the next president will be in case his/her political allies again have a majority in Congress, I have decided not to significantly alter the content of this chapter. In my opinion, most of the observations, assessments and remarks remain valid, at least until future political developments decisively prove otherwise.