

Chapter 6

SELF-MANAGEMENT AS A DEVELOPMENT ALTERNATIVE: REFLECTIONS ON THE PERUVIAN EXPERIENCE

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In Peru one out of every four employed workers has been a member of a worker-run enterprise. Each day over 700,000 workers have to confront and deal with the problems facing over 7,000 worker-run firms in an environment characterized by economic and political uncertainty. To what extent do these firms and their workers represent an alternative development model within Peru's "pluralist" economy?

What are some of the lessons that have been learned over past decades through the establishment of various forms of worker participation and self-management? What are some of the issues and dilemmas that have been and are being raised and faced and that may be of relevance for other countries exploring alternative development possibilities?

Self-management as a form of workers' organization and economic democracy no longer enjoys the degree of support that Peru's government gave it in former years. Workers have experienced a decline in their living standards in the context of the country's several serious economic crises in past decades, and this has affected the viability and even threatened the existence of many of their firms. In the context of a transition from military to civilian rule, of new forms (or, rather, the resurgence of old forms) of political articulation favorable to the urban bourgeoisie, and of an improving export income which promises to restore real income levels to their earlier levels, self-managed enterprises and their worker-owners face new challenges and opportunities.

PERU'S HISTORY OF SELF-MANAGEMENT

The Peruvian experience in the field of self-management offers ample material for analyzing which elements of that experience have proved valuable; the limitations and restrictions encountered; the key questions in any attempt to introduce forms of self-management in a context of dependent capitalism; the possibility of developing a general theory of self-management; the experiences that could prove to be valid for other countries; and, concretely, the perspectives for self-management in Peru under present conditions and given the specific problems that the poorer and marginalized sectors face.

In the face of disintegration in the support for civilian leaders, various economic crises, and growing (but not necessarily unmanageable) political chaos, past decades have led to the implementation of a number of "structural" changes aimed at transforming the nature of Peruvian society.

As these reforms began to take shape and began to be intellectually articulated by civilian allies within the state bureaucracy, a vision emerged of a future fully participatory social democracy constructed on the bases of an economic democracy consisting of various forms of worker-managed enterprises, and a political democracy based on government-sponsored interest

organizations. As we shall later see, this idealistic – even utopian – vision tended to overlook the interest of and difficulties posed by existing political parties, unions, cooperatives and other worker organizations, and the contradictions involved in the creation of democratic grassroots organizations by top-down, authoritarian methods and institutions.

Legislating Economic Democracy

The civilian government of 1964 had passed a General Cooperatives Law which, together with a number of fiscal and other incentives, had promoted the rapid growth of a wide range of cooperatives. However, these were mainly service cooperatives, including building societies, savings and loan cooperatives, consumer cooperatives and marketing cooperatives, with very few production cooperatives being formed. Weakly articulated internally, the cooperative movement tended to serve as a basis of economic support for the predominant capitalist enterprises and as a basis of political support for the APRA political party. Under the Juan Velasco government (1968-1975), the cooperative movement lost some fiscal and other incentives it had enjoyed, and tended to languish in a state of relative stagnation due to the unfavorable economic and political conditions it confronted.

Despite its generally negative attitude towards pre-existing cooperatives, the next major piece of reform legislation, the Agrarian Reform Law of 1969, sought to expropriate I throughout the country and convert them into agrarian production cooperatives, rather than divide and distribute the land to former farm laborers and surrounding peasant communities. In fact, two forms of cooperatives were created: the agrarian production cooperatives (CAPs) composed of farm laborers who had worked on the estates before expropriation and who became the new owners and managers, and the agrarian social interest societies (SAIS), formed on the basis of sheep ranches in the high grasslands (*puna*) of the Andes, where ownership and control was shared between ranch shepherds and neighboring peasant communities. Both were, of course, production cooperatives but little attempt was made to coordinate their activities with those of other organizations within the nation's cooperative movement. However, second level cooperatives (called *centrales*) to provide common services such as purchasing, marketing, accounting, were sponsored. Except for their dedication to the export of specific products such as wool, coffee and sugar, the performance of the *centrales* was in general disappointing.

To complement these new forms of economic organization in the rural sector based on self-managed firms, the government, through its quasi-political organization SINAMOS (*Sistema Nacional de Apoyo a la Movilizacion Social* / National System to Support Social Mobilization), organized the *Confederacion Nacional Agraria* (CAN / National Agrarian Confederation) on the basis of local district agrarian leagues and departmental agricultural federations as a means for giving political representation to the agrarian sector. It suffered the weaknesses inherent in any new organization due to a lack of complete coverage and inexperience, as well as its attempt to ignore or bypass existing peasant organizations, especially the Maoist *Confederacion Campesina del Peru* (Peruvian Peasant Confederation). This strategy also was weak because of its initial financial and organizational dependence on government agencies, yet, the CAN was clearly the most representative and autonomous of all the political organizations created by the Velasco government.

In 1970 an Industrial Community Law was passed whereby all firms with more than five workers, or more than S/.1,000,000 in annual sales (about \$U.S. 22,000 at 1970 exchange rates), were required to establish an industrial community composed of all workers in the firm, from general manager to doorkeeper. This community was to receive 25 percent of the firm's annual profits, 10 percent to be distributed in cash among community members, and 15 percent in the form of company shares, either through the issue of new shares, or by buying out existing shareholders. Whether holding shares or not, the community was to participate in the shareholders' meetings and have a minimum of one representative on the board of directors. Through this mechanism it was intended that over a period of years, workers through their industrial community would achieve a 50 percent share in the ownership and control of the company. It was never made clear what would happen when this 50-50 situation was reached, nor how potential impasses would be resolved. Yet rumors circulated that once a substantial number of firms achieved this status they would be converted into production cooperatives. Later laws created similar communities in telecommunications, mining and fishing firms, with the added twist that in the last two sectors, compensation communities were also established to redistribute shares and cash benefits from the more profitable to the less profitable firms.

As in the case of the agrarian sector, a representative political organization, CONACI (*Confederacion Nacional de Comunidades Industriales* / National Confederation of Industrial Communities) was organized. However, as Pasara et al (1974) have shown, in its founding conference, disputes between SINAMOS and the Ministry of Industry as to who would control (or "orient") the nascent confederation led to later divisions, fatally weakening its effectiveness as a national spokesman for the industrial communities. This was further compounded by opposition or, at best, suspicion by unions and their national confederations which viewed the creation of CONACI as an attempt to undermine their power and influence. There was also widespread conflict with individual employers and employer organizations who viewed the industrial communities as a threat to their prerogatives and eventual existence.

Later, the Social Property Law was passed. Under this law worker self-managed firms would be created (although a number of pre-existing, bankrupt firms taken over by their workers were also incorporated), and they would be integrated into a sector where all the firms would be owned by all the workers in the sector. These firms could be created in any economic sector, and would receive top government priority with the goal that the social property sector would eventually become the predominant sector in the Peruvian economy and the principal basis of the eventual economic democracy. A new government agency, CONAPS (*Consejo Nacional de Propiedad Social* / National Social Property Council), was established to govern and promote the new sector in its initial stages. Also, a financial agency, FONAPS (*Fondo Nacional de Propiedad Social* / National Social Property Fund) was created to provide initial financial support and serve as a mechanism for social capital accumulation at the sectoral level. When a sufficient number of firms had been created, they would be grouped into regional units, and an assembly representing all the firms in the sector would be formed for planning and policy making purposes.

This new law and the self-management model contained in it reflected the culmination of five years of extensive experimentation and reflection over the appropriate form of self-managed enterprise in Peru. Unfortunately, it also represented a swan song for the Velasco government. By 1974 the effects of the world economic crisis were being felt in Peru, making the creation of

any new firm, whatever its design, an increasingly hazardous and difficult task. Political conflicts on a number of fronts with powerful sectors of society were also taking their toll in the increasing politicization and disunity within the armed forces. As important sectors of the society passed from estrangement to active opposition, newly emerging sectors of the rural and urban working class were insufficiently experienced and organized, and they lacked conviction that the government's program was sufficiently coherent to warrant their total support. Finally, the president's failing health seriously limited his ability to reconcile conflicts within the armed forces and maintain the hegemony of the fragile military-civilian bureaucratic coalition which had been the driving force behind the reforms.

Further Governmental Intervention

If the Velasco government had a reformist (or "revolutionary") mission whose detailed outlines only became clear towards the end of its term, the new government of General Francisco Morales Bermudez, which assumed power in another bloodless *coup* in August, 1975, saw its mission as one of coping with what was perceived as a growing political and economic crisis. Although continuity with the policies and programs of the previous government was promised, within a year it was clear that this was not to be the case. A dramatic decline in export income, rampant inflation, a crippling overseas debt burden and lack of organized political support, led Bermudez to seek a reconciliation with those sectors of society, especially the urban bourgeoisie, which had been in conflict with the Velasco government. These new alliances, and the changed economic policies devised as a way out of the economic crisis, rendered the Velasco model, and the organizations created on the basis of it, increasingly irrelevant to the new strategy and potential threats to its implementation.

However, these changes did not represent any noticeable relief for the traditional cooperative movement. Though active harassment ceased, benign neglect was not sufficient for it to recover its former dynamism, and towards the end of the Bermudez government co-op leaders looked with increasing optimism towards a civilian government, especially if it were APRA-dominated.

The Bermudez government was prepared to accept agrarian reform as a *fait accompli*, and devoted its efforts to maintaining government control over CAPs and SAIS, defending them against threats of invasions from surrounding peasant communities and seasonal workers. Within the limits of a policy more inclined to give lip service to agriculture as the country's first priority, rather than a real transfer of resources, Bermudez sought to consolidate the enterprises through such measures as forgiving agrarian debt.

Since the industrial bourgeoisie was one of the key elements in the new political alliance and its economic recovery program, the industrial community had little chance of surviving in its original form. In 1976 the legal definition of a small business was changed so that firms with sales of up to S/.32,000,000 at that date would be considered "small," and for that reason exempt from the requirement to have an industrial community. By this definition about 60 percent of firms would be considered small. Later legislation eliminated the community's participation in shareholder meetings, allowed the community's share of the profits to be invested in forms other than the purchase of shares, and in the case of the latter, converted them into individual, rather than community, shareholdings. The theoretical maximum to which these shareholdings could

rise was lowered from a half to a third and the permission to transfer them after five years meant that the concept had been transformed into a form of widely distributed share ownership, with only nominal participation on the board of directors. Thus, the industrial community passed from being an evolutionary path towards co-determination or self-management, to a Peruvian version of peoples' capitalism.

Under the Bermudez government, an ongoing evaluation of the social property sector was carried out. Many projects were dropped and its status was reduced from "predominant" to "priority," and not even that was respected in practice. Emphasis was placed on investments in labor intensive, marginal and rural projects, rather than highly profitable, technologically sophisticated, and rapidly growing sectors. Also, the supply of capital was limited, and only made available on not particularly favorable terms. Growth was limited. In a travesty of the ideals of self-management and economic democracy, most firms were kept under strict government control until late 1979. Many found themselves locked into supplying segments of the market, especially when satisfying basic needs, whose purchasing power had been drastically reduced. When the Constituent Assembly produced a new constitution that failed explicitly to mention the social property sector, the government embarked on a frantic program to constitute the surviving approximately fifty social property enterprises. The hope was to organize regional units, and elect the sectoral assembly so that an independently functioning sector could be allowed to sink or swim in a sea of capitalism, faced with the waves created by the new, and not particularly sympathetic, civilian government.

This brief sketch of the various forms of self-managed enterprises created in Peru as part of an effort to create an alternative development strategy forms the backdrop for the following reflections on the successes and failures, problems and possibilities of self-management as a development alternative.

QUESTIONS AND REFLECTIONS

The remainder of Chapter 7 poses a series of questions and our answers and reflections on Peru's moves toward economic democracy.

Can a military government use the state apparatus as the principal agent for achieving a self-managed society, drawing from Vanek and Reiner (1978)?

The actions of the military government in Peru since the 1960s have been subjected to diverse interpretations: a revolution to introduce a participatory social democracy (SINAMOS, 1973); the failure of military populism (Cotler, 1971); a capitalist modernization process (Petras and La Porte, 1971); a "peculiar revolution" (Hobsbawn, 1971); the process of constructing a nation-state (Wils, 1975); the consequence of neo-imperialist development (Quijano, 1971); the decline of the oligarchic state (Pease, 1977); and the culmination of the bourgeoisie revolution (Bollinger, 1977).

Despite the diverse approaches in the examples mentioned, all agree there was a process of change introduced by the state apparatus. The military government claimed to be carrying out these strategies in order to create a self-managed society. Knight (1975) and Scurrah (1978) have criticized the strategy's effectiveness; Franco (1979) has analyzed the contradictions and

limitations involved in its implementation; and others (Padron, 1977) have argued that it was an unviable objective from its inception since it implied committing “class suicide.”

Looking around the world, it seems that strong governments are those that implement policies of modernization and macrosocial transformation. Poulantzas (1976) has developed some theoretical concepts for understanding the limits and possibilities of these governments in the context of dependent capitalism. What are the additional considerations to be taken into account in this context? Do strong governments still have a role when the class struggle and the advance of the popular sectors towards a better standard of living gain momentum? What do these governments represent, and what alliances and strategies should the working class develop? Is the transition from a strong government to a truly participatory one possible? Is the capture of the state by economically powerful sectors inevitable?

Given the new international economic order, what are the possibilities for building successful models and forms of self-management in underdeveloped countries?

To what extent does the capitalist articulation in the world market leave open the possibility of introducing elements of self-management in the development of dependent capitalist countries? The strategy of the “non-aligned countries” implemented, for example, during the first phase of the military government in Peru, enabled certain negotiating margins with large-scale capitalism to be created. Later, Peru developed a different policy, concentrating its relations in the geopolitical blocks, with Latin America first, which tended to undermine its bargaining position with international capitalism.

In addition, the international economic order aims at creating conditions in the international scene for actions of revolutionary transformation. What are these conditions? To what extent does the creation of these new conditions and opportunities depend on the outcome of North-South dialogues? What is the significance of the role of the transnational corporation in this context, and what is the impact of the common interests among the technobureaucrats in transnational, state and national capitalist enterprises? What are the prospects for, and limitations to, the implementation of self-managed systems in these circumstances? Are alliances and strategies possible? How is the situation and composition of respective local bourgeoisies reflected in this new order? What strategies for implementing their political models remain for the future? How do these conditions differ in Latin America, Africa or Asia? How and why could a self-managed system be either useful, or counter productive, for their aims of domination and exploitation?

Who should be the promoter or agent for introducing self-management? How can such changes be institutionalized, and by whom?

The introduction of self-managed forms of organization undoubtedly requires an agent to carry out the functions of promotion, training, economic, financial, technical and managerial support (Vanek, 1973), as well as forms of political education and management. Can the state apparatus carry out these activities? What are the consequences of its role as promoter of self-management?

When the promoter is the state, as in the Peruvian case, a set of contradictions and reactions are generated which diminish the possibility of creating effective forms of self-management. At the same time, however, these contradictions stimulate self-management because of the reaction against state verticalism. This becomes evident when the worker discovers that this same state apparatus restricts and limits his access to the forms of participation which he is supposedly able to enjoy. Our experience shows that when the state is the principal agent for promoting self-management, it negates the elements of initiative and autonomy that are inherent to self-management. It directly opposes the spontaneity and democratic traits that self-managed show when used by the workers for their own ends. This is confirmed by other historical examples in other nations such as Yugoslavia and Spain (Tusquetts, 1977).

What other social force, apart from government, can carry out this role? Political parties? Unions? The church? The Catholic Church in Latin America, for example, has acted in coordination with the establishment on some issues. But, since the Second Vatican Council and the Medellin Conference, it has adopted a position much closer to that of the popular sectors (Roncagliolo, 1977). Skalick (1975) has described the relationship between self-management and the Catholic Church, and for the Peruvian case Padron (1977) has described examples of church support and promotion in rural areas.

But it is equally important to discuss how the self-managed mechanism that is introduced can be institutionalized, and how the state may incorporate it into its own activities of class representation and control. Kester (1976) analyzed this problem in the Maltese case.

Ought self-management be understood as a utopian model, or as a process of mobilization and societal change?

This is a question that, to a certain extent, summarizes the opinions and strategies of the different social forces concerned with self-management. The political parties of the left in Peru consider the utopian aspect of self-management to be an argument against it, while in the Yugoslavia case, for example, its incremental and processal aspects were used as arguments in favor of utopianism (Pasic, 1977). The complexity of this question requires that its different aspects be treated in a disaggregated form.

The Meaning of Self-Management

Implicitly, in the writing of some theorists, self-management appears as an “ideal state,” as a final model to be attained, regardless of the context in which it is implemented (Vanek, 1971). For others, it is treated as a society with socialist-type conditions (Horvat, 1975) but this still doesn’t explain the costs required to reach such a level. There have been some attempts to identify self-management traits or characteristics on the basis of the analysis of some concrete experiences (Cornell, 1975). Finally, it is only since 1977 (Pasic) that the analysis of self-management as a historical process, rather than as a model that has been achieved or is to be implemented, has been begun. The Peruvian experience reveals more about this “process” than about an ideal model (that was never implemented). However, this model was employed to justify all kinds of excesses and abuses, including the “expropriation” of the management of the workers’ enterprises.

Self-management as an Ideological Device

In effect, it can be used in order to legitimize a de facto government that claims to be trying to transfer power to the workers (Padron, 1977). This seems to have been very much the case in Peru, where the meaning of self-management turned out to be different for the workers than for the public officials in charge of its implementation.

However, the fact that the concept of self-management is used for such purposes and for the promotion of participation, it plays a role in the agitation and conscientization of workers. They can compare the concrete situation in which they live, with its partial and bounded participation, with the grand works and promises they receive. For example, “The boss will not eat from your poverty;” “the land to the tiller;” “the worker has the right to determine his wage;” and so on.

Self-Management and Corporativism

The forms of participation introduced by the military governments in Peru have been characterized as corporatist-type mechanisms (Cotler, 1975; Palmer and Middlebrook, 1976; and Stepan, 1978). These studies argue that corporativism restricts participation to those areas that are not substantially related to the control of property, and the distribution of wealth generated in the society.

What are the essential characteristics of this corporativism? Is this a situation unavoidably and inherently linked to self-management? Or is it due to the fact that it is promoted by the state apparatus, instead of being held in the hands of the workers?

Enclaves of Participation

Generally, successful cases of worker participation are islands separate from the social reality which surrounds them, as illustrated by Israel and the cooperatives of other countries. A large part of criticisms of the corporatist model concentrate on this aspect, as reported by Fals Borda (1974) and UNRISD (1975).

But self-management cannot be understood as such. Its survival and expansion depends on the development of the productive forces within it, and on their articulation in economic, political and social forms that will enable it to expand its area of influence and action. Self-managed forms of organization involve an element of dynamism and resource mobilization that necessarily transcend purely local or regional concerns. Otherwise, they run the danger of distorting their very essence and converting themselves into ideal situations, isolated and precisely of the enclave type.

What is, then, the dimension of social, political and economic ferment to be associated with self-management and its concrete forms? To what extent does it constitute merely a sleeping pill for workers, isolating them regarding problems of their enterprises? Can they transcend this limitation? How?

Criticisms From the Right and From the Left

Criticisms about economic democracy from sectors of the left mainly focus on the argument that self-management constitutes a distraction, when not actually a drug, with respect to workers' consciousness and interests. On the other hand, the conservative sectors oppose it to the extent that the possibility of participation by workers in the management and ownership of the society's enterprises and of the resources and social wealth produced, undoubtedly constitutes a threat to the established order of things.

The Peruvian experience was shown a durable opposition that adopted various forms and that materialized on different occasions, with an increasing deterioration in, and restriction of, the margins or spheres of decision-making left for workers.

The labor community was thus an example in which from the possibility of progressive access to ownership and workers' rights were restricted, until it ended as a form of individual share ownership for workers. In reality, this form of share ownership did not represent a viable form of either co-determination or self-management, since, even in the best of cases, when workers were able to retain ownership shares, they found themselves obliged to sell them on the stock market, pressured by a deteriorating economic situation that reduced their already limited financial means.

What kind of ownership is acceptable to the conservative sector of the society, and why? How is it used for its own good? What are the criticisms from the left? Which criticisms are sound, and which not? Can one conceive of a viable strategy which would take these criticisms into account, and take advantage of the margins from the right?

Self-Management and Trade Unions

In terms using of self-management by the state, a role for the union has been denied under the pretext that the workers are now the "owners" of their enterprises, and that for this reason, an organism for defending their interests against themselves would not make sense. This approach, in the Peruvian case, created confusion and error. In addition to being illogical in and of itself, it involved a fundamental error in that it supposed that the society already was self-managed, and that for this reason the worker has no need for unions.

On the other hand, as the military government has itself acknowledged on repeated occasions, the predominantly capitalist condition of the society had not changed. Self-managed forms are introduced in a capitalist environment, both nationally and internationally, and in this context the union has demonstrated its effectiveness as an instrument of struggle, and for the organization of the workers in defense of their interests. Union leadership and organization involve much more than the simple wage or economic claim inside the firm. They represent a mechanism for articulating the interests of rural and urban workers, and for enabling them to assert themselves on the national scene.

Additionally, they constitute one of the forms of political education which the worker is used to and familiar with. They provide him with experiences and results that, where necessary, can be evaluated and corrected.

The union is indispensable as a form of organization that complements that of self-management. Under conditions of worker exploitation, as in capitalist societies, it constitutes a

mechanism for the defense and realization of the worker's own interests. What are the limitations of the union and the importance of whether it is democratic or authoritarian for the creation of a self-managed society? What are its advantages? What are the experiences to date? What has the role of the union been under different historical conditions?

In what ways does the union organization enable the limits of the enclave to be transcended? What roles do education and conscientization of the worker concerning his conditions of exploitation play? In what way does the union allow him to create forms of economic and political articulation and organization that offer more effective resistance to the ideological uses of self-management? What are the limits imposed by the positions of left-wing parties? Is a political strategy that builds self-management by the popular sectors possible?

The Definition of the Scope of Self-Management

Self-management implies participation in its widest sense, including at the level of the enterprise itself, and all the matters to be decided in its management, and at the level of the society as a whole, including the sphere of political decisions. But self-management, when it does not include specified areas in which the worker can exercise his decision making, ceases to be a mobilization factor.

In this sense, the Peruvian experience provides various examples for understanding this phenomenon. Land and participation, for example, were offered to the rural worker in generic and, therefore, ambiguous terms. Yet the individual could not decide what to produce, how much to produce, what price to set for his produce, how much income he could receive, or even how to market the produce. The margins or scope of one's participation was thus reduced to their minimal levels because of the lack of any defined and precise boundaries.

By contrast, it is surely the case that, in imposing such boundaries, the state apparatus would have restricted the definition of participation, thereby revealing its abuse of the concept.

This would have enabled the worker to clearly identify the spheres in which he was not permitted to decide, thus generating an additional reason for protest over the types of decisions forbidden to him. But, in this case, he was offered participation in broad, general terms. In practice there was very little about which he was allowed to decide. Once again, the contrast arose between what was said about that which was really permitted, a contrast that served to create agitation. It became a catalyst for the worker becoming aware of the reality in which he lived, and of the unviability of the model proposed by the state apparatus from above.

In addition, the fact that self-management was presented in ambiguous terms meant that it had a different meaning for the worker than for the public official charged with its implementation. For the peasant, it meant the possibility of improving his standard of living and his access to the decision making structure. For the functionary it signified an ideological device in whose name the worker ought to abstain from strikes, work stoppages, and economic and political demands, because in making them, he would be undermining his own interests as "owner," theoretically, of his firm. An instrument of liberation in one case, and of oppression in the other, self-management was left ambiguous and used as an ideological tool by the dominant sectors of the society.

It is worth pointing out, however, that these distinct meanings will always exist, since they arise from the class position of the worker, the public official, or of whoever acts as the promotional agent of self-management.

But it seems to be equally clear that self-management, even when used as an ideological weapon for rationalizing and defending an existing order, incorporates elements of mobilization and concientization. This occurs when the worker compares the real situation in which he lives with that society, or aspects of it, with full participation that the state apparatus, or whoever uses the concept, offers him, even when they do so for their own ends.

Problems in the Implementation of a Self-Managed Sector

In Peru there was an attempt to implement a self-managed sector in the society: the social property sector. It would therefore be appropriate to make a more detailed and minute analysis of the strategy, the achievements, the difficulties, and the causes of its deterioration and almost its deformation as it appears today.

Did it represent a final model pushed by a group of utopianist libertarians who could not realize their goal because of the specific circumstances surrounding the military government? Was the strategy of promoting many self-managed organizations carried out in order to be able to count on seeds from which a better one would later prosper? Should they have been more realistic and pragmatic, or, by contrast, even more audacious in the creation of such enterprises? Were the financial mechanisms sufficiently flexible and opportune? Was the logic of economic profitability firmly established, or should it have been?

Should they have avoided, as seems to have been the case, forms of political organization for articulating the enterprises? Should the production cooperatives and industrial communities have been included? Was a political party necessary to sustain and defend self-management, and the interest of the workers and the reforms and improvements obtained? Was it possible, or should it have been possible, to distinguish between an economic and a political sphere for the organization and representation of the workers? What was the role played by the concrete social property enterprises created: Villa El Salvador (CUAVES), Decision Campesina, Moto Andina, etc.? Were the institutionalization mechanisms created, such as SINADEPS and FONAPS, sufficiently autonomous and in the hands of the workers themselves, or were they simply additional elements for control by the state? Were they then promoters, or controllers of popular initiatives?

Self-Management and "Group Egoism"

When forms of self-managed organization are introduced within a capitalist context, they face a hostile environment that can have various consequences. The first is that of subsuming these forms within the ruling capitalist system, converting them in this way into another kind of firm operating within the logic of profit-making. A second consequence may be violent opposition both at the level of words and actions leading to their disappearance. A third type of result is the deforming of the enterprise, that is, causing it to lose its self-managing character through the effects of group egoism.

The Peruvian example of the sugar production cooperatives offers food for thought in this regard. They were introduced into a capitalist environment in conditions of generalized unemployment, exploitation and extraction of the surplus generated by workers, carried out by the state and through the market to which production was oriented. The state apparatus controlled and supervised the cooperatives, yet they lacked a design beyond that of the individual enterprises that would incorporate other organizations at the regional level. These conditions constituted a set of factors that favored the rise and development of the group egoism, that the worker who was a member of a production cooperative experienced against other workers.

But the Peruvian experience also offers contrary examples of landless peasants incorporated into cooperatives at the initiative of the cooperative members, in spite of the logic of income maximization. Various mobilizations, land invasions, pronouncements and concrete struggles sharpened the worker's perception that this group egoism had its origin in the capitalist system in which he found himself.

Is the egoism of the workers, then, a consequence of the system in which these different forms of organization are inserted? What is the price of solidarity when the remuneration for individual work is different from that received for collective work? How can this egoism be combated? Are there cases when this has occurred? If so, what were the results?

The Fundamental Questions: Who participates? Why? How?

The introduction of self-managing forms of organization, within a context of institutional change, requires a definition as to who are the actors in such a process of participation. Workers, citizens, socio-political organizations and the apparatus of the state are, perhaps, the four most clearly identifiable agents. They are the ones who are going to participate and exercise their right to determine decision making.

But their participation will be real and effective only when the reasons for participating are clear and defined. The identification of what is distributed, of the scope or sphere of decision making, is thus an equally indispensable element. When their immediate interests are more directly affected, their participation will be more intense. But when the subject of participation is more remote or ambiguous, it becomes deformed and can be susceptible to manipulation by workers. There may be participation in decisions about the social use of wealth generated, and about resources and their distribution and use, but only to the extent that they are identifiable and clearly defined.

It is also important to be able to count on clear rules of the game which guides this right to decision making. Whether we are dealing with geographical or sectoral units, or specific spheres of everyday life, there ought to be clear rules of the game, indicating possibilities and limits, that govern the exercise of participation.

The Peruvian legislation was not sufficiently precise about how to participate. The dimension of the commune, or district, for example, was not included in the analysis of other historical experiences of Yugoslavia, China and Poland, for example, were considered. They show that this is an important factor for establishing the limits to, reason for, and interest in participating.

To the extent that concrete aspects of participation are identified, interest will grow. Those interests, and rights, that have been expropriated from the worker and the citizen by the established order, by the state, or by the different sectors and social forces, will also be perceived. Self-management will then be on a realistic path, a historical process that it generates and feeds.

FUTURE PERSPECTIVES

Self managed organizations have lost the substantial support they enjoyed from the Peruvian state apparatus in previous years. Decades ago, the government's gradually evolving political model placed increasing emphasis on the creation of self-managed enterprises as the economic building blocks and neighborhood organizations as the political building blocks of what hopefully would be a fully participatory social democracy. Indeed for a brief period, public discourse proclaimed that the social property sector would become predominant in Peru.

But, this support for self-management was never either unqualified or disinterested. The cooperative movement which preceded self-management lost a number of government financial and tax incentives, and suffered serious setbacks, principally because of its close association with the Accion Popular and APRA political parties, whose bases of support the government was keen to undermine. Although the cooperative movement was weakly articulated internally, and served to support, rather than question, the predominant capitalist system, the treatment received at the hands of the government served to create resentments and hostilities between the pre-existing cooperatives and the newly formed agrarian production cooperatives, SAIS and social property enterprises.

The later Bermudez government looked for political support from bourgeoisie, petit-bourgeoisie and foreign capital, as well as, of course, the armed forces. It distanced itself with increasing speed from the organized rural and urban proletariat. This led to a rapid drop in support for social property enterprises; an attempt to assert greater controls over the agrarian cooperatives and SAIS; the conversion of labor communities from models of co-determination to a version of peoples capitalism; and increasing repression of trade unions. The economic crisis, the politicization which threatened the unity and longer-term political power of the armed forces, as well as the loss of a sense of mission, and international pressure all led the Bermudez government to seek a way out. This was done via an agreement with those political parties the Velasco establishment had sought unsuccessfully to eliminate and which represented the social classes which now formed the basis of support for the government.

In this period of transition between military and civilian rule, there had been an effort to tidy up loose ends, defending the agrarian cooperatives and SAIS against peasant invasions in some cases, bailing them out of bankruptcy in others, and trying to put people on an independent and financially viable footing. Face-saving efforts were made to shore up the weaker social property firms, to try and get them on a sounder economic basis, and nearly all firms were suddenly found to be able to govern themselves, enabling the mechanism to be established. Thus, five regional units and the national assembly converted the social property sector into one, essentially being independent of state control and support.

These developments signaled a significant decrease in state control and intervention, and while the improving economic situation increases the chances for economic survival, the overall prospects for self-management in Peru are currently not very promising. The major political parties are firmly wedded to maintaining Peru's condition as a dependent, capitalist society. Within that limitation, they are prepared to return to earlier policies in giving support and incentives to various forms of cooperatives as a way of humanizing the rougher edges of capitalism. This would also be a way of creating a popular economy serving the needs of private enterprise, and as a way of creating bases of political support. The past heritage of authoritarian creation, intervention and political manipulation means that the elements from which a popular economy could potentially be formed – various kinds of cooperatives, trade unions, social property enterprises and labor communities – are now disarticulated and divided politically, economically and ideologically. Once again, the political enmity between APRA and the Marxist left, which dates clear back to the 1920s, is reflected in the competition for support from, and control over, popular organizations. This practically eliminates the possibility that in the future a strong, united and politically articulate self-managed sector allied with other elements of a popular economy, especially unions, could present a credible challenge to capitalism in Peru.

Nevertheless, something remains. Not only have intense experiences been lived through, but also important lessons have been learned. A sufficient number of self-managed enterprises still exist to provide a potential training ground in democratic management for a significant number of workers. The potential exists for developing a dynamic and relatively self-contained people's economic sector, if resources can be managed with skill and the economic and financial circuit is not closed. If political and ideological clarity are achieved, a popular economic base exists which could be employed in support of the struggle for liberation and development. Past experiences have taught important lessons and raised critical issues, some of which will aid in the continuous search for a viable national development alternative.

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