The Political Economy of Latin America: New Visions[1]

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Abstract: Latin American under-development has been fundamentally determined by a political economy syndrome of clientelism and state weakness which inhibits the provision of basic public goods. Rooted in the colonial period, this syndrome has been highly resistant to both modernization and the types of reforms advocated by international institutions. We describe why this is and sketch how the architecture of Latin American states facilitates this syndrome. Yet we also point out that the incomplete nature of the state this creates makes it vulnerable to many forces and leaves large spaces in which alternative political projects can germinate. We illustrate this with examples from Bolivia and Colombia. We emphasize that successful development requires the emergence of a new political equilibrium that can start from such spaces. Moreover, the new identities and coalitions needed to underpin such incipient equilibria have arisen historically, both in Latin America, and elsewhere, organically from society, with state elites having little ability to control them. We illuminate this with Peronism, and though it, like Chavismo, is a Manichaean identity formed in reaction to a history of extractive institutions, the Latin America of today is different from the one they formed in opposition to. We finally use the example of the emergence and spread of the "Cholo" identity in Perú to illustrate how new cultures and identities can emerge in ways which are inclusive and highly conducive to productivity, and under the nose of a highly corrupt and ineffective state. Nothing sums up the impact of this better than the spread of Peruvian cuisine. Such identities are now more likely to emerge in Latin America because democracy and basic rights are far more consolidated than they ever have been historically. We sum up the discussion with the implications of our analysis for the potential of different strategies to make Latin America more inclusive.

[1] Our views here summarize ideas that emerged in discussions both of us have had in the last years which many friends and scholars. We are particularly grateful to Maria Angélica Bautista, Mónica Berger González, Juan-Camilo Cárdenas, Robin Greeley, Miguel García Sánchez, José Guillermo Nugent, María Teresa Ronderos, Doris Sommer, Tomás Straka and Alberto Vergara. We also thank Alex Carr for her expert editorial assistance.

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I. Introduction: Another Lost Century

"In the United States the imputation that a person or group is "un-American" carries a clear set of meanings, while in Brazil the term "un-Brazilian" would be something of a puzzle … one might imagine it signifying "patriotic" respect for an authoritarian public order, or else "patriotic" disrespect for that order; it might be applied to those who undermine legal norms of equality or to those who, fail to exhibit the Brazilian knack, or *jeito*, of circumventing formal codes." Richard Morse (1989, p. 144).

After gaining independence from Spain and Portugal in the early 19th century, Latin American countries experienced 50 years of sustained economic divergence from North America. Estimates of income per-capita around 1800 suggest that some Latin American countries, particularly Argentina and Cuba, had levels of income per-capita that were similar to the US, though others, like Colombia or Perú, were substantially poorer. After that, the gap widened until stabilizing in the 1870s and 1880s with the first wave of globalization. Since then, Latin American countries have been stuck at around 20% of US GDP per-capita, a figure which indicates monotonically widening absolute living standards.

There is a great deal of consensus in academia about the cause of this divergence, which is fundamentally institutional, as a number of key studies have illustrated (Coatsworth, 1978, 2005, Engerman and Sokoloff, 1997, Acemoglu, Johnson and Robinson, 2001, 2002, Dell, 2010, Acemoglu and Robinson, 2012, 2019). Due to the initial conditions at the time of colonialism, Latin American societies were dominated by elite controlled "extractive institutions" which sacrificed economic efficiency in order to more effectively extract wealth from indigenous and enslaved peoples, while at the same time assuring elites perpetuated their political power. These institutions persisted after independence through various forms of path dependence and explain not only why Latin America is poor relative to the US, but also why it is the most unequal region of the world. The model of extractive institutions has mutated and changed, but has been very resilient to reform, for example during the period of the Washington Consensus in the 1990s, leading to what Urquidi (2000) called "another lost century."

In this paper, we first outline some of the key political economy mechanisms that lead this extractive equilibrium to be so persistent and resilient to change. We focus on the syndrome of clientelism and state "weakness" that leads to the chronic under-provision of public goods in Latin

America and facilitates elite control. Nevertheless, we argue in Section III that it is important to have a more complete understanding of the nature of this weak state. The architecture of the Latin American state, though deeply rooted in history, has always been partial and distorted. Typically it has left large regions ungoverned and loosely integrated via clientelism or mutual negotiation. In some places such as Argentina, this situation became more institutionalized in the 19th century constitutional settlement. In others, such as Colombia, the relationship between core and periphery has been much more informal. A consequence of this architecture is that though the story of elite control in Latin America is not wrong, it overstates the omnipotence of elites: it was not Colombian elites who wanted the country to become the murder, drug and kidnapping capital of the world in the 1980s. They just couldn't stop it given the nature of the state.

As we argue in Section IV, the nature of the state therefore creates a lot of freedom for different, and non-elite, political projects to germinate, as indeed they have since the early days of Latin America (for instance that of José Artigas in Uruguay or Miguel Hidalgo and José María Morelos in Mexico in the immediate post-independence period). We illustrate this through two very modern movements, the Cocaleros and the MAS (Movement towards Socialism) political party in Bolivia, and the Afro-Colombian political movements of the Colombian pacific region. In both cases, these political movements formed in the periphery and secured significant change in extractive institutions. These spaces are important because they allow for non-elite collective action. Their importance coincides with the fact that fundamental political identities in Latin America have been formed outside the scope of the state (and of course the "frontier" hypothesis of Turner, 1920, was that North American identity was shaped by the periphery). Anderson (1983) argued that this was the case with nationalism, the origins of which he actually located in late colonial Latin America. It is further true of such identities as Peronism and Chavismo. It has been well documented that the former was a fundamentally non-elite identity which emerged from Argentine social conflicts and culture and which was then harnessed by Perón and Evita. Neither Peronismo nor Chavismo have been consistent with breaking the Latin American equilibrium because they formed in opposition to extractive institutions and took on many of their characteristics – for example a penchant for clientelism. But they illustrate that there are rich possibilities for change in Latin America which cannot be fully co-opted or stalled by elite intervention. Moreover, the Latin America of 2020 is radically different from the one that Perón or Chavez reacted to. It is much more educated and democratic, for example. After discussing how these identities have formed in Latin America in Section V, in Section VI we use the example of the spread of Cholo identity in Perú and its

manifestation in the worldwide spread of Peruvian cuisine to illustrate how new identities are forming in Latin America by harnessing local cultures, leading not just to economic change, but also to new politics. The discussion of Section V shows why we should not be surprised that this happened in the midst of Odebrecht and political corruption. Section VII then turns to the lessons of our analysis for the World Bank.

II. The Latin American Equilibrium: ¡No Sea Sapo!

Though the political economy roots of Latin American under-development are historical, the most important ways that this history manifests itself today is in the twin syndromes of state weakness and clientelism. These together constitute what Fergusson, Molina and Robinson (2020) call the "weak state trap" and they lead to generic under-provision of public goods and a failure of accountability. The data in this paper vividly illustrates this. It is based on surveys collected by the University of the Andes in Bogotá which attempted to measure the extent of both clientelism and tax evasion at the individual level and see to what extent these are correlated. It asks the question; is it the case that the very same people who are involved in clientelistic political relations are tax evaders? By clientelism they mean a political exchange of favors, where political support in some form is exchanged for private benefits. The idea of looking at tax evasion is that the ability to raise taxes is a key part of state capacity and so looking at people's behavior with respect to tax payment is an attractive way of mapping such capacity onto individual behavior.

To measure clientelism the survey asked people:

"Could you tell me if, when deciding who to vote for, you have taken into account the benefits, gifts or jobs that a candidate offered in exchange for your vote?"

To measure tax evasion it exploits a feature of the Value Added Tax (VAT) system that a seller of a good can avoid paying VAT if no paper trail is generated by the sale of the good. Hence the survey asked:

"Could you tell me if you normally accept to buy without a receipt, to avoid the VAT?"

The answers to these questions are highly correlated at the individual level; people who engage in clientelism are much more likely to avoid taxes. This is evident from Figure 1 which shows the sample of municipalities in Colombia where the data was collected. Interestingly, one also sees here that clientelism and tax evasion are higher in peripheral Colombia –the Caribbean coast and the eastern Llanos (plains). This is a feature we'll return to.

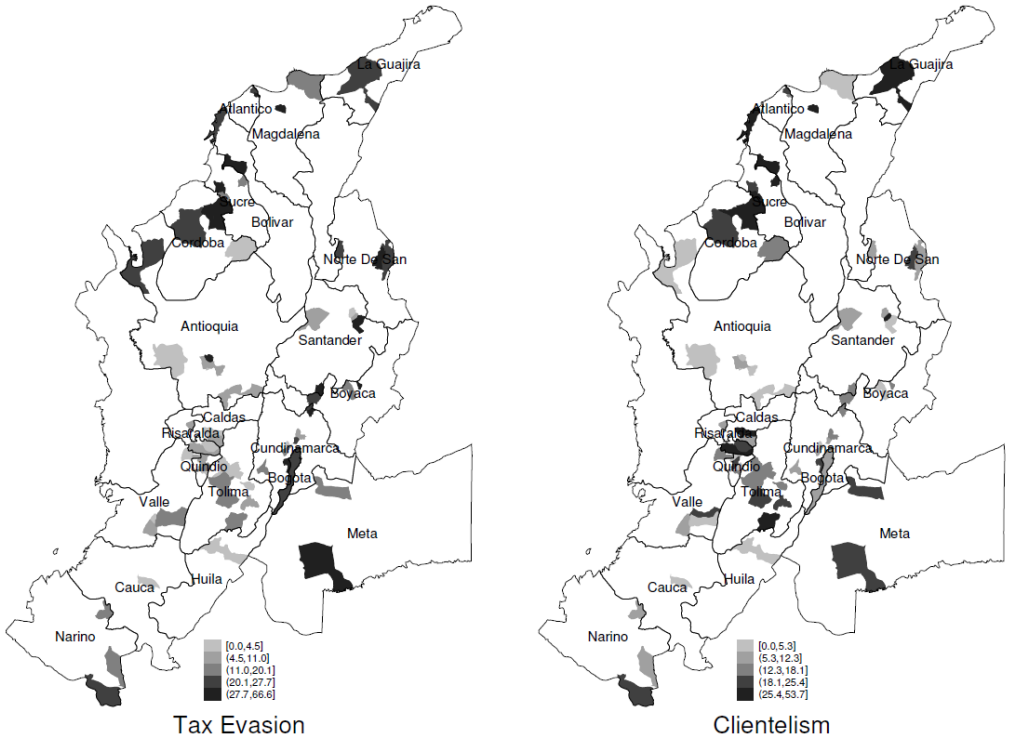

Figure 1: The distribution of clientelism and tax evasion in Colombia

If people are involved in personalistic clientelistic relations and tax evasion, then what are their broader views about the legitimacy of the state and its rules? The evidence of the survey data suggests that people who engage in clientelism and avoid taxes are more likely to believe that it is alright to violate rules. In particular, the data shows they are more willing to agree with the statements:

"To capture criminals, authorities should sometimes break the law";

"Considering how things are, sometimes paying a bribe is justified"; and

"When the government does not punish criminals, it is OK for people to take justice into their own hands."

Figure 2 shows this data. In all case, people who are engaged in clientelistic relations, or who evade taxes, are more likely to say it is OK to break other rules.

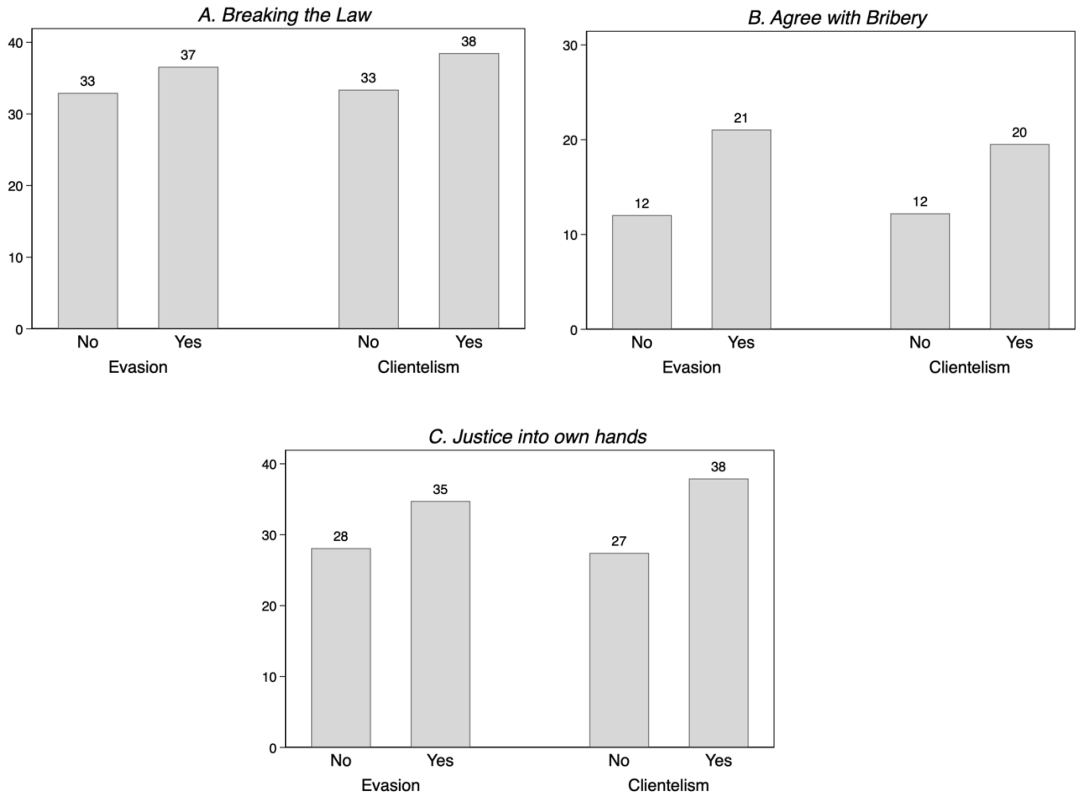

Figure 2: Violating the rules

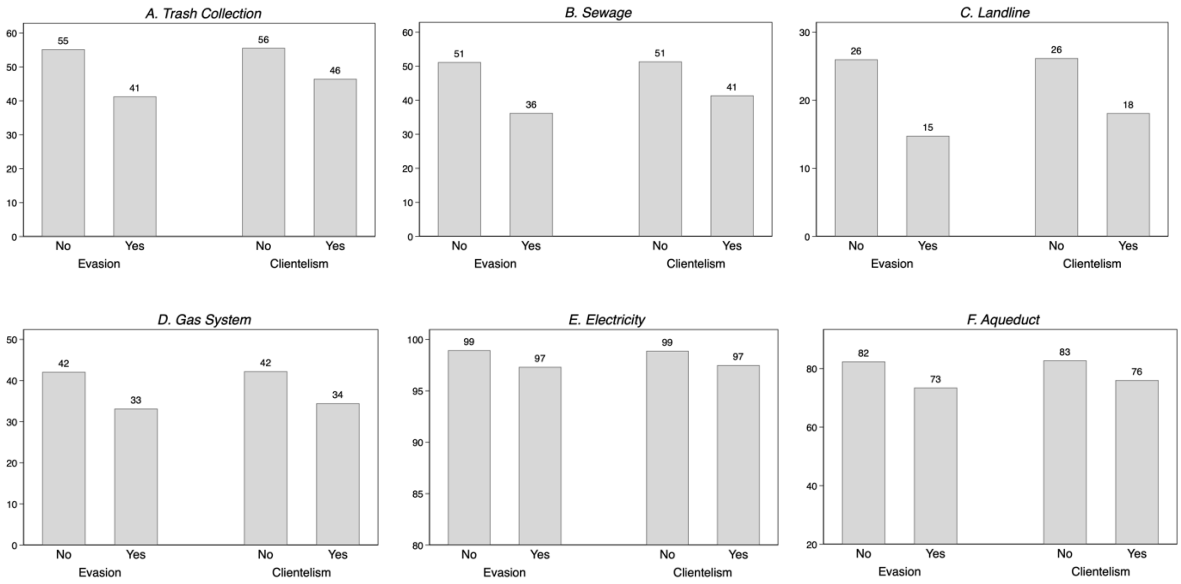

Figure 3: Provision of public goods and services

We argued above that the clientelistic-weak state equilibrium was important because it led to the under-provision of public goods. This fact is reflected in the data as Figure 3 shows. People who engage in clientelism or evade taxes are significantly more likely to suffer from the under-provision of all types of public goods and services.

You might be skeptical that you can really get honest answers to questions about clientelism and tax evasion. The standard social science approach to "sensitive questions" is to use list experiments where a person is given a list of things which they might have done or with statements that they may agree with. The list includes the sensitive question. You don't have to answer the sensitive question, but just say what proportion of questions on the list you agree with, or what proportion of things you have done. You can then estimate statistically the proportion of people who did behave in the specific way or who agree with a particular statement. The remarkable finding in Colombia is that when you do this you get exactly the same answer as you do when you ask people directly - the proportion of people who engage in clientelism or evade taxes is the same using list experiments as when you ask directly. So people do not think there is any reason to hide the fact that they may engage in clientelism or evade taxes.

Fergusson, Molina and Robinson (2020) conclude that their evidence is consistent with a situation where Colombians are trapped into a set of inter-locking mechanisms; their poverty makes them more vulnerable to clientelism; clientelism leads them to evade taxation (why pay taxes for public goods you'll never get?); the combination of clientelism and an under-resourced state means they benefit less from services; they consider social rules and institutions less legitimate and are more willing to violate them; but feel that there is nothing wrong with acting in this way (given the circumstances in which they find themselves).

The equivalence of the results between the list experiments and direct questions helps us to understand one of the reasons why this equilibrium is so persistent. It is consistent with the moral order in Colombia, or the least view that Colombians have of the way their society works and what its values are. But views and values can change, as we will see.

The perspective that emerges from this research is consistent with other studies of clientelism in Latin America, for example by Auyero's study of Peronism (2000). His research is distinguished by his attention to what the "clients" thought about being reliant on Peronist "patronage networks". He shows that the way many people see things is that "brokers are not unscrupulous, corrupt politicians but "good", "helpful", "self-sacrificing" people with whom they have a personal relationship – sometimes even friendship" (p. 164). Indeed,

"Most of the residents of Villa Paraíso also consider the brokers to be personally responsible for the distribution of goods and services. It is not the government that gets them their jobs, grants them their pensions, buys them their medicine, finds them their food. It is Matilde, or Juancito, or Andrea … And they are seen as doing so, not because they are under any obligation, but because they truly want to, they truly care" (p. 165).

And Auyero notes that the "strength of the brokers' position comes from their clients' acceptance of the legitimacy of clientelistic practices" (p. 179) and his preferred definition of clientelism is "problem solving through personalized political mediation" (p. 213). Auyero ultimately, like nearly all scholars on clientelism, ends up concluding that a clientelistic system reproduces "the hierarchic relations prevailing in the local political arena" (p. 175) and in terms of Fergusson, Molina and Robinson (2020) reproducing the weak state trap (see Ocampo, 2014, for a related and brilliant study in Córdoba, Colombia).

Yet, not everyone is selling their vote or evading taxes in Colombia. Figure 4 breaks down the data into just who is doing what. In Fergusson et al.'s sample, only 19% of people are clientelistic, 21% avoid taxes, and 51% approve of breaking some kind of rule. Notably, however, 36% of people neither engage in any of these anti-social activities nor believe in rule breaking. If we narrow the focus to just clientelism and tax evasion it is a minority of Colombians.

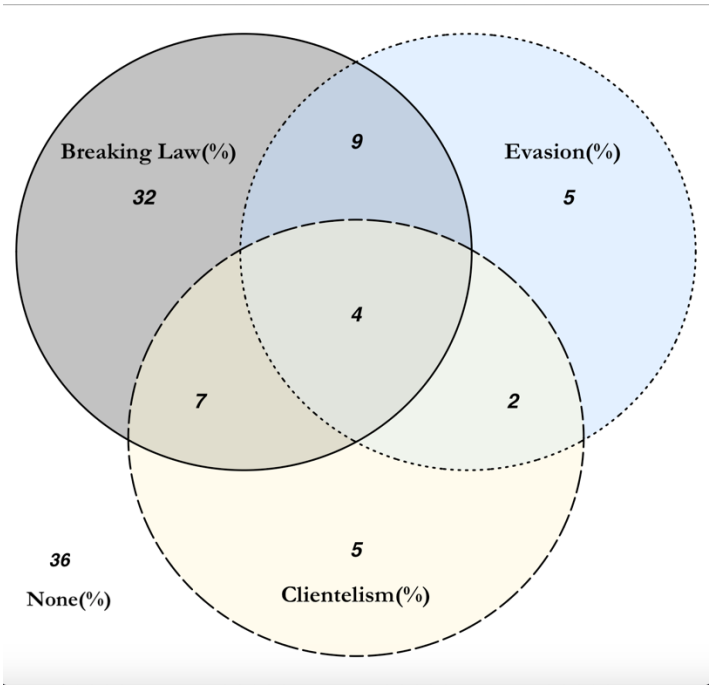

Figure 4: Not all Colombians are doing it!

So how does the equilibrium persist? One obvious reason is that the rule breakers are more likely to be politically active, as the study shows. But a deeper reason may be that social norms in Colombia are such as to allow the "tail to wag the dog." Deeply ingrained in the country are aphorisms such as "no sea sapo", literally "don't be a toad" which means "mind your own business". This norm is so prevalent in Colombia that Antanas Mockus, when he was mayor of Bogotá, deliberately targeted a campaign at it, going to far as to wear a fabric toad on his shirt to encourage people to tell on rule breakers. Another related saying is "tiene rabo de paja", literally "you have a tail of straw", which means that everyone is guilty of something so you'd better keep your mouth shut or it will come back to bite you. Norms like this are everywhere in Latin America (see Capriles, 2016, on Venezuela) and it brings us back to the Brazilian *jeito* mentioned by Richard Morse at the start of the paper (see Rosenn, 1984).

III. The Architecture of the Latin American State: The Lettered City

The pattern of rule breaking and clientelism in Colombia has a distinct and significant geographical pattern of a type common in Latin America. Clientelism is much more endemic in what O'Donnell (1994) called "brown areas": territories in which there is little or no state presence, and

correspondingly little or no effective institutionalized democratic legality, despite the presence of state bureaucracies. Instead, "brown areas" are characterized by a lack of ability on the part of the state to enforce its rules and end up producing, consequently, what O'Donnell calls a "low intensity citizenship" in which the trappings of democracy are observed, but not the full rights of citizenship. The most interesting explanation of this pattern is the book *The Lettered City* by the Uruguayan intellectual Ángel Rama. Rama analyzes the historical construction of the Latin American colonial state and how it was a utopian project focused on the cities:

"Latin American cities have ever been creations of the human mind … the lands of the new continent afforded a propitious place for the dream of the "ordered city" to become a reality. Their ordering principle revealed itself as a hierarchical society transposed by analogy into a hierarchical design of urban space. It was not the real society that was transposed … but merely … its ideal layout" (Rama, 1984, pp. 1,3).

Rama focuses on the disconnect between "ideal" and "real", or what he calls a situation that "privileges potentiality over reality" (p. 9), as being key to understanding what a social scientist would call the "weak state capacity" of the Latin American periphery.

Rama points to the style of the conquest as being particularly significant in creating the imaginary aspect of the Lettered City; there was no incremental advancing frontier, but instead an "insane gallop". "A mere thirty years elapsed between the founding of Panama City ... and the founding of the city of Concepción" (pp. 10-11) and instead of urbanization being a gradual outcome of increasing agricultural production and craft specialization, "the process has been precisely inverted … rural development here followed the creation of the city." It's remarkable the extent to which Latin American cities were all founded in the initial decades of the conquest. (In contrast, Chicago was incorporated as a town in 1833 and as a city in 1837 almost 250 years after the Roanoke Colony). After this urban construction maps were drawn of conquered territories as if nothing more was needed to consolidate control and authority (Uribe, 2019, is a masterful analysis of this in Colombia).

The Spanish empire was run by a privileged, and utterly out of touch class of "letrados',

"to advance the systematic ordering project … the cities of Latin America required a specialized social group … The urban centers were on the frontiers of civilization … they were seats of administration [freed] from the subordination to ordinary circumstances" (pp. 16-17).

Rama's book points out that this "model" of an urban, "civilized" world, in its own mind presiding over a hinterland which in reality it did nothing to govern, since "ordinary circumstances" did not apply, explains many aspects of Latin America in the past and today. It explains why, for example, Miguel Antonio Caro, perhaps the most influential nineteenth century Colombian conservative politician and author of the 1886 Constitution, never left Bogotá his entire life. It also explains the endlessly futile attempts to order the periphery on some utopian design. In fact Rama gives Bogotá as the ultimate example of an urban space with a utopian design:

"Bogotá's street nomenclature … is even more precise and rigid than Manhattan's and depends exclusively on numbers … The explanation lies in the level of influence exercised by the group of letrados … an influence much greater and more strongly articulated in Bogotá than in Caracas (the latter so often shaken by energetic democratizing, antihierarchical movements that presented greater obstacles to the rationalizing action of the intellectual elite)" (pp. 26-27).

The compelling nature to current Colombian elites of this design is so powerful that they endlessly adopt policies predicated on the idea that it actually signifies an ordered country, rather than an imaginary order. A telling example is the long history of El Cartucho ("the cartridge"), subsequently El Bronx, a haven for hundreds of criminals and drug dealers just five blocks west of the Presidential Palace and the Bogotá City Hall. In 2016 the government of Bogotá moved to abolish El Bronx, which merely had the effect of moving the miscreants into the Plaza de España![4] Rama remarks, "Only the letrados could envision an urban ideal after the construction of the city, preserving their idealized vision in a constant struggle with the material modifications introduced by the daily life of the city's ordinary inhabitants" (p. 28). For the mayor, Enrique Peñalosa, the ordered nature of the streets made him believe that society was equally as ordered, or could be made to be, simply by demolishing El Bronx.

[4] https://colombiareports.com/2000-police-raid-bogotas-notorious-bronx-district/

Though there are many political economy mechanisms that can explain the core periphery structure of Latin American countries (see Robinson, 2016, for an overview in the Colombian case), the lettered city perspective captures the element of privileging "potentiality over reality" which seems to us such an important part of Latin America. It also emphasizes that a great deal of the control of elites over society is imaginary, which helps explain many things as we have noted.

How do Colombian letrados deal with the periphery? With the spaces they imagine they govern? Pragmatically, and clientelistically, is the answer. Let us illustrate this with the example of Jhon Jairo Torres Torres, otherwise known as Jhon "Calzones" (or Underpants).[5] Calzones began as a businessman in a town called Yopal selling ladies underwear (hence his nickname), but he had ambitions. Yopal might be the capital of the department of Casanare, but it has dreadful public good provision and problems with power and running water (despite having a great deal of natural resource wealth). It also has a long history of violence and paramilitary rule and it was where the paramilitary leader Martín Llanos signed an agreement with a group of local mayors dividing the government budget between him and them (see Acemoglu and Robinson, 2012, p. 381). In 2014 Calzones decided to build a massive barrio, 'Ciudadela la Bendición', illegally on land which the state had expropriated from two paramilitaries. He put in electricity and infrastructure like sewers and water and then sold 10,000 lots of 90 square meters each to people from strata one and two, the lowest two levels of Colombia's income ranks. Torres not only gave Yopaleños the promise of having their own home, he also gave them a subsidy of five million pesos each to buy construction materials. Then he ran for mayor...

There is nothing new about this model of public good provision in Colombia. In the 19th century the central cordillera of the Andes south of Medellín experienced the Antioqueño frontier migration. The land was mostly open frontier, nominally owned by the government. Many different sorts of land appropriation took place; sometimes individuals acted in groups; sometimes elites staked out large claims which they then sold off. After occupying land the tricky thing was to establish ownership and get the government to give you a title. As Palacios describes it in his seminal study,

[5] For this story see: https://www.semana.com/nacion/articulo/yopal-john-calzones-su-historial-delictivo/446709-3 and http://m.revistadonjuan.com/historias/jhon-jairo-torres-el-hombre-que-construye-todo-un-barrio-para-yopal+articulo+15416795

"it is clear that the great majority of peasant colonists are not recorded. This suggests the existence of a critical problem in this frontier society; insecurity of title, which meant for thousands of colonos that they remained at the mercy of gamonales" (Palacios, 1980, p. 164).

The gamonal was the local political boss, like Calzones, who mediated between the coffee frontiersmen and women and the state because they "had recourse to provincial legislation in their municipal struggles" (p. 189). Palacios describes in detail the foundation of Belalcazar and Manzanares on the Antioquian frontier:

"In the year 1888 Señores Pedro Felipe Orozco and Climaco Pizarro originated the foundation of the village called Belalcazar. Señores Pedro and Jorge Orozco spread the word throughout the department of Antioquia ... calling the attention of all hard-working men to the opportunity, urging them to go into the Cauca and join in this philanthropic work" (p. 188).

The role played in this drama by the Orozcos and Pizarro is very similar to that played more recently by Jhon Calzones. As no doubt will happen in Yopal, many of the subsequent adjudications in Belalcazar and Manzanares were annulled and the threat of this means the gamonales are more important than ever. Palacios concludes,

"In this account two of the major figures of organized colonization emerge; the surveyor and the gamonal, the técnico and the político. Working closely as allies they redistributed the lands of the colonies to their personal advantage and to that of their favorites, relatives and henchmen" (p. 189).

Relatives and henchmen, no doubt, but who are the "favorites"? In the case of Yopal, they clearly include all the people that Calzones sold plots to as part of his "philanthropic work". He formed a clientele, a political base, by using his wealth to provide services that the Colombian government doesn't provide, and this allowed him to fill a niche intermediating between the people and the state.

The people of Yopal, or the 'Ciudadela la Bendición', exist as a society independent of the state and they enter into negotiation and transactions with it. The Colombian state has expanded not by building "infrastructural power" mapping, taxing, regulating and providing public services. Even during President Uribe's intense military offensive against the Marxist guerilla group the FARC, the civilian arm of the state was incapable, or disinterested, in delivering on the infrastructure part of the

agenda which was supposed to bring the non-military state into the periphery (Isacson, 2012). Instead, the state waits for private initiative to provide public goods and fill the vacuum of authority. Local elites emerge and are negotiated with. These elites bring votes and are given resources, contracts and jobs in the state. But for local people they also bring benefits, public goods and income and possibly, as in Auyero's case of Villa Paraíso, the citizens are not the unwitting tools of cynical politicians, but rather the beneficiaries of what they regard as a, even the, legitimate political process. This view is consistent with other ethnographic accounts of Colombian politics (Ramírez, 2011, Ocampo, 2014) and with other evidence, for example the spread of paramilitarism in the 1980s and 1990s (Robinson, 2013). There is no doubt that Colombian elites try to manipulate this situation to their advantage, but it is also true that their power to control events is limited. That is why their first reaction is always to negotiate, as they did with Pablo Escobar and the Medellín drug cartel for many years and as they did with the tens of thousands of paramilitaries that sprang up all over the country starting in the 1970s. Colombian elites didn't want the country to turn into the world homicide and kidnapping capital, it's what they had to put up with given the way institutions are structured.

The architecture of the "lettered city" state provides a key to a critical feature of Latin American politics, which is, as Gargarella (2010, p. 85) puts it, that "in this part of the hemisphere, social conflicts tended to take place "outside" political institutions". What he has in mind is well illustrated by the research of Sian Lazar on the politics of El Alto in Bolivia. She notes,

"El Alto is … a highly organized city, and for perhaps a majority of alteños, their political action and relationship with the state is shaped by their membership in different collectivities" (Lazar, 2006, p. 186).

Moreover,

"In El Alto, the relationship between citizens and the state is mediated by a well-established structure of collective organization that is parallel to the state" (Lazar, 2008, p. 4).

Society organizes to fill a stateless vacuum and Lazar talks of "the self-constructed nature of development … in the absence of the state" (2008, p. 19). Once organized, society then negotiates and bargains with the state, and rather than changing it into something else, forms an equilibrium

with it. This is not simply a process of the clientelistic manipulation of civil society, rather, as with Auyero (2000) and Fergusson, Molina and Robinson (2020), "clientelism cannot be dismissed as simply dysfunctional and antidemocratic" since one must "seek out the agency of the clients as they choose between patrons and make decisions about whom they will support" (Lazar, 2008, p. 21).

In Bolivia, this organized society has a huge component of participatory control. Discussing the collective mobilization against the government privatization decisions, Doña Roxana, a member of Executive Committee, FEJUVE, a neighborhood organization which had mounted demonstrations told Lazar:

"The Gas War is not a triumph … belonging to Mauricio Cori [President of the FEJUVE] … it's the triumph of the Bolivian people, that's to say of the people from here. They triumphed, not us [the leaders]. We simply obeyed orders" (Lazar, 2006, p. 193).

In this account the leaders were obeying orders. Grisaffi similarly notes the prevalence of what he calls "leadership from below",

"built on indigenous traditions including authorities who take leadership from below, continuous deliberation, and group rights as opposed to individual rights" Grisaffi (2019, p. 35).

The recent events in Bolivia, particularly the fraudulent re-election of Evo Morales in 2019, suggests that this bottom-up control is imperfect, at least in the MAS political party, but that fact doesn't make it any less real as the re-election of the MAS in 2020 shows.

IV. Sleeping on the Edge of Vesuvius

Many of the negative consequences of the "lettered city" have been well studied, in particular the type of under-provision of public goods that we discussed in section II. In the Colombian case one would also want to foreground violence. But there is a positive side to this state architecture. As C.L.R. James noted about Haitian Revolution,

"Mirabeau indeed said that the colonists slept on the edge of Vesuvius, but for centuries the same thing had been said and the slaves had never done anything" (1938, p. 55).

The core-periphery model in fact provides large relatively uncontrolled spaces where new political projects can emerge to challenge the status quo. We now examine two instances where this happened. The first comes from Bolivia. In 1995, the Cocaleros, the trade union which represented coca growers in the Chapare Valley, along with other indigenous (such as the Confederación de Pueblos Indígenas del Oriente Boliviano (the Confederation of Bolivian Indigenous Peoples, CIDOB) and campesino movements, founded the Asemblea de la Soberanía de los Pueblos (Assembly for the Sovereignty of the Peoples, ASP). The ASP then competed in local elections by forming a coalition with a leftist movement the Izquierda Unida (IU). They won 3.4 % of the national vote and soon chose Alejo Véliz as their presidential candidate for the 1997 election, in the end won by former military dictator Hugo Bánzer.

Bánzer decided to intensify coca eradication. The policy had already begun slowly in the 1980s with Law 1008 of 1987 defining legal and illegal zones of cultivation. In 1993 the effort was intensified with US Drug "Czar" Lee Brown reaching an agreement with the government to eradicate 12,500 acres by March 31 of 1994 during the first administration of Gonzalo Sánchez de Lozada. This law brought Evo Morales to prominence since he was arrested and badly beaten by police and subsequently took part in the march a day later "for life, coca and national sovereignty" which went from Chapare to La Paz. Coca eradication took off much more intensively under the Bánzer government with its immediate adoption of the Plan Dignidad which not only proposed "zero coca" and the eradication of 117,500 acres of the crop, but also the resettlement of families from the Chapare region.

Morales was the ASP-IU's most successful candidate for congress in 1997. He had been growing coca in the Chapare since 1981 and had risen high in the ranks of the Cocaleros (Sivak, 2010). In 1998 Morales left the ASP and founded the Instrumento Político para la Soberanía de los Pueblos (Political Instrument for the Sovereignty of the Peoples, IPSP) which was initiated in January 1999 at a meeting in Cochabamba when they received the support of the Cocaleros (van Cott, 2008, Chapter 2 and Anria, 2019, for this history). The party contested the election as the IPSP-MAS, adopting the title Movimiento al Socialismo (Movement towards Socialism). The political appeal of MAS rocketed with the protests in Cochabamba known as the water wars which were organized to reverse the privatization of public services in the city (Olivera, 2004, Dangl, 2019).

In 2002 the peasant organizations that constitute the MAS's core formed an alliance with large indigenous movements in the eastern lowlands, like CIDOB, and the Andean highlands, like the

National Council of Ayllus and Markas of Qullasuyu (CONAMAQ) and called it the Unity Pact (Grisaffi, 2019, and García et al. 2019, for overviews of many of these groups).[6] By the 2002 election MAS had 20.94% of the national vote. In 2005 Morales won the presidency with 53.74% of the vote in the first round.

The rise of the MAS was facilitated by its ability to tap into many of the traditional governance institutions and collective potential of rural Bolivia, particularly the Aymara Ayllus (along with the Quechua Marka and associated institutions of non-Andean indigenous peoples), perhaps the central institution of rural Andean South America. It has roots in the pre-Columbian period and characterizes indigenous society in Ecuador, Perú and Bolivia. Importantly, it cuts across ethnic distinctions and is shared by both Aymara (roughly indigenous Bolivians) and Quechua (roughly the ethnicity which spread from Perú with the Inca conquest of Bolivia) peoples. Kolata (2013, p. 52) defines an Ayllu as

"a group of related families that held land in common and traced their descent from a common ancestor".

Common to them are notions of kin relatedness, a specific ancestor and a collective claim to land, or as Kolata says "a defined territory" (2013, p. 53). Kolata's summary or what the Ayllu represented is worth quoting at length:

"In sum, the Andean Ayllu as a lived reality, was simultaneously a physical phenomenon (a defined, inhabited territory; a shared place of dwelling), a sociological phenomenon (a kindred, or a cluster of lineages that considered themselves biologically and/or socially related), an economic phenomenon (a group of individuals sharing labor, resources, production, exchange, and consumption), a political phenomenon (a group of individuals cooperating for common purposes of social reproduction, regulation of rights and responsibilities, and mutual protection), a psychological phenomenon (an affect-laden framework in which individuals shared a sense of emotional belonging), a moral or metaphysical phenomenon (a group of individuals who constituted a community of religious belief and practices focused on their own origins, a history, and relationships to the nonhuman world)" (p. 56).

[6] The use of the word Qullasuyu is significant. This was the title of the relevant part of the "four quarters" that made up the Inca empire (whose actual name was Tawantinsuyu - the four quarters).

Most scholars emphasize the extent to which the MAS were based on social movements (García Yapur, Soliz Romero, García Orellana, Rosales Rocha and Zeballos Ibánez (2015) is perhaps the most important book on the rise of the MAS). As Zegada et al. (2011, p. 217) put it, "in the case of MAS ... its strength lies in its legitimacy of origin granted by the social organizations that created the political instrument." Anria (2019, p. 111) specifically brings in the Ayllus noting "In most cases, the leadership of the MAS respects the decisions by grass-roots organizations. With some exceptions, these organizations have the last word on nominations, representing a counterweight to the power of the leadership ... The key actors are movements and ... with a territorial base ... [including] traditional indigenous organizations (the ayllus)." As we have seen, indigenous organization were deeply involved in the founding of the MAS and the subsequent Unity Pact.

Extremely revealing about the rootedness of the MAS in the rural social structure, in particular the Ayllus, is the book by Zuazo (2008) who interviewed 85 MAS congresspeople. The importance of the Ayllu as a social base for the party is continually mentioned and many of the politicians come themselves out of the Ayllu and having held positions, such as Mallku, within their Ayllu (see also Ticona, Rojas, and Albó, 1995).

The MAS then was based on social capital and organizations which were outside of the scope of the Bolivian state. Molina, Robinson and Selaya (2020) argue that they managed to mobilize and unite as a consequence of the violation or what, following Thompson (1971), they call the Bolivian "moral economy", a moral economy which revolved to a large extent around the ceremonial use of coca (see Allen, 2012, on this).

After assuming power, the MAS implemented a vector of policies promoting indigenous rights and identities and redistributing income (see Farthing and Kohl, 2014, Goodale, 2019, and Molina, Robinson and Selaya, 2020, for discussions of these policies). The results have been dramatic as Figure 5 shows. This illustrates that the Gini coefficient has fallen from around 0.58 in 2005 to 0.42 in 2018, a fall of almost 30%. As Molina, Robinson and Selaya (2020) show this has also gone along with a very large rise in the expected social mobility of indigenous people. Perhaps most striking to any visitor of Bolivia today is the empowerment of the previously marginalized, for instance the complete re-invention of the identity of a "cholita". Once a term with pejorative connotations, now a badge of pride and a powerful social identity. Molina, Robinson and Selaya (2020) document what

they call this "empowerment effect" by showing that once the MAS took power, there was a significant rise in the propensity of indigenous people to give their children indigenous first names.

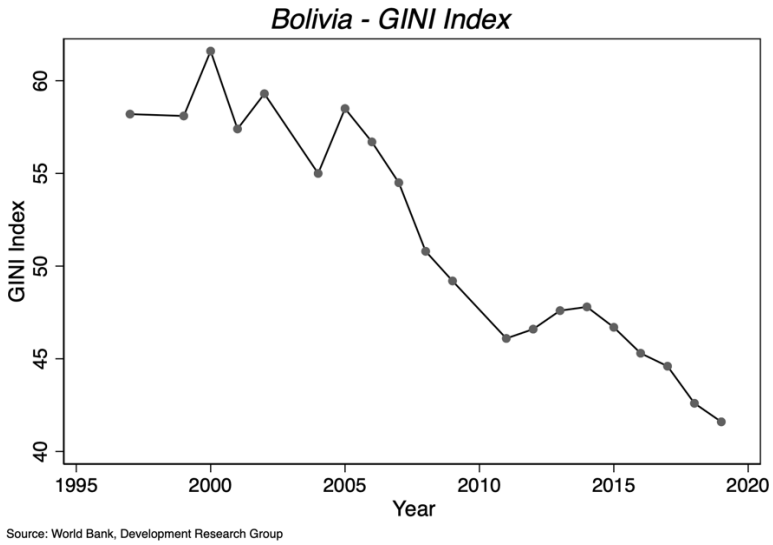

Figure 5: The Remarkable Fall in Inequality in Bolivia since 2005

For our second example we return to Colombia and the Pacific coast. During the process that led to the 1991 Constitution a remarkable mobilization of indigenous and Afro-Colombian peoples took place who managed to insert into the document a process to establish property rights over their ancestral lands (see Grueso, Rosero and Escobar, 2003, Escobar, 2008, and Asher, 2009, for this history). The roots of Afro-Colombian mobilization can be traced to Law 2 of 1959 which declared vast areas of the country, including much of the Pacific littoral, to be *baldío*, land owned by the government. Having their land declared *baldío* and subsequent development plans which listed vast development projects in the region, provoked widespread alarm in the Black and Indigenous communities. The result was large-scale defensive social mobilization. Various river-based Black peasant associations emerged– in 1987 the Peasants' Association of the Atrato River, in 1990 the Peasants' Association of the San Juan River, as well as urban Black popular organizations like the Quibdó-based Organization of Popular Neighborhoods of the Chocó.[7] Broader movements aimed at the representation and coordination of Black people's demands also emerged, such as the Cimarrón Movement, formed in 1982. These linked up with indigenous organizations from whom

[7] Why "river-based"? Because there are very few roads in the Colombian periphery.

they adopted the idea of collective titles which they managed to insert into the new constitution. This led to Law 70 of 1993 which allowed Afro-Colombian communities to petition the government for collective (not private) titles to the lands on which they lived. The fruit of this law is shown in Figure 6 from Vélez, Robalino, Cárdenas, Paz, and Pacay (2020) (see also Peña, Vélez, Cárdenas, Perdomo and Matajira, 2017). The map shows that around 50% of land in the four Colombian departments on the Pacific coast have now been collectively titled to different Afro-Colombian communities. Both of these latter papers also show significant positive development consequences of this titling, not to mention, the critical symbolic importance of it in a country with such extractive economic institutions.

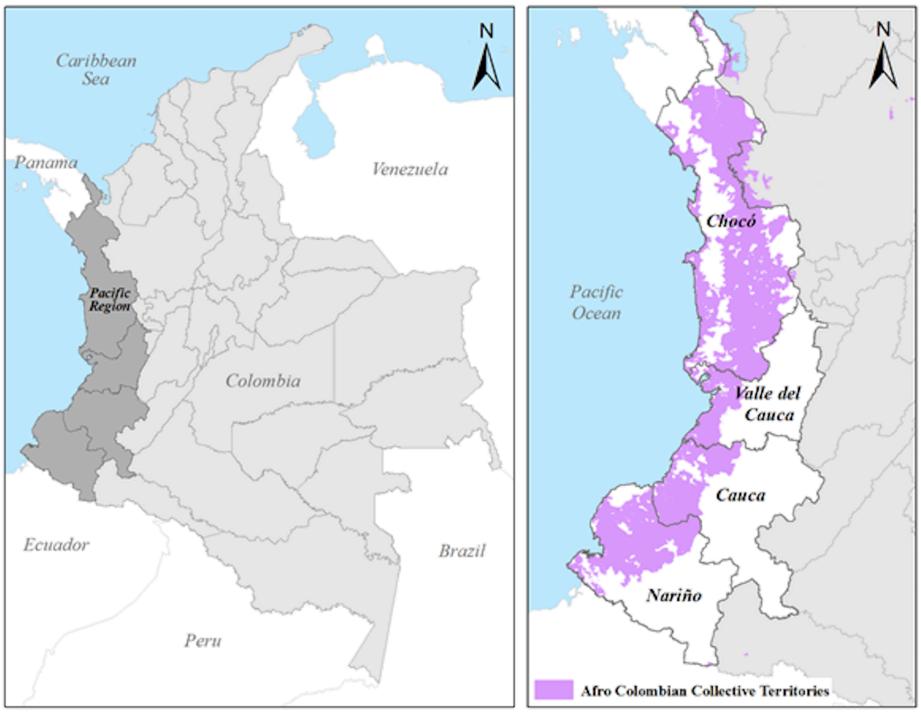

Figure 6: Afro-Colombian land rights in the Colombian Pacific

The history of the Colombian government's policies towards the Pacific region is a superb example of the lettered city logic in action. In 1975 the government of Alfonso López Michelsen expressed his vision of turning Colombia into the "Japan of South America," with a dream of developing the Colombian Pacific. Nothing happened. In 1982 President Belisario Betancur introduced his "Integral Development Plan for the Pacific Coast." It noted,

"This extensive region contains immense forest, fishing, river-and sea-based mineral resources which the country requires immediately."

The aim was to remove the "structural bottlenecks hindering regional development and holding back rapid growth." In 1984 Betancur launched the Plan Pacífico with ambitious infrastructure projects included the building of roads, hydroelectric and energy plants, telecommunications networks, as well as plans to boost forestry, fishing, agriculture and mining. His successor, President Virgilio Barco announced more plans in 1987 including the construction of the Puente Terrestre Inter-oceanico, a land bridge between the Pacific and Atlantic oceans near Panama, comprising a railway, road, canal and oil pipeline. Crossing the Serranía del Baudó mountain range and the Darien swamplands, the PTI was to connect two planned super-ports and included a massive road building plan throughout the Chocó. None of it happened.

What we have shown here are examples of successful mobilization of non-elites in the zones outside the control of the lettered city. In both cases this mobilization led to significant gains for inclusion and one of them, in Bolivia, was centered in exactly the part of the Andean South America where Dell (2010) identified a long-lasting legacy of colonial extractive institutions.

V. Worlds Turned Upside Down

The emergence of anti-elite or anti-extractive identities or ideologies is not restricted to indigenous peoples or Afro-Colombians. One of the most obvious is Peronism. The current consensus amongst scholars is that Peronism was based on anti-elite identities and movements which emerged from society in the 1930s and 1940s and which Perón then molded into a political project. Karush and Chamosa (2010) show how "existing values, ideologies, practices, and traditions shaped the Peronist experience" (p. 3) and "Perón borrows liberally from the nineteenth century epic poem Martín Fierro, as well as from tango lyrics and popular expressions in *lunfardo*, the "disreputable" argot of Buenos Aires" (see especially Karush, 2012). James (1994), in particular, showed how this was shaped into an enduring Peronist legacy, establishing a new role for the state as the guarantor of social justice and, as James puts it, the state became "a space where *classes* – not isolated individuals – could act politically and socially with one another to establish corporate rights and claims" (p. 18). It created a type of social solidarity and a goal for it, which had not previously existed. James' book in particular is seminal in showing how this, through the use of popular culture,

resonated with poor and previously marginalized Argentinians. With his mix of instruments and symbols "Peronism redefined the system of political and even nonpolitical identities" and "the distinction between Peronism and anti-Peronism permeated into and subordinated other forms of social identity" (Plotkin, 2010, p. 271). Some, like Halperín Donghi (1994), even see Peronism as close to the first truly national Argentine identity.

Whatever its impact on long-run development in Argentina, at its heart, Peronism was a genuinely radical movement. Plotkin argues that "Perón and his movement subverted the accepted system of social classification existing in Argentina" (p. 274) and emphasizes the photograph we reproduce here as Figure 7 where prior to his first election as president, thousands of Perón's core supporters, derogatively referred to as the "Descamisados" (shirtless ones) invaded the Plaza de Mayo in front of the presidential palace in Buenos Aires demanding Perón's release from prison. Though the protesters were in some sense trying to appear respectable (the men wear suits, as James (1994) notes about the Plaza; "workers who ventured there without a jacket or tie were not infrequently moved on or even arrested" (p. 33)), they did not know how to behave appropriately – one does not wash one's feet the in fountains of the Plaza de Mayo! In other words: the uncivilized man, who lived outside the civilized "lettered city" invaded it.[8] In a speech in December 1945, shortly after he was freed, Perón stated,

"They do not hurt us when they call us "Descamisados". We must not forget that the "Descamisados" of old France showed humanity a new way" (Perón, 1973, p. 55).

[8] "From where did they come? So they really existed? So many of them? So different from us? Had they really come on foot from those suburbs whose names made up a vague unknown geography, a terra incognita through which we had never wandered" Félix Luna, *El 45: crónica de un año decisive*, quoted in Sullivan (2013), p. 66.

Figure 7: Loyalty Day in Argentina, the "descamisados" invade the Plaza de Mayo, October 17, 1945

Peronism might not have been the French revolution, but Perón endlessly emphasized the radical nature of his movement. Arguing "we are openly on the side of the workers" (Perón, 1973, p. 19) and the problem in Argentina was "that oligarchy which had enthroned itself in the country for so many years; that oligarchy that had managed to exploit everything that was exploitable in the country and had gone even to the extreme of exploiting the destitution, ignorance and misfortune of our working class" (Perón, 1973, pp. 46-47).

Our main point here is not to promote Peronism, but to illustrate that it was a radically anti-elite ideology which initially emerged from society. Moreover, Perón engineered a much more egalitarian distribution of income as the data from Alvarez (2010) which we reproduced as Figure 8 shows. Top income shares fell by almost one half. Perón himself noted that early in his "Revolution"

"We had to fall back on … taking away from those that have in order to give to those that have not" (Perón, 1973, p. 74).

Figure 8: Perón really did redistribute income

More broadly, and sociologically, the promotion of the "Descamisados" or the "cabecitas negras" helped to create a type of social liberation of the form we discussed in Bolivia. Argentine society is radically different from that in Colombia, Guatemala, or Latin American countries which have not experienced "social revolutions" like this.

If Peronism failed to bring about a more radical transformation in Argentina it was possibly because of its polarizing nature, which ultimately limited its potential for inclusion. This nature may have emerged from the very cultural elements that Perón co-opted. Karush (2010, p. 25), for example, argues that the polarized form of much Peronist ideology stemmed from the fact that "melodrama presupposed a Manichean world in which poverty was a guarantor of virtue and authenticity, and wealth a moral flaw." Possibly the roots lie even deeper. After all, when Sarmiento (1845) laid out the problems facing the young nation he saw it was a struggle between "civilization" and "barbarism" (which, once more, echoes Rama's distinction between the "civilized" city and the "barbaric" countryside). At the time of the Meiji Restoration in Japan, which occurred shortly after Sarmiento wrote, the development challenge of the country was similarly depicted as one between civilization and barbarism. The difference was that for the Japanese, the barbarians were foreigners. For Sarmiento, the barbarians were other Argentines. These Argentine barbarians came from the

non-urban "interior" of the country and were manifested in the figure of Facundo Quiroga, a warlord from La Rioja. In essence they were the Descamisados.

Peronism is not alone as being an anti-elite identity which emerged without elites being able to quash it, or stop it taking over the state. The MAS in Bolivia, Chavismo and indeed the Workers Party (PT) in Brazil did the same thing.

VI. A New Latin America?

In 2011, PromPerú, the Peruvian state export and tourism agency, launched a promotional video to mark the international launch of Marca Perú (brand name Peru).[9] In the video, a bus with the symbol of Marca Perú and the red and white of the Peruvian flag on its side drives down the open Nebraska plains. The camera pans out across fields and a seemingly remote town as the bus enters the main street of Peru, Nebraska. As it does, the video's narrator tells us that "every Peruvian, by the mere fact of being Peruvian, has the right to enjoy how marvelous it is to be Peruvian." We are then introduced to this small town (population 569), as the narrator sets the stage. "Peru, Nebraska has a problem," he says.

"They are Peruvians, but they don't know what that means."

What does it mean to be Peruvian? Morse points out this is a complicated thing in Brazil, but in Perú a new idea about exactly this has emerged. A Peruvian is, or perhaps is becoming, a "Cholo" (Galindo, 2010, and Nugent, 2012 are the best works on this broader phenomenon). As former president Alejandro Toledo put it in a 2015 television interview when asked what people should call him he replied,

"I don't mind if they call me President, Cholo, or Toledo."[10]

This transformation didn't happen overnight and, as with many social transformations, it took decades to form itself –as it is directly associated with the uneven process of modernization that the

[9] https://www.youtube.com/watch?v=8joXlwKMkrk
[10] https://www.youtube.com/watch?v=w9kNsPyC6Hc

country undertook circa the 1940s and which resulted in a large internal migration process that radically changed the cultural landscape of Lima and the coastal cities of the country, forging a new type of syncretic culture—the "Cholo" culture which, since the turn of the century, became the hegemonic one. Historically, the word had pejorative connotations and Nugent (2012, pp. 63-63) points out that

"its use complies with very precise rules and it is even probable that from the initial derogatory predominance of the use we are passing to a more properly natural one, of a preferably inclusive nature. The step from being a poisonous stigma to a natural feature of social life."

He emphasizes at the same time how this identity formed outside the scope of the Peruvian state.

The clues of what is meant by such national refashioning are clear in the PromPerú video itself. Upon its arrival of the bus, as its door opens, we realize that it has been driven by chef Gastón Acurio, perhaps the most important cultural icon of the last decades in the country—who is considered by many as the architect of the new Peruvian cuisine movement.

In other words, it is its "unique cuisine" which, almost literally, drives the effort of the Peruvian state to position its national brand worldwide—a sense which is reaffirmed by noticing that the first three people who come down from the bus are also chefs: Christian Bravo, Ivan Kisic and Javier Wong. The video suggests that before famous actors and actresses, before musicians and sportsmen and women, it is the chefs who are first to conquer the world with their unique and irresistible dishes and transforming these native of Peru, Nebraska into "real Peruvians" because, as one of the chefs puts it, eating well is a "right" every Peruvian has: "Ustedes son de Perú, tienen derecho a comer rico." (You are from Peru, you have the right to eat delicious food.)

Many commentators have speculated about why Peruvians have not only fallen in love with their food, but have also found a source of national pride in it, to the point that making it their most salient cultural product. For a country with a diverse and deep cultural trove—and which can boast of such riches as Machu Picchu and the Incas, to Literature Nobel Prize Winners (Mario Vargas Llosa)—it seems curious, to say the least, that it is its food which they take the most pride in. The reason seems to be that it is the perfect expression of a process of "mestizaje" that had been always promised as the bedrock of national identity, and which has perhaps finally come to fruition. In other words, as an expression of a social and cultural process, the artifact (the culinary repertoire) is both a mirror and a promise: it serves as the realization that the process of mestizaje that has been

happening in the country over centuries is perceived as unique (and delicious) to everyone exposed to it, as well as a promise of forging a new national identity around it.

The chef Rafael Osterling, another seminal figure in the new Peruvian cuisine movement, already had this clear in one of his first recipes books:

"And at the same time, Perú is the repository of so many historical migrations, of so much cultural exchange, that it is possible to show off in its gastronomy European, African, Chinese, Japanese and Moorish influence and techniques, in addition, of course, to the local ones. This essentially makes Peruvian cuisine have a cosmopolitan and at the same time hearty base: a beautiful meeting of attitudes that are not necessarily coincident in other horizons."

The last sentence is significant. Cuisine creates a cross-cutting identity which can bring people, otherwise separated by interests and identities, together. For almost a century, Peru's national ideology was based on the harmonious articulation of races. Sayings such as that it was a country for "todas las sangres" were already a popular in the 1940s (it was the title of the famous novel by José María Arguedas in 1964, *Todas las Sangres*), but it failed to incorporate indigenous culture into the national discourse. Perú always lived broken into two parallel cultures: the Criollo and the Andean. They rarely touched. Furthermore, even with a notion such as "todas las sangres" and the idea that the country was a Mestizo nation – not only was the Afro Peruvian an integral part of this culture, but so were the Chinese, Japanese, Italian, Swiss and Palestinian immigrants that arrived – it was always the "Criollo culture" of the coast which incorporated them into its folklore, while the Andean culture was always seen as distant, monolithic and utterly foreign.

The first attempts in the nineteenth century to forge a national culture that included the Andes only included the glorious distant past of the Inca Empire, but never the indigenous present. This type of refusal of the "indigenous present" little by little started to erode. By the 1920s the most important Marxist theorist of the country, José Carlos Mariátegui, considered that for the Peruvian elites the indio was perceived "a problem" (Mariátegui, 1928) which needed to be resolved in order to articulate a true nation state. After 1968 the revolutionary nationalist government of General Juan Velasco Alvarado chose as one of its pillars the recuperation of the Quechua language and iconic indigenous figures as Tupac Amaru as a central part of its program—which included an agrarian reform. Probably for the first time to be nationalistic in Perú meant to speak Quechua and to identify with Tupac Amaru. Simultaneously the continuous migration from the Andean countryside

to the capital and the coast had dramatic effects. If still until the mid 1950s Lima was a "Criollo city", by the 1980s it was already the most populated "Andean city" if one counted where its citizens were born. Lima grew exponentially and became packed with hundreds of shanty towns in which for the first time people from radically different parts of the Andes started to live together. Yet it was still separated into two: the conos (sur and norte) in which complete new sections of the city were built from scratch filled with migrants, and the older Criollo center of the city. Two major mixings happened at basically the same time: the mixing between the many Andean locations, and the mixing of the Andeanization of Lima (or the creolization of the Andean). After basically 50 years of this major syncretic process, a new culture emerged: Cholo culture.

What is the "Cholo" culture? It's basically the culture of the Andean man and woman in Lima or on the coast (Quijano, 1980). In that sense, it does not imply a complete break with the Andean culture, which was maintained by the communal practices put in place by the shanty towns and through a number of "clubes departamentales" (that were already in place in the 1990s). Such Andean institutions as the "minka" (reciprocal labor exchange) were replicated in the construction of shanty towns and even networks for the creation of employment and industries (the creation of the "Emporio de Gamarra" could have not been able to be done without such cultural embedding). Nonetheless, there was the simultaneous "Limenización" of Andean culture: perhaps the most interesting aspect of it is its moving from Andean "communal links"
to aggressive "capitalist" instincts.

In many ways it was Fujimori's election which marked the political break. Since then, it has been the political representation of the "Cholo" (with the exception of the second García government and the brief year of PPK) which has been hegemonic in all dimensions of political life in the country. "Fujimorismo" was and is an expression of such "Cholo politics" to a degree—it is no longer based on the Criollo lettered city as "Acción Popular" or "APRA", or even the two versions of the communist party in the country, were.

The invention, commodification and export of Peruvian cuisine is not the only economic payoff of these glacial sociological shifts. In the 1980s, amidst the worst of the economic crisis,
the quintessential image of the "Cholo culture" was the "carrito sanguchero" (the portable food stand), while now it is the "mototaxi": they both are, literally, vehicles for improvement; the sign of very basic capitalist unit, the labor is individual, and is capable of moving anywhere in the city. Nowhere does the emergence of a new "Cholo entrepreneur class" show itself more powerfully than in the identity of what Durand (2004, 2017) calls the "twelve new apostles". This phrase refers to the

first government of Alan García which, after it formed in 1986, tried to build a coalition with the twelve most powerful business groups in Perú (see Crabtree and Durand, 2017, Chapter 5). Figure 9, using data from Durand (2004 and 2017) (which update the seminal study of Malpica, 1965), shows the dramatic changes that have taken place since 1986. While six of the old traditional economic elites remain, half of the new apostles are from the provinces.

Table 1: The Changing Nature of the Peruvian "12 Apostles"

Position	1986	Origin	2020	Position 1986	Origin
1	Benavides (Buenaventura)	Lima	Romero (Credicorp, Alicorp)	11	Lima
2	Bentin (Backus)	Lima	Brescia (Inversiones Breca, BBVA)	3	Lima
3	Brescia (Minsur, Rimac EMN)	Lima	Benavides (Buenaventura, Yanacocha)	1	Lima
4	Delgado Parker (Panamericana)	Lima	Rodriguez (Gloria)	18	Arequipa
5	Ferreyros (E. Ferreyros)	Lima	Rodriguez-Pastor (Intercorp)		Lima
6	Nicolini (Nicolini Hnos.)	Lima	Ferreyros (Ferreycorp)	5	Lima
7	Lanata Piaggio (Pilsen)	Lima	Graña y Montero (GyM)	15	Lima
8	Olaechea (Tacama, Bco de Lima)	Lima	Dyer (Dyer & Coriat)		Pucallpa
9	Picasso Salinas (Vista Alegre)	Lima	Huancaruna (Altomayo)		Cajamarca
10	Raffo (San Cristobal)	Lima	Añaños(Ajegroup e ISM)		Ayacucho
11	Romero (BCP, Alicorp)	Lima	Flores (Topitop)		Huancavelica
12	Wiese (AF. Wiese, Bco Wiese)	Lima	Acuña (Universidad César Vallejo)		Cajamarca

Figure 9: The Changing Nature of the Peruvian "12 Apostles"

This narrative of social, economic and political change in Perú is very different from the dominant narrative. With Alan García having killed himself to avoid corruption investigations and three former presidents, Toledo, Ollanta Humala and PPK, and the main opposition politician Keiko Fujimori all in prison charged with corruption, Perú does not look like a success story. As the proverb has it: "a fish rots from the head down". The head may be rotten, but the Peruvian fish isn't. In fact the inappropriateness of this adage in this context illustrates our theme of the over-emphasis on elites, on the power of the lettered city, the formal state and those in the presidential palace. Cholo identity and entrepreneurship formed in the informal sector without relying on the state.

Cholo identity is very different from Peronism. Though it emerged from society, it is not a Manichaean ideology reacting to historic divisions, but something really new and perpendicular to

traditional social cleavages. As Osterling brilliantly puts it, it is "not necessarily coincident in other horizons". By its nature it is far more inclusive.

VII. Implications

In this essay we have argued that the "Latin American equilibrium" is a lot more fragile than the conventional wisdom allows for. There are large spaces for political movements to emerge and coalesce outside of the control of the state and though these movements have often been Manichaean and destructive, we gave three recent examples where they were not and led to significant social gains. Our argument is not simply about power, it is also about identities and how that leads problems to be defined in particular ways in addition to helping coalitions to form. Peronism is not just a political movement which solved the collective action problem. What Latin America needs is new collective identities, new inclusive ways of imagining itself. In the quote we started with, Richard Morse illustrates this by arguing that it doesn't make sense to say something is "un-Brazilian". Indeed, in his account it could mean one thing, or its opposite.

"Latin America's intellectual efforts since the 1920s aim towards discovering the people … For Latin Americans such a definition is more challenging [than for Europeans] because "the people" are culturally diverse and socially segmented; second, because the founding principles of Ibero-Catholic governance were shrewdly oriented to accommodate heterogeneity" (Morse, 1989, p. 155).

The fact that populists always say they are trying to connect with "el pueblo" (the people) does not undermine the argument that a fertile source of political change in Latin America is the development of new and different identities, new ideas about who the people are. That's exactly what has happened in Perú.

While we have emphasized, following Anderson (1983), the bottom-up nature of these identities and the space for them to flourish in in Latin America, this does not imply that they cannot be facilitated or brought to fruition by governments or even international institutions. The Mexican economic miracle between 1940 and 1980 was partly about a successful piece of political engineering that brought an end to conflict and distributed power between competing elites (the first civilian president of the PRI was Miguel Alemán who took office in 1946). But it was also an extremely successful cultural project which aimed at promoting an inclusive and new Mexican

identity (López, 2010, Vaughan and Lewis, 2006 and see Vasconcelos, 1925, for a contemporary description of the project).

How does this account of the potential for change in Latin America influence the way the international community engages with the region? We believe it promises a new approach which contrasts with current orthodoxies. When it comes to trying to improve institutional equilibria, international institutions have focused on three types of strategies. The first is in trying to create incentives to adopt "better policies" as in the Washington Consensus experience of the 1990s. Though this has had success in some domains, such as improvements in macroeconomic policy, these isolated victories have not changed the wider political equilibrium (Acemoglu, Johnson, Querubín and Robinson, 2008). Second, they have encouraged and sponsored more specific institutional reforms aimed at improving political outcomes, such as anti-corruption commissions or measures to improve accountability. Though on their own there is solid evidence that these things can improve on outcomes (e.g. Ferraz and Finan, 2008, Avis, Ferraz and Finan, 2018) there is little evidence that they can move the system far enough to reach a "tipping point". Moreover, even when successful, or possibly because of this, they are easily reversed. Figure 10, from Avis, Ferraz and Finan (2018), shows the fate of the famous anti-corruption audits in Brazil. Though academic research finds them to be highly successful, this has not stopped Brazilian politicians almost abolishing them. Finally, they have engaged in empowerment strategies, like community driven development, which try to help the ultimate beneficiaries of good policies to mobilize to demand that the state provide them with services. While all approaches are logically coherent, they seem to have had little success at pushing Latin America (or other parts of the world) onto a new development path (e.g. Humphreys, Sánchez de la Sierra and van der Windt, 2019).

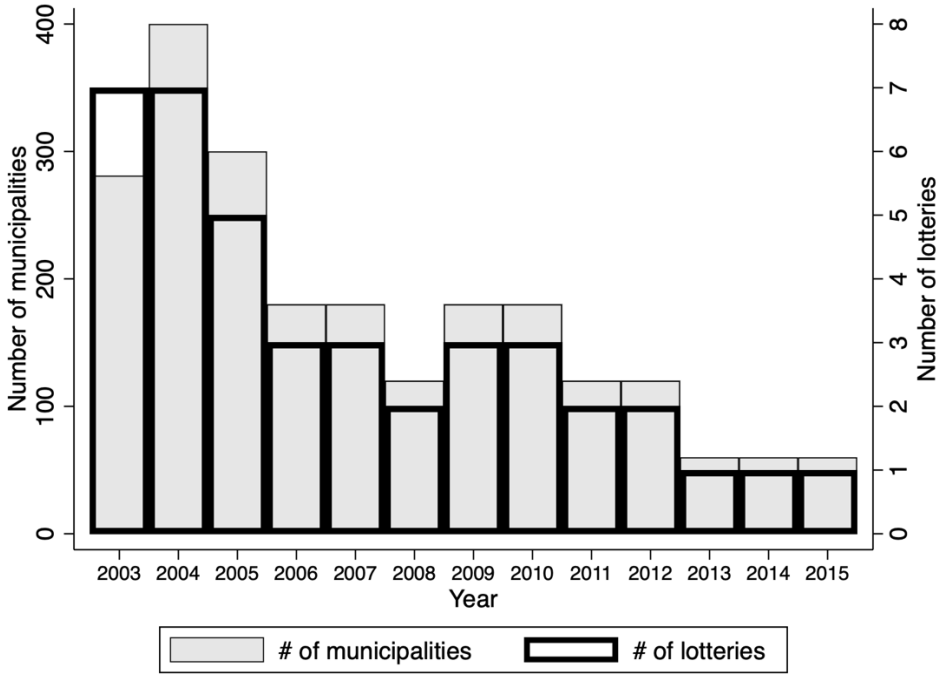

Figure 10: The Winding down of the Successful Anti-Corruption Audits in Brazil

What our analysis suggests is a new approach. One route to the creation of more inclusive politics and institutions in Latin America is the emergence of new and more inclusive identities. History shows there is plenty of scope for this in Latin America and that once they emerge and consolidate, politics has to adjust itself to them. The story of both Peronism and Cholo identity hows that these identities emerge in quite surprising ways and outside the scope of a lot of the current conventional wisdom in social science which is overly focused on top-down socialization as in Weber's (1976) seminal account of the emergence of "French" identity. But is it possibly to think of what it means to be French without thinking about cuisine?

Our argument also puts into new and different perspectives many features of current Latin American development, for one the informal sector. For traditional development economics the informal sector is a problem which need to be eliminated by the state. From our perspective the ecosystem of the informal sector, what Matos Mar (1984) called the "popular overflow", is a petri dish for new identities.

Perhaps the biggest message though is to think more sociologically. What we described in Argentina, Bolivia and particularly Perú is what LeRoy Ladurie famously described as "the immense

respiration of a social structure" (1974, p. 4). Once one listens to these, the political economy of Latin American starts to look different.

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