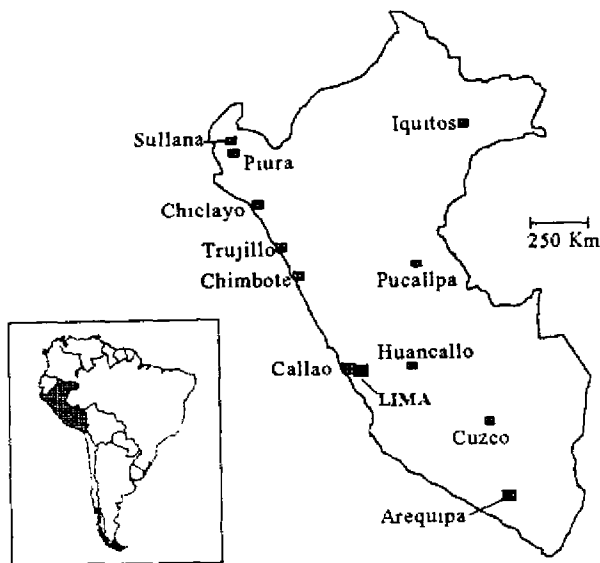


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# PERU



Capital: Lima  
Area: 1,285,220 km<sup>2</sup>  
Population: 21,790,000 (1989)  
Population density: 17/km<sup>2</sup>  
Urban population: 69%  
Per-capita GDP in US\$: 1,010 (1988) (a)  
Life expectancy at birth: 63 years (b)  
Infant mortality rate: 82‰ live births (1990) (c)  
Illiteracy: 15% (d)  
Population under poverty line: 60% (1986) (e)  
Human Development Index 1992: 0.600 (81st) (f)<sup>1</sup>

## Economic crisis, widespread poverty, and political violence: a difficult agenda for the 1990s

Since the end of the 1970s, Peru has gone through a crisis which, because of its breadth, depth, and duration, can be called one of the worst in the country's history. During the 1980s, and especially at the end of the decade, its economy suffered a major recession whose effects still persist. The deterioration in the social situation that accompanied the crisis has led to the general impoverishment of the population and, in particular, deep social divisions. But the crisis is not confined to the social and economic spheres. Political and military violence, fomented by the Shining Path and other armed groups, and the growing significance of drug trafficking, also give the crisis a political, security, and—in short—a global dimension.

In the economic sphere, three periods coinciding with the last three Governments can be

distinguished. In the first, from 1980 to 1985, trade liberalization policies were put into practice which were based on the assumption that vigorous exports would be an engine for economic growth. Forecasts of growth in exports did not materialize, however, which led to a major crisis in the external sector that was already apparent in 1982. Added to this were the "debt crisis" and other factors, such as droughts and floods, that reduced agricultural production by 10%. All this led to a decline in the gross domestic product (GDP) which in 1983, the "black year" of the crisis, fell by 12%, the application of adjustment measures agreed with the International Monetary Fund (IMF), major inflation, and a fall in the buying power of wages that by 1985 amounted to 24% cumulatively.

The second period opened in 1985 when a new Government, headed by Alan García, undertook a completely different economic revival program based on stimulation of domestic demand and price controls. Public expenditure and investment, as well as wages, were increased by promoting employment, income redistribution, and satisfaction of the needs of the poorest in the population. In the external sphere, it was announced that external debt payments, which amounted to USD 14,000 million with an annual service of USD 3,500 million, would be limited to 10% of the total value of the country's exports in order to make more resources available to finance economic revival. Results were encouraging during the first two years: the GDP grew by 9.5% in 1986 and 7.7% in 1987; inflation fell from 163% in 1985 to 86% in 1987; unemployment abated, and real wages, which grew by 22% in 1986, rose for the first time after a decade of decline.

In mid-1987, however, the exhaustion of the revival policy and the financial restrictions with which the international banking community responded to the limit on payments became evident. The country was declared "ineligible" to obtain new credits, and the surplus generated by growth was not reinvested in the country. Because of the scarcity of foreign exchange, the Government adopted measures such as the suppression of free convertibility of bank assets into foreign currencies and the nationalization of private banking. These measures deepened the confrontation between the Government and business. All this precipitated a deep recession. In 1988 a fall occurred in the GDP from which the country has still not been able to recover (it dropped by 7.9% in 1988, 11.2% in 1989, and 3.9% in 1990), and the inflation rate was among the highest in Latin America at 7,481% in 1990.<sup>2</sup> In addition to inflation, the population experienced the heavy impact of "package blows," or sets of stabilization measures based on the elimination of subsidies and price increases, which caused real wages to regress so much that they cancelled out the improvements of earlier years and deepened their deterioration, in complete

contravention of the Government's objectives. This resulted in an increase in poverty and social polarization, a context in which the violence of Shining Path and the Túpac Amaru Revolutionary Movement (MRTA) grew. By 1988 a third of the country had been declared "in a state of emergency" because of the increase in armed confrontations.

The third period began when President Fujimori assumed power in 1990. The new Government stated its main objectives as stabilizing the economy and reestablishing relations with international financing agencies. Toward that end it undertook, in August 1990, a harsh structural adjustment program popularly known as "Fujishock." Price controls and subsidies were eliminated, governmental expenditure was limited to revenue available to balance the budget, a tax and tariff reform was promoted, and the external debt was rescheduled. All this has resulted in a new and drastic reduction in real wages, which has increased the proportion of the population living in poverty still more, and heavy cuts in public spending on health care and education and poverty compensation programs.

The population's reactions have varied. When the adjustment measures became known, protests broke out which were accompanied by looting in the country's principal cities, but the President retained a high level of popularity despite them; at the same time, labor strife grew and there is significant support for Shining Path among Peruvians with the lowest incomes, according to recent surveys.<sup>3</sup> Moreover, the rescheduling of the external debt enabled payments to be postponed, but since no substantial reduction in it occurred the prospects for the country's finances and development remain gloomy. It is estimated that the net flight of resources will be USD 320 million in 1993, USD 898 million in 1994, and USD 1,425 million in 1995.<sup>4</sup>

The situation turned still more complicated when President Fujimori decided to reinforce counterinsurgency activities and dissolve the legislative and judicial branches, a step he called temporary. These measures, which have disrupt-

ed democratic legality, were taken in order to reorganize the Peruvian state and defeat subversive movements, have in the short term deepened domestic armed conflict and increased the doubts of the international community, and have made normalizing Peru's relations with international financing agencies difficult. This poses an additional difficulty for some of the Government's objectives, such as economic recovery and obtaining resources to finance compensation and social development programs. Because of all these problems, the future is uncertain. No short-term escape from the crisis can be discerned, and the possibility even exists that armed conflict will intensify and violence will become a central feature of the country's life, making economic recovery, political normalization, and improvements in the situation of millions of Peruvians now living in poverty still more difficult. Those are, in short, the most important challenges facing Peru in the 1990s.

### **The employment situation and deterioration in real income**

The behavior of the labor market has faithfully reflected changes in the economy. The unemployment rate, which was 7% in 1980, reached almost 12% in 1985, fell again to 7% in 1987, and increased to 13% after the outbreak of the crisis in 1988. In 1990, according to data from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), it was slightly higher than 8%. The adjustment measures undertaken in 1990 may have increased the percentage since it is estimated that more than 200,000 people were dismissed in 1990 in Lima alone.<sup>5</sup>

The crisis has also been reflected in the distribution of the economically active population (EAP) by sector. During the 1980s the share of the primary and secondary sectors in providing employment fell considerably. The primary sector declined from 42% to 35% of the EAP between 1981 and 1989, and the secondary sector from 16% to 12%. By contrast, the tertiary

sector absorbed a larger number of workers and increased from 42% to 52%. This shows that this sector has become a "softening cushion" for the crisis, especially because of the increase in the informal sector. In 1986 that accounted for 23% of the EAP, and between 1988 and 1989 it increased to 40%.<sup>6</sup> There is intense discussion about the significance of the informal sector. To some it is an expression of entrepreneurial capacity and the population's ability to generate revenue, but to others it means low-productivity jobs and low incomes that are only a survival strategy of the poor in the face of the crisis.

Underemployment indicators also reflect the major deterioration and development of instability in Peru's labor market. The latest official data, for 1986, indicated that 51% of the total EAP and 53% of that in metropolitan Lima were underemployed;<sup>7</sup> nevertheless, from 1986 to 1989 alone the number of underemployed in the Lima metropolitan area, according to the income criterion,<sup>8</sup> increased by 902,000. In 1989 it was estimated that between 72% and 75% of Lima's EAP were underemployed. In 1990, the figure was 83%. This means that around 1.5 million people in that year received an income below the minimum wage. In addition, the adequately employed population decreased from 1,023,000 in 1986 to 431,000 in 1989.<sup>9</sup>

The deterioration in real wages and informal-sector incomes is explained by hyperinflation and price increases caused by adjustment measures. Between 1980 and 1989, and in real terms, wages in industry fell by 40%, the real urban minimum wage lost 77% of its value, and informal-sector incomes dropped by 38%.<sup>10</sup> The adjustment measures adopted in August 1990 led to new price increases, which varied between three and 14 times their nominal value, which reduced still more the purchasing power of wages: in July 1990, pay in the private and public sectors covered 79% and 64% of the basic basket, respectively. Following the adjustment measures, those proportions fell to 50% and 32%.<sup>11</sup> This indicates a radical change in policy compared with the earlier period, when maintain-

ing the population's purchasing power was a basic requirement for economic revival.

### The evolution of poverty and social policy

The evolution of employment and income has had direct repercussions on income distribution and the poverty situation. The participation of wage earners in national income fell between 1987 and 1988 from 35% to 27%, while the entrepreneurial sector increased its participation by six percentage points,<sup>12</sup> reinforcing one of the country's structural features: lack of equity in income distribution. Relevant indicators, for 1985, reflect the extent of inequality in Peruvian society. The poorest 10% of the population in urban areas received 0.62% of national income and in rural areas, 1.32%. The richest 10% of the population in urban areas received 34% of national income and in rural areas, 36%.<sup>13</sup> Income distribution is not only inequitable by socioeconomic strata, but there are also major geographic inequalities and imbalances. Lima, with 29% of the population, receives 47% of national income; the remainder of the coastal population (28%) receives 20%; the population of the Sierra, which represents 36% of Peruvians, received 22%, and that in the jungle portion of the country (12% of the population), 11%.

According to available indicators, Peru underwent acute pauperization during the 1980s, which aggravated the already high levels of poverty in the 1970s. Between 1979 and 1986, the proportion of the population whose incomes were below the poverty line, defined as a family income less than twice the basic food basket, grew from 38% to 52% and from 35% to 45% of households in urban areas, though in rural areas it declined, from 80% to 72% and from 65% to 64% of households. Extreme poverty or indigence, defined as an income level that does not meet a family's nutritional requirements, since it is below the cost of a basic food basket, also increased between 1979 and 1986 in urban areas and throughout the country, from 15% to

26% of the population in cities (from 15% to 22% of households), and from 25% to 30% of the total population (from 21% to 25% of households). In rural areas it also underwent a slight decline, from 48% to 46% of the population in those areas.<sup>14</sup> The "poverty map" indicates that the greatest concentrations of poor households are in marginal urban areas, in *pueblos jóvenes* in the southern Sierra, which has the most deprived departments (Huancavélica, Ayacucho, Apurímac, Puno, and others), and in the jungle area. Although there are no exact data for the early 1990s, the crisis of 1987 and the adjustment measures of 1990 must have increased these proportions considerably above the 1986 levels, taking into account the major decreases in the population's purchasing power.

The orientation of policies and public spending on poverty has also reflected the economic policies of the various Governments. Since 1986 the categories of remuneration and transfers, together with defense, have increased because of a greater counterinsurgency effort. This has been through wage increases and, in the case of transfers, the Temporary Income Support Program (PAIT), which provided employment to large numbers of women; bonuses awarded workers, especially in the public sector, consumer rice, corn, milk, sugar, and cotton subsidies, made through the National Rice Marketing Company (ECASA), and the Agricultural Revival and Food Security Fund (FRASA). In addition, a set of support programs for the social sectors was created such as the Direct Support Program (PAD).<sup>15</sup> In 1988 they were allocated a budget of about 1% of the GDP; three-quarters of it were absorbed by PAIT and FRASA, however.<sup>16</sup> Governmental investment went preferentially into social infrastructure, especially into construction of roads, schools, and health posts in rural and marginal areas. Because of economic and social deterioration, the Government in 1989 launched the Social Compensation Program,<sup>17</sup> which was aimed at providing food and drugs to nursing mothers, children younger than six years, and other vulnerable groups.

As part of its adjustment policies, the new Government abolished the National Social Compensation Program and its corresponding Fund, and the resources allocated to the Social Emergency Program (PES) were reduced considerably. Between August and December 1990, only 13% of the expenditure programmed for that period was in fact made and 30% of the target population nationally and 12% of that in Lima were benefited, though 60% of the residents of that city need that kind of assistance. In addition, the poorest regions and areas have received only 2.5% of the resources.<sup>18</sup>

In this framework, we must note the great importance of popular self-organization initiatives to deal with the crisis and poverty, which have often been promoted and led by women. An example is the more than 7,000 poor people's soup kitchens in Lima in 1991 which distributed 1.4 million daily meals with support from domestic resources and international cooperation.

### Health, nutrition, and environmental sanitation

The precarious socioeconomic situation of the country has had visible effects on the health care system and the nutritional and health status of the population. Perhaps the most obvious is the cholera epidemic, a disease closely linked to deficient nutrition and sanitation conditions. In less than a year it affected 301,277 people, or 1.5% of the population, striking the poorest population in rural and marginal urban areas in particular.<sup>19</sup> The disease, present in all departments, reappeared in early 1992, especially in Arequipa, Ayacucho, Huánuco, Callao, and Lima. The increase in Lima was extraordinary, rising from 270 cases a week at the end of 1991 to 3,700 in the first six weeks of 1992.<sup>20</sup> The Pan American Health Organization (PAHO) has said that cholera may have become established in Peru as an endemic disease.<sup>21</sup>

In the middle 1980s the five leading causes of death in the population, which together amounted to 54.5% of recorded deaths, were diseases of the

respiratory system (17%) and circulatory system (14%), tumors (9.5%), perinatal diseases (7%), and accidents and violence (6.7%). There are major inequalities based on the level of development and income in different parts of the country: in the poorest departments having the highest proportion of rural population in the Sierra, such as Huancavelica and Cuzco, the probability of death is even greater. By contrast, urban coastal residents have the country's best indicators. In Huancavelica, life expectancy is 47 years, while in Callao it is 67 years. All these data, however, must be viewed with a certain amount of caution since mortality under-recording is around 50%.<sup>22</sup>

Tuberculosis is one of the main causes of morbidity, and young adults are the most vulnerable group. According to Ministry of Health data, its incidence diminished during the 1980s, from 4.4% to 2%,<sup>23</sup> with a mortality rate of 21 per 100,000 population in 1987. Nevertheless, these data contrast with the fact that conditions favoring the disease, such as deterioration in the nutritional standards of the population and its purchasing power, which hinders access to drugs, promote its spread. It is significant in this respect that the tuberculosis control program in the city of Cuzco, one of the departments traditionally affected, along with Arequipa, Tacna, Callao, Ancash, Puno, and Huancavelica, has reported that between 1980 and 1990 the number of cases cared for doubled.<sup>24</sup> Silicosis is common among miners: one out of every 12 suffers from the disease.

Yellow fever occurs in the jungle areas of the Amazonian basin, and leprosy is endemic. Malaria is present in three-quarters of the country and the population exposed to it numbers 6.8 million. In 1987 there were almost 40,000 cases, mostly in the northern coastal area, with a rate of 192 cases per 100,000 population. There were 32,000 in 1989; the highest rates of annual parasite incidence (API) occurred in the departments of Junín, Ayacucho, Madre de Dios, San Martín, and Pasco. Among risk factors are population dislocations caused by violence and worker migration.<sup>25</sup> AIDS, of which there were

614 cases by March 1992 with a ratio of 28 cases per million population, has a relatively small incidence. Between 1989 and 1990, however, the incidence in women tripled while remaining stable in men. This means that the pattern of contagion is becoming increasingly heterosexual, and an increase in the incidence of the disease can be forecast.<sup>26</sup>

The infant mortality rate in 1987 was 88.2‰, and in 1990, 83‰ live births, which means that 50,000 deaths a year in nursing infants are avoidable. Ministry of Health data for 1986, however, showed that the rate for the Sierra (110‰ live births) was three times that of Lima (34‰ live births). The greatest differences are according to maternal educational levels. Infant mortality among women without schooling was 5.6 times higher than among women with higher education.<sup>27</sup> The most common causes of death are acute respiratory infections and gastrointestinal diseases. A 1984 survey showed that two-thirds of children had had episodes of these diseases in the two weeks before interview.<sup>28</sup> In particular, diarrhea represented 37% of the diseases reported in children under five years old in 1987, according to Ministry of Health data. At 31‰ live births, the maternal mortality rate in 1987 was also fairly high. It is significant that 11% of deaths were caused by abortion; among the poorest mothers, however, abortion represented 20%.<sup>29</sup> Twenty-two percent of deliveries are not attended by health workers.

Child malnutrition continued at very high levels during the 1980s. In 1984, 38% of children less than five years old suffered from chronic malnutrition (low height for age). In rural areas the proportion was 56%, and in some parts of the Sierra, 62%.<sup>30</sup> The deterioration in living standards in the late 1980s and early 1990s may have aggravated this situation.

The Peruvian health system comprises the Ministry of Health, Peruvian Social Security Institute (IPSS), medical department of the Armed and Police Forces, and the private sector. The Ministry of Health is responsible for formulating policy in this field. The Organic Health Law was promulgated in 1986 and it provided for the

functional integration of the Ministry and IPSS in order to rationalize the use of resources and alleviate the latter's administrative problems. It was estimated at the end of the 1980s that 40% of the population was not covered by any health service, with a higher proportion in rural and marginal urban areas. In 1987 the Ministry of Health cared for 60% of the covered population, the Armed and Police Forces medical department for 3%, and the private sector for 7%. The IPSS covered 30% of the total population; in 1989, according to International Labor Organization (ILO) data, 42.2% of the EAP was covered by old-age pensions and sickness and maternity care.<sup>31</sup> Coverage was much less among the self-employed, most of whom worked in the informal sector: between 1985 and 1986, only 4% of them were so covered.<sup>32</sup>

In 1988 there were a total of 372 hospitals (50% of them private) with 32,811 beds (of which 19% were in private hospitals), a rate of 1.6 beds per 1,000 population—less than half of international recommendations. Infrastructure is old, maintenance is deficient, and about half of all equipment, including highly complex devices, goes unused because of age, excessive use, or lack of maintenance. This is related to the dominance of operating expenditure (between 85% and 96% of the total) over capital expenditure. The distribution of physicians shows geographic inequalities: most of them practice in Lima and Callao, where the ratio was 21.3 per 10,000 population in 1988, which contrasts strikingly with ratios in rural areas; in Apurímac and Amazonas, for example, the ratios were 0.39 and 0.41 per 10,000 population.<sup>33</sup>

In proportions ranging from 91% to 98%, public health financing has depended on contributions from IPSS and the treasury. From 1985 to 1987, public spending on health care increased somewhat, but since 1988, coinciding with the recession, it has fallen abruptly. Real expenditure in 1990 was only USD 9 per capita per year.<sup>34</sup> Spending fell by 50% between the first and second halves of 1988 alone. In this context, IPSS's situation reached a critical point in

1988 because of the enormous deficit it had accumulated.

The deficiencies in the coverage and quality of the health services have gone hand in hand with significant shortfalls in sanitation, which are among the factors causing the cholera epidemic. In 1990, 37% of the population had no access to potable water. Half of the population had household connections, but a quarter depended on rivers, ditches, and springs and another quarter on trucks, wells, or public troughs. In addition, 47.5% of Peruvians lack adequate environmental sanitation facilities. Only 43% of existing sanitary services are connected to sewerage networks. As for waste disposal, 45% of the population has access to waste collection services, while the remainder throw refuse into open-air dumps or waterways or burn it. The differences between rural and urban areas in this regard are very great. In the former, 84% of the population lacks sanitary facilities and 65% do not have potable water service.

### Urbanization and urban marginalization

In 1988, Lima and its metropolitan area, with 6 million residents, was the fifth largest city in Latin America and contained 28.5% of the country's population. The rapid growth this and other cities have experienced is explained by their own demographic vigor and heavy migration from the countryside to cities. The 1981 census revealed that between 20% and 45% of the population in the Sierra had left their places of origin and that a third of the population in the Lima metropolitan area came from the provinces. During the second half of the 1980s, migration to the city intensified as a result of the crisis and the domestic war and led to the creation of new makeshift settlements, or *pueblos jóvenes*, on its outskirts. It is estimated that in the past 10 years, some departments have lost 20% of their population.<sup>35</sup>

Nevertheless, the city's growth is limited by its inhabitable area and the possibility of providing its inhabitants access to basic services. At

mid-decade, the area that the city occupied embraced 40,000 hectares, which meant that its population density averaged 127 persons per hectare. According to studies by the Municipality of Lima,<sup>36</sup> the area into which the city could expand (31,000 hectares) could house 3 million additional residents maintaining a similar population density. Taking the city's population growth into account, the area noted would meet urban expansion needs only until 1996.

In 1986, according to official data, the inhabited area was distributed as follows. Sixty percent of the population lived in the "consolidated area," which covered 62.7% of the city's area. About 1.9% lived in areas being consolidated, which represented 1.5% of the urban area. Close to 7% of the population lived in irregular settlements on 6% of the city's land, and, finally, 30% of Limans lived in *pueblos jóvenes*, of which there were 505 in 1986, built on 26% of the city's land.<sup>37</sup>

The so-called *pueblos jóvenes* are marginal settlements on the outskirts of Lima and other major cities that have been springing up as a result of rural-urban migration. They have been created spontaneously, from "the ground up," as new residents have constructed their own dwellings. It is estimated that eight in every 10 self-built houses have been built in *pueblos jóvenes*. Although self-building is one of the most important ways in which the housing deficit can be ameliorated, dwellings so built are generally inadequate, often overcrowded, constructed of shoddy materials, and above all lack necessary services and infrastructure. Between five and eight out of every 10 families living in *pueblos jóvenes* lack basic services.<sup>38</sup> Countless experiments in popular self-organization are taking place in such settlements, however, that are successfully overcoming some of their greatest deficiencies. Villa Salvador, in Lima, exemplifies this reality because of its history and achievements.

Shortages of basic services, though concentrated in rural and marginal urban areas, are a national problem because of their magnitude. The 1981 population census showed that only

44% of the population had electricity (69.3% in urban areas and 4.2% in rural areas) and 37% had potable water (60.8% in urban areas). The same can be said about the quality of housing: only a third was built of brick, blocks, and cement. Almost half (47% was of adobe, and 20% was built of low-quality materials such as wood, reeds and adobe, mud, and straw

The housing policy has been carried out through the Housing Finance System which, between 1980 and 1984, benefited 318,000 families in various ways. Most (68%) received help from the Housing Bank, 10% from the State Construction Company, and 8% from the Materials Bank, a state company that grants credits in materials to people who can prove land possession. The National Housing Fund (FONAVI) is one of the most important instruments for building low-cost housing and aids workers who are contributors to the fund. These efforts, doubtless important, have not sufficed to meet the existing housing deficit inasmuch as many of the households that lack adequate dwellings do not receive credits, have not regularized their land ownership or their incomes are too irregular or inadequate to take advantage of one of these solutions.

### Ethnic conditions and problems

According to the 1972 census, indigenous persons represented 30.5% of the country's population, i.e., 3,467,140 people. In the 1981 census that proportion was 24.8%, or 3,626,944 people. Both censuses used language as their ethnicity criterion, which means that, because of the extent of bilingualism, their figures may be underestimates, especially regarding the youngest population, in which bilingualism is most widespread.<sup>39</sup> Other estimates are, therefore, that the proportion of indigenous population is much greater—up to 40%.<sup>40</sup> The two major ethnolinguistic groups in the Sierra are, as throughout the Andean area, Quechuas and Aymaras, and there are six major dialects of those languages. There are at least 64 ethnolinguistic groups in the jungle region.

The indigenous community, which originated in the *ayllu* of the prehispanic Andean world, is the most important organizational form and economic, social, and cultural establishment of the Indian communities of the Sierra. These communities account for around 60% of the arable lands, 21% of the agricultural EAP, 50% of peasant families in the country, and 25% of the population. Land ownership is communal, though usufruct and tenancy are customarily individual and inherited. Nevertheless, they are usually located in the most marginalized agricultural areas and are tied to the capitalist sector of agriculture as labor "reserves" for seasonal work. Indigenous communities are governed by Law 20653 of 1974, but not all of them have been registered and fewer than half of those have titles to the lands they occupy. Around 4,890 communities have been officially recognized, and a large proportion of them still do not have property titles. They represent 3.3% of the population and 11% of the rural population.

The long-marginalized indigenous population continues to experience levels of poverty and deficiencies in basic needs that are among the highest in the country. The demographic pressure on the land characterizing many indigenous areas leads to serious ecological deterioration and, in the end, weakening of the material basis of their existence as communities. All this leads to large-scale migration to cities, which in turn often results in dissolution of migrants' ties with their communities and assimilation into the mestizo world of the cities and coastal region. It must be noted, however, that in the marginalized areas of Peru's cities there is a migrant indigenous population that maintains its culture and contributes to the shaping of a popular urban indigenous identity, which can also be seen in other countries in the region such as Bolivia and Guatemala.<sup>41</sup>

The most significant indigenous organizations are the National Agrarian Confederation, the Aguruna Huambiza Council, and the Peruvian Indian Movement. The indigenous movement has often noted that the main problems it faces are its marginalization and the availability of



land; the boundaries of the lands indigenous people own are frequently not respected and they are invaded, deforested, and polluted. The extent of indigenous organization is less, however, than in earlier periods, such as the agrarian struggles of 1969-1975

### **The situation of education**

During the past three decades, Peru has significantly reduced illiteracy, which fell from 39% of the population in 1961 to 12% in 1989. There are regional and gender differences affecting women in rural areas (especially in the Sierra and the Amazonian jungle), the indigenous population, and the poorest urban areas, however. These are due to the lack of infrastructure, inadequate budgets, and linguistic diversity, which the educational system has dealt with only partially. The rate of literacy progress slowed during the second half of the 1980s. According to United Nations Children's Fund (UNICEF) data, the index of adult literacy dropped from 91% in 1985 to 90% in 1990 among men and rose from 78% to 79% among women.<sup>42</sup>

The state provides most schooling—for 84.2% of students formally enrolled in schools and 97% of those not so enrolled. It operates 88% of primary and secondary schools and 27 of the country's 47 universities. The infrastructure is inadequate to meet the population's educational needs, however. The cuts in public expenditure on education throughout the 1980s (though it increased between 1986 and 1988) and the increase in the proportion of students in school (from 83% to 85% of the total between 1981 and 1989) has led to deterioration in state educational services.

Although the rate of coverage of primary matriculation is fairly high (95% between 1980 and 1989<sup>43</sup>), the educational system has a serious effectiveness problem. Between 1980 and 1984, two out of every 10 pupils repeated a grade and one out of every 10 dropped out of school permanently. In 1988, only 56% of those who entered primary school, 55% of those entering secondary school, and 62% of university students completed

their studies at those levels. These low student achievements were still greater in rural areas. This stems both from shortcomings in the system and the need to begin working that the crisis and the increase in poverty has created for low-income families, children, and young people. Among such people, however, schooling continues to be held in high esteem and viewed as one of the most accessible ways of gaining adequate jobs and improving themselves.<sup>44</sup> If we add the poor match between school programs and the demands of the labor market, we find a marked contrast between the expectations of young people and reality. In short, that is a cause of frustration

### **The situation and problems of women**

Women's share of employment has increased significantly, from 21% to 35.5% of the EAP between 1961 and 1986.<sup>45</sup> Among the most significant trends and events regarding the situation of women in the labor market have been the increase in female labor in rural areas as a result of male migration, the large number of young women migrating from rural to urban areas, and the concentration of women in the personal and community service sector and trade. Their pay averages half of that men in similar occupations receive.<sup>46</sup> Only one in every three working women is employed; the remainder are self-employed. This is related to the large number of women in the informal sector. But these data do not take into account the reality of the "double workday" in which women perform both paid work and domestic tasks. This is due to the persistence of roles resulting from a traditional and discriminatory sexual division of work

In the educational sphere, illiteracy rates among women have decreased less than among men in recent decades. In the period from 1961 to the last census, in 1981, male illiteracy fell from 25.6% to 6.5%, while female illiteracy declined from 51.7% to 20.1%. These averages obscure significant differences between rural and

urban areas. In the latter, the rates were 2.6% among men and 9.3% among women, but in the former they were 16.3% among men and 46.6% among women.<sup>47</sup> This is directly related to fertility rates. Women without education have twice the number of children as women with secondary education and three times the number as women with higher education.

It was estimated in 1987 that the average fertility rate was 4.5 children per woman, though that number varied according to the educational factors noted above and geographic and cultural variables. In Lima it was 2.5; in all urban areas, 3.1, and in rural areas, 6.3; departments such as Amazonas and Madre de Dios, which are among the most disadvantaged, have still higher rates.

One of the most acute problems affecting young women is the high incidence of early pregnancy. Between 1981 and 1984, births to adolescent mothers accounted for 13.3% of the total. In absolute terms, this meant 59,000 births. One in every five occurred in the jungle region. Early maternity is associated with less education, greater poverty, and greater possibility of couples' breaking up. In addition, prenatal care is rarer among these mothers and their infants face a greater risk of dying. There are data indicating that 5% of them had abortions. In 1987, 4,800 young women aged 13 to 17 years were hospitalized for complications from induced abortion. This figure represents 15% of hospitalizations for that cause. This is a serious situation inasmuch as there is extensive underrecording of abortion. Data for 1986 showed that only a quarter of these mothers were married, 57% lived in consensual unions, and 18% did not have a partner. In short, all this means that adolescent girls require efforts to prevent early pregnancy. Those who are already mothers, or soon will be, are a group of special interest as to reproductive health and other kinds of educational and social care.

Thirty-eight percent of women who use contraceptive methods depend on the public sector.<sup>48</sup> Nongovernmental organizations (NGOs) play an important role in this field. The Peruvian Institute for Responsible Paternity (INPPARES)

cared for almost 200,000 women in this area and recently has created an adolescent and youth unit to deal with the problem of early pregnancy.

At the beginning of the 1970s, conditions occurred that allowed more active participation by women in the country's life. The first results of the awakening to the conditions and problems of women were expressed in the Constitution of 1979 and the Civil Code of 1984. Women's participation in political organizations is limited, though it is significant in certain fields such as labor unions. Nevertheless, women play an important role in social organizations, and specifically in those created to deal with the problems of survival among the poor, such as soup kitchens, "glass of milk" program committees, vaccination campaigns, and PAD's dining halls. Today many of these organizations lack resources because of the cut in public social expenditure and, specifically, the Government's failure to carry out the PES.

### **The situation and problems of children and young people**

During the 1980s the population less than 16 years old represented about 40% of the whole, and 13% were less than 5 years old. Both age groups have been strongly affected by the worsening of living conditions. In 1990, according to Ministry of Planning data, 6.5 million children under 18 years lived in absolute poverty.<sup>49</sup> Young people have often faced the challenges of survival without the maturity or occupational training to do so. Moreover, children are perhaps the group most vulnerable to deterioration in family income, nutrition, health care, and education. As a result, it is not surprising that children's vital indicators have worsened and that the number of marginalized children has grown.

Since 1981, according to data from the most recent population censuses and employment surveys, the number of children and young people aged 5 to 19 years who have entered the job market has increased, a fact related to the high rates of school dropout noted above.

Between 1981 and 1986 the number of such children aged 6 to 14 years increased from 2.1% to 5.7%. Among young people 15 to 19 years old in metropolitan Lima between 1981 and 1987, men's share of the labor market decreased but that of women strongly increased—the proportion of women in the workplace grew from 18% to 31% during that period. These increases occurred in tandem with major unemployment and underemployment among young people. In 1987, unemployment affected 21% of young men and 24% of young women in metropolitan Lima, which was very high compared with the 7% national average and the 4.8% in urban areas.<sup>50</sup> Sixty-six percent were underemployed, and the predominant occupation was street trade.<sup>51</sup>

Unpaid family work is common among children, but a large proportion of child workers conduct income-producing activities in the street. Most of them maintain more or less close ties with their families. Others have been abandoned by both their families and official and private institutions. Since these situations are not always well defined, there are no exact figures about child workers and their marginalization.

An ILO study in 1982<sup>52</sup> estimated that 10% of children between 6 and 14 years old worked and studied at the same time. During the school vacation period the proportion increased to 18%. These children contributed 13% of family income on average. Another, 1988 study<sup>53</sup> noted that in Lima alone there were 200,000 children working in the street and around 6,000 who, because of abandonment or flight from their homes, could be called "children of the street." In 1991 the Youth Police Directorate cared for 2,978 children, of whom 2,000 had been abandoned. This illustrates the importance of abandonment as a cause of the problem of street children. Itinerant selling is the most common occupation among "children of the street" older than 10 years, while younger children devote themselves to street services such as car washing and shoe shining. The problem of work exploitation of child workers, which stems from these situations, reaches major proportions. A study undertaken by a Special Committee of the Senate which was

released in 1989 revealed that 1.1 million children worked under conditions of overexploitation.<sup>54</sup>

The lack of job expectations and, among men, performance of military service are the chief causes of migration of young people from rural areas to cities, a phenomenon that has been taking place since the 1960s but that intensified and redirected itself abroad in the 1980s, which represents a new population dynamic in Peru. Recent estimates by the National Institute of Statistics noted that between 1980 and 1990 the negative migration balance was 175,000 people, mostly young persons between 20 and 29 years old from the middle and upper classes.<sup>55</sup>

Consumption of legal (alcohol and inhalants) and illegal (marijuana and cocaine) drugs is common among Peruvian young people. A 1990 study in urban areas<sup>56</sup> showed that 32% of boys and 40% of girls aged 12 to 14 years had consumed some kind of drug sometime during their lives and that 14% of this age group were habitual consumers. In the 20- to 24-year age group, 40% of men and 48% of women had consumed drugs at least once. Marijuana is the most consumed illegal drug (10% of young people between 12 and 18 years old were habitual consumers in 1987<sup>57</sup>), though its use is declining. The consumption of basic cocaine paste is on the rise, in contrast, because of its availability and low price. In 1981 it represented 6.6% of consumption and in 1991, 9%. Since the income of the population has fallen, it can be predicted that consumption of the paste will increase in the future. Cocaine is the least consumed drug and has remained so (1.3% of consumers). Inhalants are the drugs whose consumption is begun earliest—at about 14 years in the country at large and at 13 years in Lima. Eight in every 10 poor children and young people in Lima have had some experience with inhalants before age 20. The substances most used were terokal (54%) and gasoline (35%).<sup>58</sup>

There are about 30 governmental agencies and NGOs that work exclusively with young people. Most of them focus on preventing and treating drug dependency. In 1990, according to

ILO data, there were only four programs in the entire country that focused on child workers. The four were promoted by NGOs.<sup>59</sup> Public policies on children and young people have had little impact for want of resources to carry them out. The area of social readaptation of the National Child and Family Welfare Institute (INABIF) is the institution responsible for abandoned children, "at risk," or who have suffered physical or sexual abuse at the hands of their parents. In 1990 it cared for about 5,800 children. It operates hostels and reassimilation and readaptation centers for young people, but because of lack of resources they are no more than confinement centers.<sup>60</sup> Juvenile delinquency and traffic accidents involving young people are also common. Persons under 24 years account for 50% of those arrested for common crimes, and 22% of deaths among young people are due to accidents and other kinds of violence.

### **Violence and the situation of human rights and International Humanitarian Law**

Since the beginning of the 1980s, Peru has been immersed in the conflict led by governmental forces on one side and the Shining Path and MRTA on the other. There is also a group with a dissident ideology, the Rodrigo Franco Commando, which operates against labor leaders. Shining Path is the most important and active, however. Its terrorist strategy is based on confrontation with the Government's military forces, occupation of towns, destruction of infrastructure and public establishments, and military and propaganda activities in *pueblos jóvenes*. Until the end of the 1980s, armed activity was concentrated in the departments of Ayacucho, Cerro de Pasco, Huánuco, Junín, and Lima, and to a lesser extent in La Libertad, Huancavélica, San Martín, and Apurímac. In greater or lesser degree, then, the conflict affects 70% of the country. In recent months armed activity has become much more intense throughout the country and especially in Lima's environs.

Up to 1991, according to data from the Senate Special Committee on the causes of the violence, the conflict had resulted in 22,500 deaths; approximately half of them were considered caused by the Shining Path, 41% were among civilians, and almost 8% were among members of the security forces. This means that, on average, between five and six people die every day as a result of political and military violence. Another 13,776 people have disappeared, in many instances victims of forced disappearances. In the economic sphere, the Committee estimated that between 1980 and 1991 the conflict caused losses totaling USD 20,000 million, or about USD 49 million a day.<sup>61</sup> In addition, the violence has also forced the technical workers of numerous NGOs as well as public health and education officials to take refuge in urban centers in search of security, which has decreased the population's access to basic services.

Because of the virulence of the conflict, large areas of the country have been declared in a state of emergency. They represent 30% of the country geographically and 45% of its population. Serious limitations on the exercise of basic rights and freedoms have occurred in these areas. The new antiterrorist Legislative Decree 25476, which grants broad powers to the National Anti-Terrorism Directorate (DINCOTE) and also makes collaboration with or sheltering of members of armed groups a terrorist crime, was recently approved. Peru ratified Additional Protocols I and II to the Geneva Conventions in July 1989. This has facilitated the humanitarian activities of the International Committee of the Red Cross (ICRC), which maintains an active presence in the areas of conflict.

The civil population takes part in the struggle against the Shining Path and MRTA through "peasant patrols." The initiative to organize against the armed groups arose from peasants themselves, though the "patrols" have been promoted by NGOs and the army for their own ends and strategies.

The arrest of the Shining Path's leadership, and especially of its leader, Abimael Guzmán, is

of unquestionable importance. Nevertheless, it may not necessarily translate into a quick resolution of the domestic conflict the country has experienced since the organization's basic structure, characterized by the decentralization and operational autonomy of its units, remains.<sup>62</sup>

### The environment and vulnerability to disasters

Between 1925 and 1988, Peru experienced more than 5,000 geodynamic phenomena which resulted in more than 100,000 victims and losses of more than USD 3,000 million.<sup>63</sup> The recurrence of earthquakes is explained by the country's geological configuration and geography. The Andes run through Peru from north to south, the mountain chain, which is 350 kilometers wide, originated in the interaction of two major tectonic plates, the Nascan and Continental. In the last 35 years there have been six high-intensity seismic movements. The two most recent occurred in 1970 and 1974. The first, in the northern part of the department of Ancash, left 70,000 dead, 150,000 injured, and 800,000 homeless. The earthquake also caused a flood that buried the cities of Yungay and Ranrahica. In October 1974 another seismic movement, which was on the central coast, measured 7.4 on the Richter scale, and lasted nine seconds, left 78 dead, 23,000 affected, and USD 62 million in losses.

Floods are also common in both the extensive Amazonian region and along the northern coast. In the Amazonian jungle, which makes up half of Peru, the great rainfall makes landslides in the upper jungle and river flooding in the lower jungle frequent. Their frequency has determined local customs and construction methods (building on piles, for instance), despite which the destruction of hamlets, crops, and the road network continues to occur.

Along the northern coast, an arid area of little precipitation, floods occur as a result of the so-called El Niño Current, which from December to March of certain years traverses the area near the border with Ecuador. During the past 100 years,

El Niño has occurred intensely nine times, three of which resulted in true disasters (1891, 1925, and 1983). In 1983, 6 million people were affected (a third of the country's population), damage to the productive infrastructure affected 1,285,000 jobs, and losses amounted to USD 883 million. The Talara industrial complex suffered major damage, oil production in northern Peru was interrupted, and 62,000 dwellings and 2,634 kilometers of roadway were destroyed. This coincided with the peak of the economic crisis, in 1983, the year in which the GDP fell by 12%.

The Sierra region is composed of various mountain chains whose altitudes vary between 1,000 and 6,746 meters and of inter-Andean valleys averaging 3,000 meters in altitude. Its nature results in high risk of snow slides and avalanches of water, or *huaycos*, which are very common between January and March. Studies by the Disaster Research Center (CISMID) revealed that between 1925 and 1982, *huaycos* had caused 46,000 deaths and losses exceeding USD 2,000 million.<sup>64</sup> The most damaging occur in the middle and upper basin of the Rimac River because of the large populations living in that area, its hydroelectric infrastructure, and the highway connecting Lima with the center of the country, over which the area's mining output and much of the capital's food supply are transported to the port of Callao and Lima, respectively. Lack of planning and control of urban growth in this area have led to the appearance of hamlets atop alluvial deposits. The Civil Defense agency estimates that 120,000 people live in the area and that more than 41,000 live in a situation of direct risk. The *huaycos* at Chosica and Santa Eulalia in 1987 affected 20 hamlets and caused 300 deaths and the destruction of 1,200 dwellings. There were new *huaycos* in the same area in 1989 which affected 350 families and blocked the central highway.

The National Civil Defense System is responsible for coordinating the activities of various public agencies in the sphere of disaster prevention and relief. The system has so far responded with some effectiveness when called on for disaster relief, though the distribution of relief

has not been free from argument and it has not acted in the area of prevention, especially at the local level.

### **The impact of cooperation and development policies and agencies**

According to Organization for Economic Cooperation and Development (OECD) data, Peru received USD 292 million in Official Development Aid (ODA) in 1987, USD 272 million in 1988, USD 305 in 1989, and USD 386 million in 1990.<sup>65</sup> During Alan García's regime the country was almost excluded from external financing sources because of its decision to limit debt payments to a percentage of exports. The present Government therefore adopted reestablishment of relations with international financing agencies and obtaining "fresh" financing as a priority. In June 1991 the external debt was USD 22,642 million and 63% of that amount was in arrears. The Government managed to bring about the refinancing and rescheduling of the debt and loans to cover overdue payments, all conditioned on the severe structural adjustment program already undertaken. The Inter-American Development Bank (IDB) provided USD 1,143 million in loans, 55% of which was for the financial and commercial sectors while the rest was for various investment programs. Expectations of support from Japan and the United States have not materialized, however. Donations received in 1991 totaled USD 256 million, USD 100 million of which were made by the Spanish Government, while the remainder were from other agencies and NGOs.

President Fujimori's exceptional measures have nevertheless become a new difficulty in negotiations with financing organizations and bilateral cooperation agencies, which in many instances have temporarily suspended disbursements.

In addition to bilateral and multilateral agencies, there are a large number of NGOs that conduct cooperation and development activities and projects. The NGO phenomenon arose in the mid-1970s when the state reduced its intervention as an agent of social promotion. During that period NGOs assumed the task of social promotion because of the exhaustion of the Velasco Alvarado regime's reform model. There was a true explosion of NGOs during the 1980s, however. According to statements from the NGOs themselves, 77% of those in existence were created during that decade to offset the social costs of neoliberal adjustment policies.

Investigations based on a sample of 448 institutions throw light on the geographic distribution of the NGOs.<sup>66</sup> Fifty-five percent operate in Lima and specifically in its marginalized neighborhoods, 30% in the southern Sierra, which is the poorest part of the country, and only 3.6% (16 organizations) in the jungle. More than half (53%) work in urban areas, and only 24% operate exclusively in rural areas. These data show that the NGOs' activities match the same centralized pattern as of governmental institutions. Their main areas of work are (a) social action, with a clear emphasis on education, with areas such as employment, housing, and transportation receiving less attention; (b) socio-environmental matters; (c) resource administration, and (d) sociopolitical problems, last in importance.