The Indian Question in Latin America

Throughout Latin America today, Indians find themselves embroiled in a wide range of national controversies, from radical politics in Peru to environmental disputes in Brazil. Yet, as *New York Times* journalist Alan Riding once noted, Latin American scholarship has offered little systematic study of these Indians—of their place in post-Columbian history or of their condition in the present. The Indians, for their part, have become increasingly assertive. Last year, on Ecuador's Columbus Day, representatives of nine Indian nations gathered in Quito to demand a native version of New-World history. Here, our contributors provide just that. Through their perspectives, the approaching Columbus quincentennial takes on a different meaning: the 500th year of Indian resistance.

PERU'S GREAT DIVIDE

by Peter F. Klarén

The Real Life of Alejandro Mayta (1986), Mario Vargas Llosa's fictional portrait of a Peruvian revolutionary, captures in its opening pages the desperate poverty that has become commonplace throughout the South American nation. The narrator of the novel, a writer himself, is out for an early morning jog through his neighborhood when he comes across "stray kids, stray men, and stray women along with the stray dogs, all painstakingly digging through the trash looking for something to eat, something to sell, something to wear. The spectacle of misery was once limited exclusively to the slums, then it spread downtown, and now it is the common property of the whole city, even the exclusive residential neighborhoods—Miraflores, Barranco, San Isidro. If you live in Lima, you can get used to misery and grime, you can go crazy, or you can blow your brains out."

Or, if you happen to be Vargas Llosa, you can make a bid for your country's presidency—an unsuccessful bid, as it turned out. The disappointed novelist will doubtless find it small consolation that the winner of the June election, Alberto Fujimori, faces an all-but-impossible task.

Even by Latin American standards, Peru today is a deeply troubled country. For a quarter of a century, its economy has stagnated as a result of chronic government mismanagement and corruption, and declining world demand for its top exports—copper, oil, industrial metals, and fishmeal. Its rapid population growth (2.5 percent annually) puts it in the same unenviable league with Bangladesh and Burkina Faso.

Since 1987, when President Alan García Peréz's two-year-old economic recovery program ended in a disastrous nationalization of the banks and other financial institutions, the economy has tumbled into a virtual free fall. National output has dropped by more than 25 percent (per capita), while inflation has reached the proportions of a fiscal disaster—by one recent reckoning, the annual rate exceeds 3,000 percent. The Peruvian worker lucky enough to hold a job now earns less in real terms than he did in 1965.

The economic disaster has jeopardized Peru's fragile 10-year-old democracy—the longest spell of uninterrupted civilian rule since 1895–1914. But it has also been, in an ironic way, its salvation. According to the *New York Times*, the army was deterred from staging a coup against García's paralyzed government in part because the generals were "intimidated by the prospect of taking over" the chaotic country.

A greater threat to Peru's future is the growth of the Sendero Luminoso (Shining Path) guerrilla movement. Since Sendero launched its "People's War" a decade ago, 18,000 Peruvians have died, most of them innocent civilians killed by the guerrillas or the army. Last year alone the death toll was 3,198.

Ultraradical is the only word to describe Sendero's ideological pedigree. Its doctrines, as propounded by its founder, Abimael Guzmán Reynoso, are Maoist. Guzmán, in the words of journalist Gustavo Gorriti, "considers Mao's Cultural Revolu-

tion to be humankind's most splendid moment, except that it wasn't radical enough." In its murderous fanaticism, Sendero bears a frightening resemblance to Pol Pot's Khmer Rouge in Cambodia. But in many ways, Sendero is a familiar Peruvian phenomenon. Like other political groups throughout Peruvian history, it has cynically exploited what might be called the Indian question.

Sendero was born in the remote department of Ayacucho in the southern Andean highlands—an area *Limeños* disdainfully refer to as *"la mancha india,"* or the "Indian stain." Ayacucho is a place of incredible isolation and poverty. Its residents are mostly monolingual Quechua speakers; illiteracy is 68.5 percent. The infant mortality rate (12.8 percent) is the highest in the world, and life expectancy, at only 51 years, among the lowest. Arriving at the local university during the early 1960s, Guzmán gradually developed his unique brand of agrarian communism and attracted a devoted coterie of students, many of them members of the first generation of Indians to attend the university. These followers became the nucleus of Sendero, spreading the theories of the man who proclaimed himself—after Marx, Lenin, and Mao—the Fourth Sword of Marxism.

In recent years the movement has spread to some of Peru's more important regions, including Lima itself. There it has found converts among the poverty-stricken Indian and *mestizo* inhabitants of the wretched *pueblos jovenes* (young towns) that have sprung up around the city. But in many ways more threatening to the Peruvian state is the dominant presence that Sendero has established in the Andes' Upper Huallaga Valley, some 250 miles northeast of Lima. From this subtropical region on the eastern slope of the Andes comes half of the world's supply of coca paste, the thick greenish compound of mashed coca leaves and kerosene that is the basis of cocaine. Sendero has entrenched itself in the valley by providing protection against the authorities—including U.S.-sponsored drug eradication programs—to the roughly 70,000 peasant farmers who grow coca. The guerrillas collect perhaps $30 million annually in "taxes" from the Colombian drug traffickers who control Peru's coca trade. That frees Sendero of the need for foreign support and makes it probably the wealthiest guerrilla movement in modern history—so wealthy that it reportedly is able to pay its 5,000–7,000 fighters a regular salary.

But Sendero probably would not exist were it not for events that took place four centuries ago (and Guzmán's shrewd ability to exploit them). The enormous gulf that the brutal 16th-century Spanish conquest opened between victors and vanquished remains a dominant fact of life in contemporary Peru. The Spanish created a society in which a tiny ruling class, the *conquistadores*, and later their creole descendants, came utterly to dominate Peru's Indian, *mestizo*, and black majority.

Francisco Pizarro arrived in northern Peru late in 1531 with only 150 men, excited by tales of the Inca's great wealth and bent on repeating the pattern of conquest and plunder that was becoming practically routine in the New World. The

Peter F. Klarén *is professor of history and international affairs and director of the Latin American Studies Program at George Washington University. Born in Summit, New Jersey, he received a B.A. (1960) from Dartmouth and a Ph.D. (1968) from the University of California, Los Angeles. He is the author of* Modernization, Dislocation, and Aprismo *(1973) and co-editor of* Promise of Development: Theories of Change in Latin America *(1986). Klarén is currently writing a new history of Peru for Oxford University Press.*

Inca never seemed to appreciate the threat they faced. And their empire, stretching some 3,000 miles from present-day Chile to Ecuador, was embroiled in a civil war between the two sons of the late emperor. The Inca Empire was in fact little more than 100 years old at the time; the Inca were only the most recent unifiers of the centuries-old Andean civilizations.

The great Inca uprising that began in Cuzco in 1536 was the most serious challenge to the authority of the Spanish colonizers. The drawing comes from Felipe Guamán Poma de Ayala's Nueva corónica y buen gobierno *(c. 1600).*

When Pizarro insisted on an audience with Atahuallpa, the prince who had gained the upper hand in the civil war, the Inca leader arrived amid thousands of his subjects, borne on a golden throne. To the Inca, of course, the Spanish seemed the exotics. "To our Indian eyes," wrote Felipe Guamán Poma de Ayala, the author of a later chronicle, "the Spaniards looked as if they were shrouded like corpses. Their faces were covered with wool, leaving only the eyes visible, and the caps which they wore resembled little red pots on top of their heads."

Guamán Poma says the Spaniards demanded that Atahuallpa renounce his gods and accept a treaty with Spain. He refused. "The Spaniards began to fire their muskets and charged upon the Indians, killing them like ants. At the sound of the explosions and the jingle of bells on the horses' harnesses, the shock of arms and the whole amazing novelty of their attackers' appearance, the Indians were terror-stricken. They were desperate to escape from being trampled by the horses and in their headlong flight a lot of them were crushed to death." Guamán Poma goes on to say that countless Indians died, compared to only five of the Spaniards, "and these few casualties were not caused by the Indians, who had at no time dared to attack the formidable strangers."

Pizarro captured Atahuallpa and held him for a tremendous ransom, then executed him after it was paid. In November 1533, with an army of 5,000 Indian allies, the Spaniards marched on the Incas' mountain capital at Cuzco and easily prevailed. After an epic battle three years later, in which the Indians rebelled and almost retook Cuzco, the Spanish consolidated their hold over the former Inca Empire. Within 70 years, the Indian population had suffered a complete demographic collapse, dropping from nine million to only one million. Famine, culture shock, and systematic exploitation made the Indians particularly vulnerable to the lethal epidemics of smallpox, measles, and other new diseases the Spaniards brought to the New World.

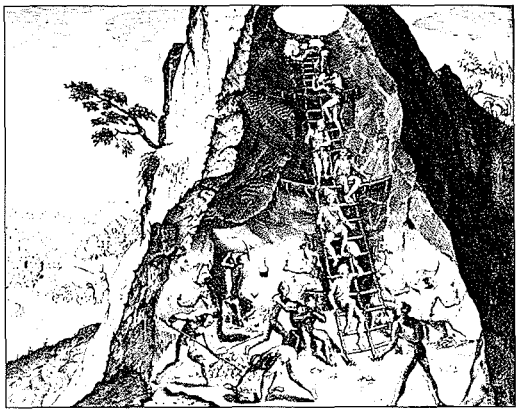
That was not the end of the Andean peoples' demoralization. The Spaniards plundered their cities and temples and then, especially after the discovery in 1545 of the great silver mines at Potosí (in what is now Bolivia), virtually enslaved them. Peru, as

historian Fredrick B. Pike writes, became "Spain's great treasure house in South America."

Like the Spaniards who conquered the Maya and Aztecs to the north, Pizarro and his successors installed themselves as the new overlords of the existing society—a society they altered in many ways to suit their own needs. The result was the development of what scholars call a "dualistic" society. This "dualism" continues to manifest itself in virtually every aspect of Peruvian life. It begins geographically, with the dramatic contrast between the coast and the sierra. The desert coastal strip, which is only 11 miles wide in places but stretches some 1,400 miles along the Pacific, is the historic center of Hispanic power. The Andes, which rise in three parallel ranges to the east, culminating in jagged, snow-covered volcanic peaks more than 15,000 feet tall, are the domain of the Indians who resisted Hispanization and bore the brunt of the colonial order.

The arid coast, with Lima at its center, is the site of Peru's modern, capitalist sector. Here are the export-oriented sugar and cotton haciendas, strung along three dozen lush river valleys that lie like green ribbons across the coastal desert. (Peru's coast receives less annual rainfall than does the Sahara.) Here too are most of Peru's auto and textile plants, fishmeal factories, and oil refineries: Seventy percent of Peru's manufacturing capacity can be found in and around Lima.

When Pizarro founded Lima in 1535 as the seat of Spain's most important viceroyalty in the New World, he aimed to reorient trade, commerce, and power away from the Andes and toward imperial Spain and Europe. Lima became the jewel of Spanish South America, with a tradition of looking toward Madrid. Even when Latin America was swept by independence movements during the early 19th century, Lima's creole elite remained loyal to the crown. It took Latin America's Venezuelan-born liberator, Simón Bolívar, to drive the Spanish from Peru in 1824. But long after Peruvian independence, Lima retained its Spanish and pseudocosmopolitan flavor. During the 1960s, one observer wrote of Lima's privileged class that "scores could boast of being at home in London, Paris, Rome, New York, Washington, or San Francisco, and at the same time admit to being total strangers to that part of their native country which lay appreciably beyond the immediate confines of the capital and a handful of other coastal cities." Not for nothing has Lima been called "a city searching for a country."



Indians from Peru and other Spanish colonies were forced to work the silver mines of Potosí.

Since World War II, however, Lima has been transformed by Peru's second demographic revolution. Long a city whose pride greatly exceeded its population, it has been bloated during the past few decades by an influx of Indians and *mestizos* from the interior. By 1961 it had grown to 1.5 million; today it is an unmanageable metropolis of almost seven million. About the size of Chicago, it now claims nearly a third of Peru's population. Overall, the coast is now home to about 60 percent

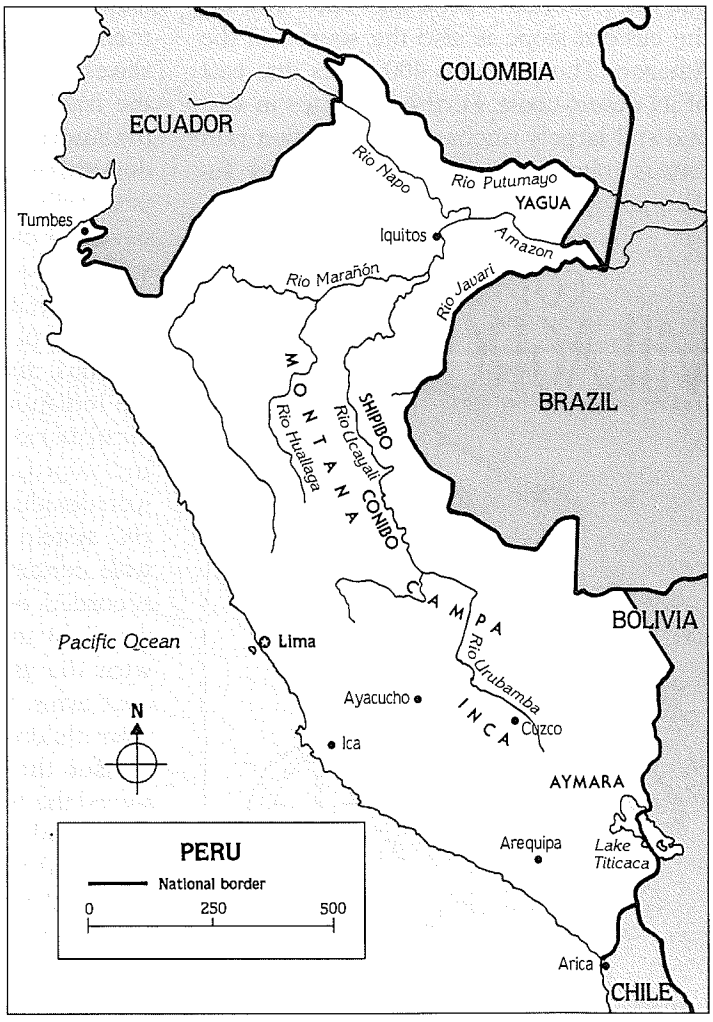
of the population, reversing the proportions that had prevailed for centuries.

Beyond Lima and the coastal strip lies another, largely Indian, world. One could almost say several other worlds, so great is the variation in climate and terrain as the land rises away from the coast. It is here in the Andean highlands that the bulk of the country's rural people, the 8.2 million Quechua-speaking and 250,000 Aymara-speaking Indians and *mestizos*, eke out a marginal living.

Inevitably, the long dominance of the coast has contributed greatly to the underdevelopment of the interior. Only about five percent of the sierra is arable, while about a quarter is marginal pastureland where cows, sheep, llamas, and vicunas can be grazed. As a result of the conquest, these lands that once fed the Inca Empire were long ago beset by chronic low productivity. Peru today suffers periodic food shortages, forcing it to spend precious foreign exchange to import food, even the indigenous potato, in order to feed its swollen coastal cities.

Before the arrival of the Spaniards, the Inca and their predecessors laced the mountainsides with intricate terraces and irrigation systems that still awe visitors today. Through a sophisticated system of agricultural production and exchange that scholars call "vertical archipelagos," each Inca community, or *ayllu*, worked land at different altitudes in order to cultivate crops that could only be grown in certain climatic niches. As anthropologist John Murra has shown, the Indians thus managed to overcome the obstacles thrown up by nature and to provide themselves with a rich and varied diet.

Directly above the coastal strip, in the foothills of the Andes, is a sparsely inhabited terrain that climbs to perhaps 7,500 feet. Above that is a pleasant temperate



The Indians of Peru today make up about 45 percent of the nation's population. Once concentrated in the highland regions, they have been moving to the coastal cities in large numbers since 1945. Major tribes and their locations appear above.

band, where maize, vegetables, and fruits can be grown. Here the Inca built Cuzco, Cajamarca, and their other principle cities. Above this relatively populated strip are several others, all increasingly inhospitable, ranging from the *Suni*, where the Inca cultivated potatoes and other tubers unique to the Andes, to the vast wind-blasted *Altiplano*, a frigid world of grassy tablelands where shepherds still herd llama, alpaca, and vicuna. The eastern slope of the Andes and the lowlands beyond host other worlds; the eastern slope is also the source of the Amazon. Thus, a mere 400 miles due east of its desert coast, Peru culminates in vast and still largely uncharted Amazonian rain forests inhabited by scores of smaller Indian groups.

A conquistador *on horse triumphs over his Indian adversary. (from Guamán Poma)*

The Spaniards were greatly impressed by the Incas' accomplishments. "Few nations had a better government," wrote Pedro Cieza de León, one of the earliest European chroniclers. "One of the things most to be envied . . . is how well they knew how to conquer such vast lands . . . and bring them to the flourishing state in which the Spaniards found them." But the Spaniards wasted little time on admiration. Their goal from the beginning was to harness the Indian population to mine silver, gold, and mercury and to work, along with African slaves, the haciendas and plantations. For the traditional tubers, maize, and fruits of the Andean farm system, the Spanish were determined to substitute their own products: wine, grains, and meat. They used whatever elements of the Andean political, social, and economic superstructure that served their purposes, and unhesitatingly modified or discarded those that did not.

Thus, the Spaniards retained some of the Indian nobility (*kuracas*) to serve as intermediaries between themselves and the Indian peasantry. These Hispanized Indians were gradually assimilated into the imperial system and rewarded by the crown with certain rights and privileges usually accorded only to the Iberian aristocracy: the right to own large landed estates, to wear the garb of a Spanish gentleman, to bear arms, to own horses, and to educate their children at elite schools.

But the Spaniards completely redesigned the Inca *mita* system, transforming a rotational labor tax for the building of roads and other public works into a form of virtual slave labor in the Andean mines. They substituted a new monetary economy for one that was based on the Incaic concept of reciprocity and redistribution. (Goods and services paid as taxes to the Inca state were returned to the communities in the form of gifts and other payments.) And they seized many of the best

lands for themselves, leaving Peru with a legacy of one of the most unequal land-holding arrangements in Latin America. Before General Juan Velasco Alvarado's radical agrarian reform of the early 1970s, 69 percent of Peru's privately held land was made up of parcels of 1,000 hectares (2,471 acres) or more. Velasco's land redistribution program reduced the figure to a still considerable 42 percent.

The Spaniards' exploitation of Peru's rich highland mineral deposits left quite a different legacy. During the 20th century, as world demand for Peru's silver and copper grew, the old mining towns expanded. The conversion of Indian peasants into miners and city dwellers also introduced Hispanic customs and practices. And this, combined with racial mixing, created an ever-growing *mestizo* population that would have vast social and political implications for Peru. Today, only 45 percent of Peru's population is Indian; 37 percent is *mestizo*; 12 percent is white; and 6 percent is black.

Some scholars have argued that the Indians remained passive in the face of their brutal subjugation. But as historian Steve Stern has shown, this is an exaggerated view. To survive, the Indians did have to adapt to Spanish domination, and to postcolonial rule after Peru became independent in 1824. As often as not, however, they found ways of asserting their interests. During the colonial period, for example, Madrid built limited protections for Indians into the legal system, recognizing that collapsing Indian demographics posed a threat to its new empire. But many Indian leaders then shrewdly used the legal system to establish their historic rights to the land.

Litigation did not always suffice, of course, and Andean history is full of desperate Indian peasant uprisings. The first revolt occurred in 1536, only a few years after Pizarro's takeover. Manco Capac, the puppet emperor whom Pizarro installed on the Inca throne, turned against the Spaniards and laid seige to Cuzco and other cities. The Spaniards and their Indian allies held out, and Manco Capac retreated into the remote mountains northwest of Cuzco, where he established a new Inca state at Vilcabamba. It was not until 1572 that the Spanish finally captured and beheaded his successor, Túpac Amaru, ostensibly the last Inca emperor. Yet the myth of Inkarrí, a leader who would rise to avenge the conquest, soon took root throughout the old empire, inspiring many peasant rebellions over the centuries.*

Almost from the earliest colonial times, Indian rebellions have been tangled up with power struggles among the rulers. This was the case, for example, during the great outbreak of Indian rebellions in the Andes throughout the 18th century. The rebel leaders were, in the main, Hispanized Indian *kuracas*, most notably José Gabriel Condorcanqui, a direct descendent of the Inca royal family. In 1780, angered by the Spaniards' endless brutality, he took the name Túpac Amaru II and raised an army of more than 100,000 peasants to fight the colonial authorities. Before his defeat in 1781—he was publicly drawn and quartered in the main square of Cuzco as a warning to other rebels—his movement had attracted dissident *mestizos* and even creoles. The dream of Inca revival corresponded with their desire for independence from the despised Spanish overlords.

A century later, a similar Indian uprising

*One version of the story was recorded by a Peruvian anthropologist in Ayacucho in 1981: "Inkarrí was born to a savage woman but begotten by the Sun. Having grown up, he shut up the wind and tied his father the Sun. He did so to make the time and the day last longer so that he could do what he wanted. He then founded the city of Cuzco. But the Spanish 'Inca' seized the Inkarrí, his equal, and nobody knows where he put him. People say that only his cut-off head is left but that it is growing from inside, growing towards his feet. Once his body has become complete, Inkarrí will return."

A School for Terrorism. *Members of the Shining Path lecture recruits at a training camp in the coca-growing highland jungle.*

occurred in the northern Peruvian highlands, led by a respected Indian *kuraca* named Atusparia. In 1885, he allied himself with the popular *caudillo* (military leader) Andres Cáceres. A creole and a hero of the popular resistance to the Chilean occupation during the War of the Pacific (1879–84), Cáceres hoped that the Indians who had helped fight the Chileans would now help him overthow Peru's government. But Atusparia's rebellion was brutally crushed that year. Cáceres, on the other hand, was elected to Peru's presidency in 1886.

Seeking support of the Indian masses, Sendero leaders today are not so very different from those creole rebels of the past. They are mainly university-educated *mestizos* of the urban middle and lower-middle class, with relatively recent ties to the countryside and an Indian past. They seek to harness the grievances of the Indian proletariat and dispossessed peasants to their own political agenda. Yet their appeal is especially strong on university campuses throughout the country, particularly among students of similar background who see little hope of economic security in the future.

Sendero founder Guzmán obtained a doctorate in philosophy in 1960 from the University of San Augustín in his native Arequipa, Peru's second largest city. After graduation, he joined the Education Program at the venerable National University of San Cristóbal de Huamanga in Ayacucho. In 1988, in his only published interview, Guzmán declared that these years in Ayacucho "served to open my eyes to the [plight] of the [Andean] peasantry." The young, charismatic Guzmán preached a mixture of Marxist-Leninism, Maoism, and the ideas of José Carlos Mariátegui, an ardent early nationalist and Indianist who founded the highly influential journal *Amauta* and the Peruvian Communist Party. (It is from Mariátegui's writings that Guzmán took the name Shining Path for his party.) Guzmán saw Peru, as Mao had seen China, as a semi-feudal country ruled solely for the benefit of a tiny elite.

In 1980, emulating Mao's successful strategy, Guzmán launched the revolution's second stage: armed struggle. Ultimately, his goal is to take over the countryside, then encircle and invade the cities.

It has been said that Guzmán's emphasis on Peru's semi-feudal character and his comparisons with pre-revolutionary China are obsolete. Peru, critics point out, is no longer an agrarian peasant society but a predominantly urban and industrializing one. They are right, of course, except in failing to point out that Peru is also now fast becoming a *mestizo* country. And the *mestizos*, who once denied their Indian past in order to fit a more Hispanized notion of Peruvian identity, are increasingly disposed to embrace it. Historian Jorge Basadre calls

this "the most fundamental event in 20th-century Peruvian life: the growth and enrichment of the image of the Indian."

This change took political shape during General Juan Velasco Alvarado's populist military regime of 1968–75. Velasco, himself a *mestizo*, made Túpac Amaru II, the 18th-century rebel Indian nobleman, a symbol of national identity. Inaugurating his land reform program in 1969, Velasco quoted the rebel's vow, "Peasant, the landlord will eat no more from your poverty!" (More recently, the name has been appropriated by a small Cuban-oriented guerrilla movement in Peru, which calls itself Túpac Amaru.) He elevated Quechua, the tongue of a third of Peru's people, to the status of an official language, equal to Spanish. By pushing through agrarian and other reforms, he sought to bridge the old Andean dualism. "For the first time," recalls Peruvian sociologist José Alvarado, "nonwhites began to feel Peruvian."

In practice, however, Velasco's reforms did much more for the coast than for the impoverished highlands. And all hope for improvement seemed gone after Velasco was overthrown in 1975 by more conservative officers. Ayacucho proved to be fertile ground for Guzmán's efforts.

But while Sendero has capitalized on the Indian question, its larger message is aimed at the increasingly impoverished *mestizo* underclass of Lima and the other cities. During the past two decades the great *desborde popular* (overflowing of the masses), as the anthropologist José Matos Mar calls it, has radically redrawn the ethnic and social map of the country. Even as the Indian majority gradually gives way to a new *mestizo* one, Peru's towns and cities, particularly Lima, are becoming increasingly "Indianized" as more and more migrants arrive from the Andes.

THE OTHER PERU

In 1983, eight Lima journalists were killed by Andean Indians who mistook them for Sendero guerrillas. Mario Vargas Llosa, investigating the massacre, learned about a very different Peru from the one he knew.

When our commission's hearing in Uchuraccay was over, and, overwhelmed by what we had seen and heard—the graves of the reporters were still open—we were getting ready to return to Ayacucho, a tiny woman from the community suddenly began to dance. She was quietly singing a song whose words we could not understand. She was an Indian as tiny as a child, but she had the wrinkled face of a very old woman, and the scarred cheeks and swollen lips of those who live exposed to the cold of the uplands. She was barefoot, and wore several brightly colored skirts and a hat with ribbons, and as she sang and danced she tapped us gently on the legs with brambles. Was she saying goodbye to us in an ancient ritual? Was she cursing us because we belonged to the strangers—Senderistas, "reporters," sinchis—who had brought new reasons for anguish and fear to their lives? Was she exorcising us?

For several weeks, I had been living in a state of extraordinary tension as I interviewed soldiers, politicians, policemen, peasants, and reporters and reviewed dispatches, evidence and legal testimony, trying to establish what had happened. At night, I would often stay awake, attempting to determine the truth of the testimony and the hypotheses, or I had nightmares in which the certainties of the day became enigmas again. And as the story of the eight journalists unfolded—I had known two of them, and had been with Amador García just two days before his trip to Ayacucho—it seemed that another, even more terrible story about my own country was being revealed. But at no time had I felt as much sorrow as in Uchuraccay on that late afternoon, with its threatening clouds, watching the tiny woman who danced and tapped us with brambles, and who seemed to come from a Peru different from the one I live in, an ancient, archaic Peru that has survived in these sacred mountains despite centuries of isolation and adversity.

In this sense, there is no longer any real Indian question. The great divide between creoles and Indians, reinforced for centuries by the distinctions between town and country and between coast and highland, is disappearing. Out of this social upheaval, Peru is forging a new identity. Some of its outlines can perhaps be discerned in the enormous growth in recent years of the so-called "informal" or illegal sector of the economy. As economist Hernando de Soto wrote in 1986 in *El Otro Sendero* (*The Other Path*), a best seller in Latin America, the explosion of the informal sector is a response to creole efforts to keep the peasants from the cities. "Quite simply," he writes, "Peru's legal institutions had been developed over the years to meet the needs and bolster the privileges of certain dominant groups in the cities and to isolate the peasants geographically in rural areas."

The creole elite made it next to impossible for newcomers legally to build a home, get a job, or start a business. There was even a proposal in the national legislature during the 1940s to require visitors from the countryside to obtain a passport before entering Lima. As a result, de Soto estimates, half of Lima's citizens live in informal housing and half of the country's population is employed in the informal sector. Informal organizations now build roads, sewage systems, and marketplaces; they provide 80 percent of the mass transit service in the capital city. "The real remedy for violence and poverty," de Soto argues, "is to recognize the property and labor of those whom formality today excludes."

Both the informal sector and the issue of race played an important role in the presidential elections of 1990. The New Right, led by Vargas Llosa, used de Soto's ideas as the basis for an alliance with small-scale "underground" entrepreneurs. He hoped to win support with his plan to deregulate the economy and move Peru closer to true free-market capitalism.

But most of the "*informales*" were also part of the economically disenfranchised Indian and *mestizo* populations who had earlier benefited from Velasco's reforms (including consumer subsidies and import restrictions) and from his effort to forge a more inclusive national identity. In a country so historically polarized by the Indian question, it was soon widely perceived that Vargas Llosa—with his privileged background, his international success, and his ties to the old families—represented the same "white" creole elites that had dominated the country in the past.

Hence the stunning rise of Alberto Fujimori, the second-generation Japanese-Peruvian "rocket" who came from nowhere to challenge Vargas Llosa in the closing weeks of the first-round election. Like Vargas Llosa, Fujimori played to the *informales*. But his vague, center-left program emphasized gradualness, a safer path to economic reform, he argued, than Vargas Llosa's "shock" therapy. Further distinguishing himself from Vargas Llosa, Fujimori made sure that middle-class *mestizos* were prominent members of his entourage: When he announced his candidacy on television, his two *mestizo* vice presidential running mates stood conspicuously at his side. Voters did not miss the message.

The presidential race thus revived the oldest conflicts of Peruvian history. But the victory of Fujimori in the June 10 run-off could become a minor historical footnote if he does nothing to address the legacies of the conquest. It would be a bitter irony indeed if the ultimate winner of Peru's most recent election turned out to be Sendero Luminoso.