

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

25 May 1962

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Presidential Election in Peru

SUMMARY

1. The leading contenders for the Peruvian presidency in the election to be held on 10 June are:

a. Victor Raul HAYA de la Torre, 67, the candidate of APRA, a party comparable to Accion Democratica in Venezuela as advocating fundamental social reform through political action in consonance with the Alliance for Progress and an effective opponent of communism and Castroism in peasant, labor, and student circles.

b. Fernando BELAUNDE Terry, 50, a personable political opportunist who also professes to advocate

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reform, but has conducted his campaign in a manner calculated to attract all who hate and fear APRA, including both the privileged classes and the Communists.

2. Neither candidate now has a clear lead in the race. APRA has long been regarded as the most popular party in Peru, able to win in any free election -- its support secured the election of President Prado in 1956. Belaunde, however, gave Prado a close run in that election and his present campaign has aroused an impressive popular response. We are unable to predict the outcome, but we consider the election of Belaunde to be a definite possibility.

3. APRA faces the additional hazard that the military may act to prevent the election or the inauguration of Haya de la Torre. The reaction of senior officers to the idea of APRA's coming to power is conditioned by their recollection of its earlier radicalism and violence. Having themselves fought with and persecuted APRA in times past, they can expect no favor from an APRA government. Although it is not certain that they could carry

- 2 -

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the younger officers with them in an outright coup, they probably will attempt in some way to prevent an Haya victory, possibly by utilizing their responsibility for policing the election to falsify the results.

DISCUSSION

5. Peru is a prime example of a Latin American country slowly edging towards social revolution. The central question is whether moderate reformers have the capacity -- and will have the opportunity -- to set in motion the changes necessary to prevent a violent revolution without at the same time provoking a military coup by the conservative elite. The national elections of 10 June will be important in determining whether the moderate reformers will get a chance to try their hand during the next six years.

BACKGROUND

6. Peru is run by an oligarchy (mainly whites in Lima and the coastal area), the armed forces, and the

- 3 -

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Church. The middle class is growing, but is not yet a major force in society. Over half of Peru's eleven million people are illiterate, impoverished Indians who speak their own languages and live on a subsistence basis under a semifeudal land tenure system apart from modern society.* Most of the mestizos, who make up about a third of the population, live little better than the Indians, although many of them form part of the large urban labor element.

7. Peru has an abundance of natural resources and an economic growth rate of about six percent (the annual population increase is half of that), but the benefits of the economy flow most generously to the middle and upper classes. Per capita national income is \$145, about the lowest in the hemisphere; only Haiti, Bolivia, and Paraguay have lower figures. The country suffers from extremely limited land resources. Good land is scarce in the mountain regions. Redistribution of the coastal

* About 76 percent of the total cultivated area is owned by less than two percent of all landowners.

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agricultural lands would interfere with export crops, and opening the eastern part of the country would require substantial funds for colonization and roads.

8. Despite the oligarchy's firm resistance to change, the social and economic fabric of the country is gradually breaking down. The peasantry has for many years been pushing against urban and rural wealth. There is unrest among the campesinos on the large haciendas and land-hungry peasants sporadically make incursions on the private estates -- on some occasions encouraged by Communists who work among them. Landless peasants are moving in large numbers into the slums and squalor surrounding the coastal cities (about half of Lima's million inhabitants reside in the barriadas) and the tenements areas in which they live are becoming the arena for agitation against the status quo.

9. Peru has usually been ruled by authoritarian governments which could be displaced only by force; political changes which have occurred have taken place within the ruling oligarchy and have normally been effected by the military without much civil disturbance.

- 5 -

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Periods of constitutional government have been brief, and democracy as the US thinks of it has little meaning to most Peruvians. Nevertheless, for almost six years the duly elected government of President Manuel Prado has held sway. If it goes out on schedule on 28 July, it will be the first elected government in Peru to have run its full term.

10. President Prado, a member of the traditional oligarchy, gained office by means of an electoral alliance with the broadly based and radical APRA party, which controls the present Congress. Despite this obligation to APRA, the essentially conservative Prado administration has done little to cope with the basic social and economic problems of Peru. However, Prado is leaving the government in exceptionally good fiscal condition, largely because of the stabilization program of former Premier Beltran, new investment, and good export markets. Public finances are in order. Monetary stability is unquestioned. The balance of payments shows

- 6 -

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a record surplus of over \$35 million and private investment -- both foreign and domestic -- is at a high level. ^{1/}

THE POLITICAL PARTIES IN THE ELECTIONS

11. In June Peru will elect a President, two vice-Presidents, and an entirely new bicameral legislature. ^{2/} The choice will be up to about two million literate Peruvians, mainly city folk. Seven presidential candidates are seeking power, but only three have any chance of winning. These are: (a) Victor Raul Haya de la Torre, 67-year old founder of Alianza Popular Revolucionario Americana (APRA); (b) Fernando Belaunde Terry, personable head of Accion Popular (AP); and (c) ex-general and former dictator-President Manuel Odria (1948-1956) of the Union Nacional Odriista (UNO). Except for APRA and the Christian

^{1/} In 1961 total US private investments amounted to \$684 million or 58 percent of all private investments. Total foreign investment from all sources came to \$1,178 million. Almost all the copper, oil, iron ore industries, and most of the lead, zinc, and sugar industries, are US-owned.

^{2/} In order to win the presidency, a candidate must poll a plurality of at least one-third of the total valid votes cast. If no candidate wins this plurality, the new congress in joint session chooses the winner from among the three contenders polling the highest number of votes.

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Democratic Party, all parties are the personal machines of their candidates, pulled together principally to capture the government.

12. APRA began its career 31 years ago as a radical and violent revolutionary organization. As such it gained a strong popular following, but was repeatedly driven underground by the Peruvian military. Like Accion Democratica in Venezuela, however, APRA's character has changed as its leaders have matured. It now seeks to achieve, by political means, a fundamental but evolutionary reform compatible with the Alliance for Progress. Its principal support comes from those middle and lower class elements who consider it the only hope for such a change. It is the principal opponent of communism and Castroism in peasant, labor, and student circles, and in the streets. It dominates the predominantly mestizo Peruvian labor movement and is the only political party with organized support throughout the country. Its greatest support has been in northern Peru, but there are indications that it has begun to attract significant support in the south also.

- 8 -

S-E-C-R-E-T

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13. APRA is making its present bid for power with some important handicaps. Because of its radical past, most members of the traditional ruling group fear and hate it far more than they do the Communists, considering it to be a greater and more immediate danger to their position. On the other hand, APRA's political association with the conservative Prado administration has alienated some of its former followers who feel that it has betrayed its revolutionary ideals. Haya's opponents are exploiting this sentiment by pointing to the Prado and Beltran men included in APRA's congressional slate in order to disarm rightist fears. In addition, APRA's known friendship toward the US, while reassuring to many, has made it vulnerable to the demagogic charge of having sold out to the Yankees.

14. Accion Popular (AP) was formed by Belaunde after he came close to defeating Prado in 1956. Belaunde's political career is that of a man determined to become President at almost any cost. The nucleus of his support is among middle class professionals and among APRA's enemies. Belaunde presents himself and the AP as liberal

- 9 -

S-E-C-R-E-T

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and reformist, but he apparently has no fixed political philosophy; what "reform" means to him is unclear. He professes friendship for the US and indeed his principal advisors are not anti-US or pro-Communist. However, he is a militant nationalist out for the leftist vote, including that of disaffected Apristas, and he has not chosen to disclose his position on any foreign policy issue.

15. Belaunde has recently attempted to disassociate himself from charges of working with Communists in the campaign. He evidently has done this in part because he fears that his vagueness about communism was doing him more harm than good, and in part in deference to the important support he is receiving from conservative quarters. Nevertheless, he probably expects to retain the support he has received from Communists and pro-Communists, and he seems unlikely to drop them from his party's parliamentary lists. Moreover, Belaunde probably believes that he can control the Communists when this becomes necessary.

- 10 -

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16. The Union Democratica Odriista (UNO) is basically conservative in outlook, and conservative money is responsible for the lavish financing of its campaign. The UNO campaign seems tailored to attract votes from groups with widely divergent political views. Odria almost certainly has made it known in conservative quarters that he still thinks of reform in terms of projects designed to affect vested interests in the least possible way, but he professes to support social and economic reform in keeping with the times. He still commands considerable strength among the poor people -- especially in the Lima slums -- who credit him with the greater prosperity which existed under his rule. Odria also finds some support among the Communists, whom he used against APRA when he was in office, and a number of Communists are on the UNO congressional slate.

17. The Communist Party is illegal in Peru. It has perhaps 7,000 members. It tried and failed to weld a number of small extremist groups into a united front. Its members do, however, engage in extensive agitation and propaganda activities among Lima's poor

- 11 -

S-E-C-R-E-T

S-E-C-R-E-T

and among agricultural laborers. It dominates the student federation, has penetrated organized labor, and is working hard in the south. It has penetrated both Belaunde's and Odria's parties. There are about 19 Communists and pro-Communists on Belaunde's congressional election slates, and about eight on Odria's.

ELECTORAL PROSPECTS

18. No candidate now has a clear lead in the race. APRA has long been regarded as the most popular party in Peru, able to win in any free election, but Belaunde gave Prado a close run in 1956 and his campaign this year has aroused an impressive popular response. Odria is trailing. He is said to have suffered a physical and mental breakdown. If he were to withdraw, most of his support would probably go to Belaunde. We are unable to predict the outcome, but we consider the election of Belaunde to be a definite possibility.

19. APRA faces the additional hazard that the military may act to prevent the election, or the inauguration, of Haya de la Torre. The reaction of senior officers

- 12 -

S-E-C-R-E-T

S-E-C-R-E-T

to the idea of APRA's coming to power is conditioned by their recollection of its earlier radicalism and violence. Having themselves fought with and persecuted APRA in times past, they would expect no favor from APRA in office. They have already warned that they will not tolerate an APRA government. Recent events in Argentina probably have caused them to consider the merits of eliminating APRA before, rather than after, the elections -- especially if it appeared that Haya would win. Charges of fraud in the campaign -- some incidents have already been confirmed -- could serve as a pretext, however flimsy, for the military to press for postponing or annulling the elections.

20. On the other hand, there probably are many officers -- perhaps a majority -- who are not so hostile toward APRA as the senior officers. There may even be a few who are prepared to work with it. APRA's moderate behavior during Prado's tenure, and its clear-cut campaign against communism, must favorably impress a part of the officer corps, particularly those younger officers who never knew APRA in its earlier, more radical

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days. The Cuban revolution almost certainly has made many sit back and ponder the benefits of having a clearly anti-Communist party in power. Even those most bitter against APRA probably are wondering whether or not they want to risk the public disorders likely to result from military interference.

21. Although these various factors may serve to restrain the senior officers from a bold attempt to seize power from a duly-elected APRA President and Congress, we believe that those in control of the military establishment -- unless they are subjected to greater restraints -- will take some action to prevent or deny an Aprista victory. They could, for example, see that false returns were reported, since they have the responsibility for policing the elections.

PROSPECTIVE GOVERNMENTS

22. None of the major candidates has laid down a well-defined program of government. However, APRA seems likely to make the most determined effort to follow a course parallel to that envisioned in the Alliance for Progress. An APRA government would probably be similar

- 14 -

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to that of Betancourt in Venezuela -- and would face similar problems. Like Accion Democratica in 1948, APRA once provoked the overthrow of a government which its support had brought to power by pushing reform too far too fast. This experience explains its moderation during Prado's administration. In office, it would probably show more initiative than Prado has, but it would be careful not to provoke a military reaction. Nevertheless, APRA is committed to social and economic reform, with special attention to the Indian problem, and to encouraging private enterprise, including foreign investment. Moreover, APRA probably would have enough seats in the legislature and enough competent leaders and technicians to implement its program. Some important business elements already are prepared to support it.

23. A government by the AP or the UNO probably would mean special problems for the US. Belaunde, like Haya, has some trained personnel in his party, but, given his inclination to deal with people of all political persuasions, he probably would be influenced by extremists in his following. While Belaunde might try to work out

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some kind of modus vivendi with APRA, he would also be likely to work with Communists when it suited his purposes. Moreover, if he failed to have a parliamentary majority -- as seems likely -- he would have considerable difficulty in making his government work.

24. Whereas APRA has cast its lot with the US, Belaunde has thus far steered clear of foreign policy commitments. Despite his private professions of interest in the Alliance and of friendship for the US, the Communist infiltration in his party and the manner in which he has conducted himself in recent years suggest that he might turn out to be a new neutralist leader in Latin America.

25. Judging by Odria's performance in office from 1948 to 1956, he is devoted to old-fashioned Latin American conservatism and would not be an effective partner in the Alliance. Even though he was a friend of the US and of US business during his earlier administration, he would probably fall back on the ultranationalism used in his campaign to cover up a failure to effect reforms. The


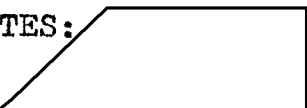
- 16 -

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inclusion of several Communist candidates on his slate makes it probable that the far left would have his ear on occasion, especially when APRA stood in his way. Thus, it seems clear that another Odria tenure would only be a step backward for Peru.

FOR THE BOARD OF NATIONAL ESTIMATES:

 
SHERMAN KENT
Chairman

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