

REPRODUCING UNEQUAL SECURITY: PERU AS A WELLBEING REGIME (d5, May 07)

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1. INTRODUCTION

All societies are complex, Peru perhaps especially so.² Complexity in Peru reflects stupendous diversity of physical geography, from north to south, as well as from east to west over the Andes from the Pacific coast to tropical Amazonia. It derives from five centuries of a flawed colonial settlement which continues to structure the opportunities and mind-sets of distinct racial, ethnic, linguistic and income groups of the population. The result is a country that remains exceptionally if not uniquely stratified and unequal. Like a complex geological formation, the forces of modernization and global capitalism have folded, fractured, mixed and remoulded social strata rather than obliterating them. Complexity is further compounded by uncertainty and conflict over the conduct of politics: of enduringly problematic governance failing to reconcile principles of human rights and equal citizenship with racially stratified interests. Dependent on export oriented growth and preoccupied with Western ideals of consumer affluence, Peruvians also draw deeply on the engrained economic institutions and pre-Colombian cultural traditions of what Basadre (cited in Taylor, 2007:2) referred to as “*el pais profundo*” (deep or real, rather than official Peru.) These polar reference points are brought into stark relief by mass media and high spatial mobility, sustaining widespread perception of chronic inequality in wealth, opportunity and respect. While an inspiration for outbursts of cultural energy such perceptions also sustain an unusually high level of generalized mistrust.

The main purpose of this paper is to present an analysis of the broader national institutional landscape poor and marginalised people in Peru have to negotiate their livelihoods, and within which they seek to forge some sense of wellbeing.³ In so doing we also explore the extent lower level welfare arrangements can be regarded as autonomous from national institutions of market and state.⁴ Poor and marginalised Peruvians face a brutal set of conditions and options. Smallholder livelihoods, especially in the mountains, are precarious with public agricultural investment clearly oriented towards larger farms and coastal export crops. Within Hirschman’s typology of “exit, voice and loyalty” options they can migrate, engage in local level collective

¹ This paper grew out of presentation of its theoretical core at the WeD-Peru workshop in Huaychulo in July 2005. In addition to other members of the WeD-Peru team, we are particularly grateful for feedback received then from Carlos Eduardo Aramburu, Patricia Ruiz Bravo, Augusto Castro, Mary Claux, Sergio Gamarra, Jane Henrici, Rosa Mendoza, David Sanchez Marin, Carolina Trivelli,. Searching criticisms and detailed comments on a later draft were also received from Maria Balarin, Ian Gough, Allister McGregor and Katie Wright-Revollo.

² DeGregori (2000) provides one defence of this claim. Cameron (1997: vii) provides another, observing “for many years Peru has perceived itself and been seen by others as a country of unusually complex political, economic and social problems.”

³ The chapter thereby aims to provide a country-level counterpoint to more micro analysis of wellbeing in other chapters of this book, with the the empirical focus extended beyond the WeD research sites to the whole country. In so doing it benefited more than detailed citations indicate from reading Crabtree (2006), Figueroa and Baron (2005), Sheahan (1999), Tanaka (2002), Taylor (2007) and Thorp et al. (2006) in particular.

⁴ Likewise, of course, the question arises how far national regimes can usefully be analysed separately from the international system within which they are embedded.

action (sometimes in the form of protest) and cultivate the patronage of monopoly employers, landlords, political brokers, richer relatives, NGO or government staff. Migration is a problematic exit into often harsh and contested terrain for negotiating a more secure livelihood. Many families combine all three options in a single survival portfolio. The possibility that the state will assist them in any sustained and life-changing form is remote. Meanwhile Peru's insertion into the global economy via mining, export crops and tourism has produced volatile and exclusionary growth. Jobless growth alongside a burgeoning informal economy perpetuates inequality and does little to enhance economic security. Although Peru has experienced severe and destructive conflict, most recently during the 1980s, the more surprising fact is arguably that the conditions described above have not provoked more full-blown revolution. Paradoxically, what has to be explained is not the existence of protest and guerrilla movements, but rather the reproduction of some semblance of order within the country's recent and tempestuous political history.

This leads to a second purpose of this paper, which is to draw on Peru's experience to inform theoretical thinking on different kinds of 'wellbeing regime'.⁵ The notion of a 'regime' that is at the heart of this paper implies a degree of system stability at the national level that is only possible through the reproduction over decades of some form of political arrangement between major interests (Kalecki, 1976). With respect more specifically to social policy Esping-Andersen developed the notion of "welfare state regimes" in OECD countries (with liberal, conservative and social-democratic variations) as a function of political settlement over core values and priorities. Gough and Wood (2004) modified these arguments by introducing a comparative analysis of welfare regimes across the globe to capture situations where lack of consensus over core values and priorities reduces the role of the state and its inability to "de-commodify" markets to meet welfare objectives. Their comparative analysis distinguished between relatively settled and unsettled societies, and was aided by the concept of an "institutional responsibility matrix" (IRM) comprising the domains of state, market, community and households in both domestic and international planes as overlapping but flawed potential providers of individual welfare, differentiated by gender and age. The more unstable the IRM, the less a society is politically settled. Within this framework, an interesting question for Peru is where does it lie on a settled-unsettled continuum given the paradox of its turbulent reproduction?⁶

A comprehensive structuralist answer to this question is provided by Figueroa (2001a, 2001b, 2003). This comprises a mathematically rigorous equilibrium model of the interplay between four rational and self-interested groups of actors: political brokers, capitalists, skilled labour and unskilled labour, the two forms of labour being also racially and culturally differentiated. Economic inequality between the two groups of workers is the legacy of a foundational colonial shock, and has economic, political and cultural dimensions. The model identifies an equilibrium trap that reproduces inequality on account of the inability of unskilled workers to form a

⁵ The chapter does *not*, however, aim to classify Peru as a particular category of regime within some broader typology, being open to the idea that every country is unique. Rather Peru is used as a case study through which the explanatory power of a general wellbeing regime model can be tested and refined. Similar analysis is being undertaken in other countries studies by the ESRC WeD research group. For example, see Bevan (2006) on Ethiopia.

⁶ In Polanyi's terminology, the paradox can be restated as how a society so profoundly moulded by capitalism has retained such a degree of political stability when the dehumanising effects of commodification of money, people and the environment should have triggered a more transformative social reaction.

political coalition capable of equalising access to state education, social protection and credit across a racialised-class divide. As a result they are systematically deprived of being able to benefit more equally from the fruits of general capital accumulation. Copestake (2007) summarises the model, and seeks to generalise it into an inclusion-exclusion framework that leaves open more options for change in the balance of economic, political and cultural resources between groups in state, market and community arenas, thereby admitting also the possibility of a wider range of individual wellbeing outcomes and even possible regime changes.⁷ Convergence between this literature and the one in the previous paragraphs is clearly evident.

The overall structure of the paper can now be explained. Section 2 provides a more detailed overview of the wellbeing regime model to be applied to the Peru case, including a discussion of how it departs from the welfare regime model of Gough and Wood, including the significance of a shift from 'welfare' to 'wellbeing'. The remaining sections then analyse Peru's experience with reference to the four components of this model: conditioning factors (section 3); the institutional responsibility matrix (section 4); wellbeing outcomes, defined in terms of both social protection and human rights (section 5) and finally reproduction consequences (section 6). It is left to others more knowledgeable of Peru than us to comment on how far the model captures critical aspects of the country's experience and thereby facilitate comparisons with elsewhere.

2. ELEMENTS OF A WELLBEING REGIME: THE WELLBEING REGIME MODEL

Figure 1 below sets out the basic model. Beginning at the bottom right-hand corner, the *wellbeing outcomes* of the population represent the classic objectives that social policy and social development aim to meet through social protection and social investment in human resources and agency. These can include satisfaction of basic and intermediate needs, reduction of poverty and vulnerability and other measures of low or inadequate resources. In moving from welfare to wellbeing, outcomes are extended to include social identity, citizenship, participation, reduced alienation and freedom from fear. Moving to the top right of the figure, wellbeing outcomes are not explained simply by the presence and practice of policy. Rather they are explained most immediately by agency-structure interaction within an institutional responsibility matrix (IRM) or welfare mix. This is the institutional landscape within which people pursue their livelihoods and welfare objectives, and embraces the role of government, community (informal as well as legally constituted), private sector market activity, and the household in mitigating insecurity and ill-being, alongside the role of matching international actors and processes.⁸ The welfare mix in turn is greatly shaped by the *conditioning factors* of a country (top left): the pervasiveness and character of markets, the legitimacy of the state, the extent of societal integration, cultural values and the position of the country in the global system. Finally, under

⁷ Powelson (1997:261-5) echoes Figueroa's analysis when he sums up his brief analysis of Peru in the following way. "Because the culture gap between elites and lower classes in Peru has been so vast, the power-diffusion process has never worked. Instead, fear and mistrust have minimized the possibilities for vertical alliances, pluralism and leverage". Nevertheless Powelson argues that Peru is better analysed as a "dual" society than as a completely "sectioned" society (in contrast to El Salvador or Guatemala, for example) because of the closer interaction between the two parts.

⁸ The household is used deliberately as a unit of kin-based moral responsibility for its acknowledged members. Of course, at any one time, some members may have migrated for shorter or longer periods, but contribute through remittances and participation in strategic decision-making. Broader kin groups operate, for the purposes of the IRM in the 'community' domain.

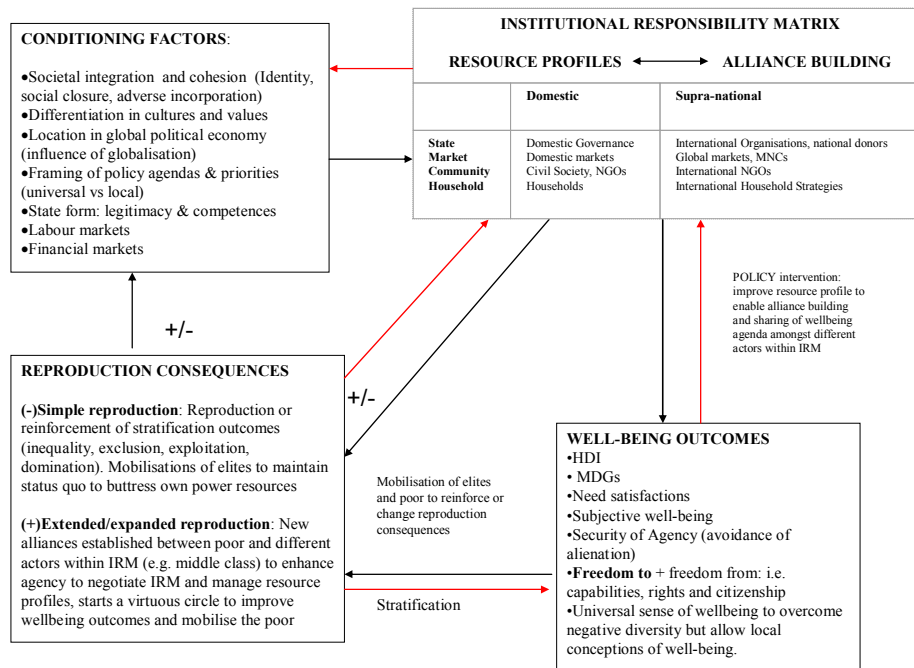
reproduction consequences we consider social stratification and patterns of political mobilisation by elites and other groups (bottom left of Figure 1) as both cause and consequence of the other factors. Social stratification refers both to the existing distribution of power in society and the extent and nature of societal inequalities. These and related mobilisations of different groups and coalitions reproduce or change the institutional conditions of the society, and thus reproduce or change the welfare mix and patterns of welfare of the country. At the same time, the welfare mix and wellbeing outcomes also influence the nature of future political mobilisations. These processes can reproduce a stable political settlement (in more settled societies) or be a driver for fundamental change.⁹

This model draws on research not only in Peru but also in the other three countries studied under the WeD project to extend the earlier notion of a welfare regime (Gough and Wood et al 2004, Wood and Gough 2006) towards the idea of a wellbeing regime, elaborated in four ways. First, the framework broadens the concept of welfare to include subjective as well as objective dimensions. This is important not only to understanding wellbeing as an end in itself, but also as the motivation for personal and collective agency (Copestake, 2007) Second, the analysis gives more emphasis to change, uncertainty, political instability and the challenges of societies undergoing rapid, anomic change. Third, given the problematic nature of the state in relatively unsettled societies, the analysis goes further than is normal in social policy by recognising the importance of empowering poor, marginalised and vulnerable people themselves. Fourth, the analysis is also extended to cover non-state actors, including churches, NGOs, charities, well established social movements, local level forms of philanthropy and mutual support. These last two points in effect add the notion of social development to social policy.

This first elaboration can be extended further by arguing that individuals' wellbeing cannot be assessed in isolation from, but only in relation to that of, others. Hence social policy is about the capacity of society-level institutions and social processes to provide preconditions for some concept of collective wellbeing. Such a proposition is akin to the view that personal happiness is some function of aggregate or utilitarian happiness and to the idea of the "common good" (Deneulin 2006). The scope for social engineering by the state to bring about such collective outcomes is, however, constrained by its effect on both the wellbeing and agency of other actors, particularly given their greater significance in relatively unsettled societies. We are interested in the social conditions that inhibit or enhance such a quest for collective advantage – the configuration of power and the associated forms of social reproduction that contribute to the relative stability and success of different wellbeing *regimes*. However, before examining further the political problems to be overcome in establishing a successful wellbeing regime, more needs to be said about the normative significance of a wellbeing perspective for an enriched account of social policy, especially in poorer countries.

⁹ The term political settlement refers here to the *de facto* agreements that have evolved between different classes, groups and interests over time regarding the principal ways in which the society is run, *de facto* rights are distributed and resources are allocated. Such settlements can perpetuate welfare inequalities as a reflection of power and domination. They can also enshrine concessions to politically weaker groups (and commitments to public goods by elites, as part of enlightened self-interest), as well as the exclusion of others. The stability or regime characteristics of such settlements become hegemonic in that no-one can imagine meaningful policy negotiation occurring outside of these accumulated, *de facto* agreements.

Figure 1. Model for Wellbeing Regimes



In societies where neither material resources nor social relations permit reliance upon the state for statutory rights and entitlements in the form of welfare and regulated insurance then reliance upon individual agency mixed with local level collective action has to be correspondingly stronger. It is the enhancing of this agency (or set of capabilities) which has to become more central to policy analysis. If we consider the institutional landscape within which people pursue their survival, then capabilities have to be specified across the domains (domestic and supranational) of that landscape: the state itself; but also market, community and household. And all the time we have to recognise the structuration principle that successful agency will induce dynamic (in contrast to simple) social reproduction which can be positive in the sense of enhancing the utility of structures and institutions to the ongoing pursuit of wellbeing.

The key to this agenda in unsettled contexts is the distinction between 'freedom from' and 'freedom to'. Thus welfare policy in the relatively settled societies of most Western countries has been able to focus more upon the principle of 'freedom from', leaving 'freedom to' agendas to other social policy domains like education and health. By contrast, any welfare policy agenda in unsettled contexts, without deserting the 'freedom from' and human security agenda, also has to embrace a stronger social development agenda which places more emphasis upon 'freedom to' and human development objectives, in a way that goes beyond investment in individual human capital, competences and skills. This is more than a semantic point about the labelling of what goes under the heading of welfare policy in settled and unsettled societies. It is about where the responsibility lies for addressing the richer capabilities and universal human needs agendas as between individual agency and collective institutions (whether state or non-state). For example, in Alvarez (2007) identified systematic variation in this responsibility between the seven WeD research sites: more individual and state in urban areas; more household and community in rural.

Unpacking this further, and at the risk of over-simplification, 'freedom from' in richer, settled societies is equated with a social protection function in both an Hegelian and Polanyian sense: respectively protection from disorder as a precondition for procedural and social rights; and protection from basic income and livelihood loss through labour market regulation and forms of social insurance with universal benefits. But it is weaker in the former and stronger in the latter sense, because in settled societies, protection from disorder is so generic and embedded as to be almost unnoticeable for much of the population. Procedural rights are largely assumed, and thus social rights are more easily pursued and maintained. So broadly the more obvious welfare policy emphasis in settled societies has been income and livelihoods protection, and thus also social protection in the narrower material resource sense. The argument in this paper is that the more limited welfare policy agenda of social protection, while necessary, is not a sufficient option for even security and livelihoods objectives in more unsettled societies, because the statutory, public institutions are not there in the same strength to rely upon. There is no liberal-bourgeois consensus (or illusion) of substantive social rights supporting political equality amid economic inequalities.

Thus while welfare regimes have been primarily focussed upon public institutional forms of the 'freedom from' and human security agenda, the more ambitious wellbeing agenda in the sense of explicitly emphasising 'freedom to' and capabilities is in effect forced upon people because of the greater reliance upon personal agency and local level collective action in the context of greater uncertainty and the prevalence of informal rather than statutory arrangements. So is there a paradox here? The more ambitious 'freedom to' agenda becomes the greater imperative precisely in those societies where it is institutionally more difficult to achieve. We come to the institutional difficulties below, but having established the imperative we need still to dwell further on the nature of the 'ambition'.

Alienation, insecurity and the search for security of agency

The 'freedom to' agenda is enriched by a wellbeing conceptual framework, which has been, in turn, informed by the capabilities discourse. But it also encourages a revival of the old theme of alienation: the widespread fear of insecurity among all classes, and more specifically the Faustian bargain between freedom and security faced by poorer people (Wood 2003). It can be argued that the whole discourse of 'development as freedom' leading on to the capabilities arguments via entitlement theory has its origin in the alienation problem. This has been expressed differently, but also compatibly, in Doyal and Gough's formulation of qualified autonomy as a universal human need alongside health. Autonomy as a determinant of wellbeing is also highlighted by the empirical studies of Ryan and Deci, alongside not only competence but also relatedness: nobody is suggesting that pure autonomy is either possible or desirable (see also Devine et al. 2006).

Behind these propositions lies classic social contract theory emanating from the Enlightenment philosophers. The beauty of alienation as an entry point for the analysis of wellbeing regimes is that it takes us directly into the process issues of power, agency and hegemony (i.e. socially and culturally conditioned institutional landscapes with social reproduction outcomes circumscribed by power and agency) as well as the ontology of wellbeing (i.e. the experience of being alienated, as the more pervasive self-perception among non-elites around the world than the enjoyment of qualified autonomy). Thus, in a process sense, alienation is more obviously relational, pointing us towards the various dimensions of inequality in which agency (as choices,

options and opportunities) of the many is constrained by the interests of the few. The Faustian bargain does not only express this headline problem of inequality and differential power, it also crucially adds the element of ongoing foreclosure of agency via the continuous reinforcement of dependency over autonomy. Thus in place of a normative capabilities approach about empowerment, alienation is more realistically analytical as a way of reporting actual behaviour and feelings. In an ontological sense, alienation draws attention to the threatened nature of wellbeing outcomes (i.e. the constant possibility of illbeing outcomes) and thus takes us beyond the more limited agenda of outcomes in the welfare regime model which can be criticised for assuming a positive, unmediated, connection between improvement in income, other HD indicators and wellbeing, without giving due recognition to the security of agency (i.e. the removal of alienation). It is this security of agency which represents the enriched social policy agenda for unsettled societies, characterised by widespread poverty which ontologically entails insecurity of agency--the capabilities problem.

3. CONDITIONING FACTORS FOR WELLBEING OUTCOMES IN PERU

The dominant socio-cultural fact about Peru is its racial and ethnic diversity, reinforced by linguistic divisions. The long history of colonial Spanish intrusion into indigenous (mostly Quechua and Aymara speaking) populations has produced a complex racial hybridization, compounded by cultural differentiation of identities (Degregori, 2000; Quijano 2000). The process of intermingling through marriage, other liaisons, settlement and internal movement is captured by the idea of a “racialised-class” continuum: with more Spanish culture and ancestry in the mix at one end, and more indigenous at the other end (Drinot in Crabtree, 2006).¹⁰ Racial positioning reinforces inequality of income and wealth, with poverty concentrated among more indigenous groups, at the one end of a continuum, along with illiteracy (Figueroa and Barron, 2005; Thorp et al., 2006). At the other end is an elite of establishment families that has not only retained its white European culture, but as Gott (2007) argues sought actively to renew its ‘whiteness’ through immigration. While accommodating leaders from a wider background, and relying to varying degrees on alliances with foreign investors, this group has retained broadly controlled the wealth and politics of the country since Independence. Its domination is further compounded by geography, with Lima and the coastal belt retaining a strong hold over both politics and the economy. Notwithstanding the “flexibilisation” of social structure with the demise of the pre-Velasco oligarchic state, with gradations of race and culture compounded by regional identities and recent waves of mass migration, we would argue with Figueroa that a deep social and cultural segmentation remains intact.

Sources of variation to this general picture are the upland mining centres and some jungle areas, which offer some opportunities for upward mobility and cultural mixing through employment. But at the same time commercial mining and farming activities controlled from Lima, or abroad, have often been the source of conflict over resources that quickly acquire racial and ethnic dimensions. Important variation also exists between regions, compounded by the presence of additional minority groups (including Afro-Caribbean, non-Spanish European and Asian, and Charapa

¹⁰ We prefer the idea of a ‘continuum’ rather than ‘hierarchy’ or ‘stratification’ because it suggests greater fluidity, albeit subject to entrenched racial and class barriers. Reference to ‘class’ on the other hand is not without problems, because it suggests a rather stronger consolidation of ‘class for itself’ proletariat and bourgeois interests than is true for contemporary Peru compared to other capitalist societies.

(indigenous jungle groups). But the key point is that geographical remoteness is not the fundamental source of Peru's social stratification, hence improved telecommunications, migration and urbanisation are unlikely on their own to reduce it. Cultural dualism translates into political exclusion, economic inequality and a fundamental problem of institutional legitimacy. Problematic state legitimacy, widespread distrust of broader institutional arrangements and the narrowness of the formal labour market overlaid onto a highly unequal ethnically diversified society with culturally structured forms of social exclusion are all indicative of an 'unsettled' society in welfare/wellbeing regime terms. To paraphrase Quijano (2000:229) "The trouble is that the Eurocentricist perspective, adopted by [Peru's] own dominant groups has led them to impose the European model of nation-building upon power structures that were organised around colonial relations between races." In other words, a basic value consensus about rights to wellbeing and institutional responsibilities (or correlative duties) for delivering them is missing: the preconditions for a political settlement capable of delivering universal improvements in wellbeing are weak. Rather, in a society dominated by strong ethnic and cultural identity, social closure and mutual exclusion, the lack of horizontal social cohesion undermines the prospect of improved vertical political integration. This is reflected in the configuration of political parties as well as in the class structure. The nation-state within which a political settlement is required remains too deeply divided. The integration problem is reinforced by the increasing significance of globalisation, with different parts of the society located differently in the global political economy of opportunity, recognition and social identity.

In his analysis of this problem, Figueroa emphasises the individual incentives to political action of the unskilled workers at the bottom of his racialised-class hierarchy: discrimination being compounded by a preoccupation with basic needs (in Maslow terms) and by an Olsonian free-rider problem for would-be grass-roots leaders. To this we can add the problem of risk and uncertainty arising from social and political instability. Deep and often violent conflicts encourage a shortening of time horizons, reinforce a willing compromise with what works, including pervasive clientelism. Whether it is the pursuit of human rights, a united left political front or even Maoist millenarianism the capacity to sustain ideological commitment to any universal vision of collective future wellbeing is time-bound, often age-bound and requires ever stronger discipline to defend against disappointment (Hirschman, 1982).

4. NEGOTIATING THE INSTITUTIONAL RESPONSIBILITY MATRIX

Alvarez (2007) provided a detailed empirical analysis of variation in the way state, market, community and household institutions contribute to wellbeing between urban, peri-urban and rural WeD research sites in Central Peru. He noted the vulnerability of rural livelihoods to natural shocks, offset to varying degrees by community reciprocity, and the freedom to withdraw from markets into production for own consumption. In urban areas, it noted greater vulnerability of wage employment and self-employment to market shocks, offset in part by open reciprocity within extended neighbourhood and family relationships extending back into rural areas, maintained in part through participation in seasonal festivities. The paper noted the persistence of institutions of collective action (such as *faena*) in urban areas, but also the extent to which these are more oriented to mobilising support from the state, particularly with respect to infrastructure. In both rural and urban areas non-government development agencies provide a limited parallel source of such support and of vertical social alliances, but one that is subject to its own insecurities and perceived by many

Peruvians as existing primarily to sustain the livelihoods of their own middle class employees (Lavers, 2005). Finally, the paper emphasises the important role these different institutions play in the reproduction of valued cultural traditions and social networks as well in the satisfaction of physical needs.

In this paper it is necessary to view these institutions from a wider perspective, noting particularly the focus of the research on relatively poor communities. Alvarez hints at the possibility of a geographically embedded Andean wellbeing regime based on a carefully managed tension between individual, household and communal interests. In contrast, Figueroa and other economists suggest that personalised and reciprocal village and shanty town institutions of collective action can also be viewed as inferior substitutes to public provision (e.g. Almirall, 2006). This arises from the active exclusion of less educated and more indigenous groups (Figueroa's unskilled workers) from the apparatus of the state and the privileges of citizenship by the middle class (his skilled workers). This argument is developed below through a discussion of the following: (a) state legitimacy; (b) labour market embeddedness; (c) the role of civil society; (d) extended family and migration.

4.1 State legitimacy

In this section we focus particularly on state legitimacy, meaning the extent to which the state is regarded by its citizens as an actual or potential force for advancement of the common good in society. Orthodox social policy, with its focus on taxation and spending, particularly social protection to a large extent assumes the existence of some form of social contract of this kind, no matter how flawed. In contrast, in more unsettled societies it is necessary to review how far the state is ignored, by-passed, manipulated, distorted, co-opted by a minority or used as a source of rents for a privileged few, and furthermore to consider the extent to which this is regarded by all those involved as normal. The role of the state is also explored further in the discussion of social protection and human rights in section 5.

For those at the bottom of Peruvian society the state and its agents are at worst a source of predation (DFID/World Bank, 2003) and at best a straight-forward patron, manifest in the symbolic status of the president as chief provider (Arambaru et al., 2004). Even at the very top, among the educated minority these views are more common than a more liberal-democratic view of the state as implementer of transparent policy, periodically tested for value at the ballot box. Between the extremes of the racialised-class hierarchy its role is more ambiguous: indeed a realistic analysis of the state in Peru arguably begins with the insight that deliberate ambiguity as well as uncertainty of street level outcomes is central to its regime role in reproducing inequality (Poole 2004). It is also at this intermediate level that it perhaps struggles most to establish legitimacy, accounting in part for the "frustrated achievers" identified by Graham and Pettinato (2002) who are characterised by above average income mobility but below average subjective life satisfaction, in part because self-improvement is undermined by continued lower social status, not least in the way they are treated as citizens by the state.

Recent political history in Peru confirms the thesis of an 'unsettled' regime, with more autocratic government (under military presidents from 1968 to 1980, and Fujimori in the 1990s); interspersed with more democratic government under Belaunde and Garcia in the 1980s, and from 2000 onwards under Paniagua, Toledo and most recently Garcia for a second time (Arredondo, 2005). The first of these periods witnessed agrarian reform, but also the failure of a nationalist agenda to strengthen domestic industrial interests, with government legitimacy eroded by

economic failure as much as a lack of democratic process. The return to democracy under Belaunde and Garcia governments witnessed halting neo-liberalism, the feeding of elite interests, an extension of clientelist politics based on populist social programmes, the rise of terrorism, and harsh but largely ineffective army counter-measures. This paved the way for Fujimori's bandwagon election as a populist outsider in 1990. His achievements on two fronts were dramatic. On the economic front he assuaged the international financial community, curbed public expenditure, rescheduled the national debt, tackled the hyperinflation, linked the *sol* to the dollar and took measures to attract foreign investment - especially in the mining sector and new export sectors such as coastal horticulture. At the same time he delivered on his promises to restore political stability by quashing *Sendero Luminoso* and MRTA through a more deliberate and confident deployment of the army. Together these outcomes laid the foundation for sustained economic reforms and steady outward economic growth, interrupted only temporarily by contagion effects of the East Asian crisis in 1997.

However, these successes did not translate into an improved climate for democratic politics via competing parties, or for sustained political and social development on a broader front. The *autogolpe* of April 1992 conferred on Fujimori virtually dictatorial powers. He dissolved Congress, suspended the constitution and temporarily closed the judiciary. Thus began an era of increasingly corrupt, clientelist government. With little opportunity for broader political party mobilisation Fujimori undermined the legitimacy both of the state and of the political process, while grass roots social self-help movements were co-opted through the use of state patronage. Having been much weakened in the 1980s the "destructuring" of civil society organisations including political parties continued (Tanaka, 2002). It is not surprising, therefore, that there was a rush for political reform after Fujimori's shock resignation, with attention to institutional rehabilitation to support democratic processes and attempts to recreate state legitimacy. At the same time, there were fears of chaos and anarchy in the potential flood of political parties, often with only regional and sectional appeal, wishing to enter elections. The interim, 'consensual' Paniagua government of 2000-01 found itself attempting the impossible task of appeal to elite, business and educated Spanish-speaking middle class interests at the same time as the wider public interest without recourse to the clientelism, corruption and blackmail that Fujimori and Montesinos had raised into a precise if dark and eventually self-destructive science (McMillan & Zoido, 2004).

After the failure of leading political parties in the 1980s and further emaciation in the 1990s, their rehabilitation was never going to be easy; and more than higher barriers for registration were needed to counter their fragmentation regionally and through patrimonial allegiance to dominant personalities. Toledo in many ways represented a return to old fashioned Latin American populism: using his *cholo* social identity to build mass recognition (if hardly loyalty) through the media, and dependent on opportunistic broking within the established political and technocratic elite to construct any semblance of a functioning government. His weak rhetorical skills and inability to rise above the endless infighting, political scandals and social conflicts undermined not only his personal appeal but contributed to further erosion of loyalty to the political class, despite its success in preserving relative economic and political stability. Garcia's return to power in 2006 partly reflected the relative durability and national reach of APRA, and the perception that no other party was better able to hold out the prospect of political stability. But the far more striking feature of the election campaign was the speed with which Humala achieved

prominence as Garcia's main rival by appealing to a popular sense of alienation from the political establishment, particularly in rural areas and in the south of the country. Regime stability was maintained both because he set off racist alarm bells (of the kind described vividly by Gott, 2007) and the instincts for self-preservation of what Taylor (2006) describes as the solid pip-bearing core of the otherwise rotten apple of a political establishment.

4.2 Market embeddedness

If markets are characterised by entry barriers, monopoly, preferentialism and discrimination then even a more legitimate state is heavily constrained in its capacity to use public spending to equalise opportunity, or to use the tax system to redistribute resources. In the case of Peru, the key point is not that markets for labour, finance and goods are widely governed by personalised relations in which social networks determine outcomes as much as price, skill, competence and quality. Rather it is the extent to which these social relations are themselves fragmented on the basis of race, ethnicity, age and gender in a way that is inflexibly hierarchical: with differences actively protected by those enjoying higher status. Second generation economic reforms started during the Fujimori regime have addressed some of these problems in some sectors: mobile phones, pharmacies, fast food, supermarket retailing, microfinance being examples of the new, more colour blind consumer culture that is attempting to penetrate 'bottom of the pyramid' markets. But the outreach of these products and services still remains limited

Here we focus our comments particularly on the labour market, and the limited reach of legally regulated labour standards. Peru's comparative advantage in natural resources has generally resulted in an adaptation to globalisation that has been profoundly divisive, stimulating growth through investment in relatively capital-intensive activities and limiting its competitiveness in labour-intensive manufacturing of the kind that has underpinned East and South East Asia's economic growth pattern. Mining is substantially owned by foreign capital, although domestic capital controls important ancillary services mining centres employment and settlement enclaves. To the extent that large firms are forced to operate with some reputational eye on international labour standards, then they offer some security and an additional source of social services to the more permanent and directly employed sections of their labour force. Likewise some large commercial farming, fishing, processing and manufacturing employers. Otherwise, formal employment is confined to government itself, infrastructure, finance, large-scale retailing in Lima and the larger cities, and the rapidly growing private education and health provision. These sectors all offer some prospect of public or private social insurance provision in terms of sickness agreements and pension arrangements, and a corresponding ability to raise loans and personal insurance in the financial sector. But they are a small proportion of the total labour force in the country,. Even in Lima the vast majority of workers live in shanty towns characterised by petty trading, small-scale, artisanal services, unskilled manual labour casually employed and overall under-employment. Graduation into more regulated employment is constrained on one side by the slow rate of creation of such jobs, and on the other by barriers of education, language and literacy often underpinned by relative poverty and racial discrimination.

It would be wrong to infer from the above that the informal labour market represents complete anarchy and universal livelihood insecurity. Poor people have to rely more upon family resources, including remittances from migration, local collective action at community levels, and clientelist dependency upon traditional

local patrons as well as government officials dispensing targeted relief and services. Public works and nutrition programmes also reflect government and international recognition that the labour market cannot be the basis for social insurance, and while coverage of these programmes is weaker away from urban centres it is not completely absent.

There is a match between the consequences of these structural conditions and values, social identity, awareness and subjective wellbeing. This brings the WeD thinking about the processes of socio-cultural construction together, and frames the agenda for this volume in which collective action and migration are so prominent. However, the causal assumptions are complicated. Given the match, do we assume that the institutional weaknesses in the state and market arenas of the IRM are determining institutional choice in the community and household arenas of the matrix? Or do we conclude that subjective preferences for community and household are all so embedded as to explain the weakness of state and market precisely because they are not culturally favoured as institutions of first choice due to the enduring strength of primordial loyalties and ties? We suggest it is more accurate to view the relationship between apparent structural determinism and apparent cultural drivers as iterative. In other words, adaptive preferences for collective action, reliance upon more personalised relationships, forms of migration which also rely upon the quality of the actor's social resources and personalised networks rather than abstracted social capital, the quality of 'where I live' in terms of the intrinsic value as well as utility of these relationships, and other forms of affective solidarity, as in religious belief and its social observance are both historic as well as a function of experience and the consequent search for institutional room for manoeuvre.

4.3. Civil Society: religion and festivals

Evidence for this iterative complexity can be found, *inter alia*, in *fiestas* and churches. Both can be located in the 'community' part of the matrix, separated from the state and the market. *Fiestas* are deeply symbolic of community identity and indeed collective autonomy. Of course, they provide opportunities for patronage, reinforce hierarchy (especially between genders) and reflect other divisions; but in a fission and fusion model of community, *fiestas* are fusion events- a celebration of the durability of village or neighbourhood identity. They are a reminder, and reinforcer, of the idea of the locality coping in adversity and looking after their own in the context of institutional weakness elsewhere. Symbolic capital expressing social capital, with a strong implication that meaningful social capital does not extend in a secure and trustworthy way beyond and outside the inner circles of moral proximity represented by the fiesta. But in addition to this functionalist interpretation, the fiesta offers an affective sense of wellbeing to its revellers. Community confers hedonic as well as eudaimonic benefit, through anticipation, actuality and memory (Yamamoto et al., 2005). It is an end as well as a means. It is a comfort and an affirmation of a sense of security, an essential dimension of wellbeing (Wood 2007). As in other societies and festivals, like *Songran* (the annual water festival that heralds a new seasonal cycle in Thailand) many of those who have migrated make a big effort to return, also serving as major sources of finance for them. In Peru, fiestas are connected to the religious and seasonal calendar, and in a spiritual sense they do connect the local to the universal. The returning migrant embodies that connection, but is also acknowledging a sense of 'home' and identity, transcending even the indigenous/colonial divide. If all else fails in the wider world, the retreat option exists as long as one has sufficiently

invested in it through visits and participation, and therefore has remained both contributor to and enjoyer of local social and cultural resources

The 'church' tells us something else, and needs deconstructing. The 'traditional' (though of course not truly indigenous) Catholic Church of Spanish colonialism is rooted in the power structures of both local community and state, offering a spiritual justification for an unequal material order. It has been highly consistent with patronage, clientelism, and patriarchy, as in so many Catholic societies. It has colluded in the social and cultural reproduction of vertical inequalities and horizontal inequities, endorsing the barriers to integration, convincing their socially excluded flocks of a natural hierarchy and respect for their leaders and betters. This has been additionally managed through philanthropy and charity rather than a mobilisation for rights - through the reproduction of informal rather than autonomous security. Of course, liberation theology, where it occurred, survived and thrived, set itself against this traditional role encouraging conscientisation or the "capacity to aspire" (Appadurai, 2004). Indeed, we shall note later in the paper how active this stream within the Catholic Church has been in the human rights movement in Peru, especially at local levels.¹¹

At the same time, there is the Protestant (especially Pentecostal) church which has been on the rise across Latin America, with Peru being no exception. Like liberation theology its presence can be transformatory: catalysing the process by which communities address the notion of religious pluralism, and accompanied by a discourse through which wider awareness of citizenship rights and demands for greater accountability can flourish (Levine, 2003). But the significance of the rise of Protestant churches may also lie as symptom of less progressive change, a combination of *anomie* and alienation. In rural areas, their growth has been accelerated by the terrorist violence. With their presence in urban shanty towns, they can also be viewed as a response to the transience of migrant communities dealing with new forms of insecurity, instability and uncertainty. Without the value of place, other forms of solidarity, affective happiness and spiritual comfort are sought. The millenarian aspects of the radical Protestant churches offers this sense of replacement community, through congregational participation and a stronger sense of justice in the hereafter, which does not seek to validate the material basis of unequal order on earth. The sense of injustice about contemporary inequality is intensified when compared to previous generations by rising literacy, mobility and migration, urbanisation and 'rurbanisation', media access and observational proximity to wealth and to success. The cognitive experience of relative deprivation is a function of this exposure to other lifestyles, with which poorer people negatively compare their own. Such negative self-conceptions translate into feelings of inferiority, lack of self-respect, loss of dignity, shame and humiliation. The world is very familiar with this equation, say, in the context of Palestine and the Palestinians who have been confined by Israeli and US policy to the marginal zones of the West Bank and Gaza. However the argument here is that this equation is generic, and that it reproduces alienation and 'millenarian' accounts of injustice which appear in different forms all over the world.¹²

¹¹ A concrete example is also its role in resisting *Sendero Luminoso* incursions in Nuevo Lugar, discussed in Chapter 2.

¹² Although the term 'millenarian' has a stricter meaning about belief in the 'saviour' coming to solve current problems of poverty, deprivation and alienation, we are using the term to refer to wider socio-cultural processes, while not also losing aspects of the stricter meaning. Thus millenarianism is associated with cults, and (via shared perceptions) with social identity. It is associated with intense spiritual and metaphysical beliefs, and therefore in religious terms with more fundamentalist, fixed, literal or reductionist interpretations of scriptures as guides to human purpose, moral behaviour and

4.4. Migration and the family

No attempt to explain the evolution of wellbeing in Peru can be complete without an account of the role of migration and an explanation of its importance. Its diversity and complexity into and out of the WeD research sites has already been explored by Alvarez (2007). We noted the importance of seasonal and circulatory as well as permanent and international migration, the danger of focusing too much on the rural to urban shift at the expense of rural to rural, urban to urban, and the blurred boundary between economic migration and internal displacement borne of violence. We also noted the neglected significance of migration on wellbeing via its impact on relationships between family members. Our analysis of subjective wellbeing exposed the emotionally and physically difficult trade-offs migrants have to make between different life goals: seeking better education and employment prospects, but often at a price in terms of family relationships and prospects, as well as quality of environment. As a form of livelihood diversification migration also has a much wider influence on Peru's institutional landscape. It changes the status of migrants in relation to the state; it alters their position in the labour market; it re-configures notions of community: reducing reliance upon traditional forms of collective action and patronage while opening up new and more extended forms. Migration also impinges upon the local-universal construction of wellbeing, acting as a mechanism for the transmission of ideas and values, as well as resources and opportunities, with this transmission more facilitated and enhanced by improved access to ICT than rendered obsolescent. Migration obliges adjustment in terms of relationships, networks and institutions. Access to material resources are altered, social skills change, other values and cultures are witnessed. There is some shift from *gemeinschaft* to *gesellschaft*. However, a crucial finding is that the modernisation assumptions of a complete shift from rural, small scale cultures to urban and more cosmopolitan culture is grossly over-simplified.

There is no single simple answer to the question of how far migration in Peru has provided opportunities for upward mobility and improved social cohesion. Figueroa's model of social exclusion highlights the common experience that physical movement is not accompanied by social mobility, labour market dualism being rooted in racialised-class interests that span town and countryside alike.¹³ Confronted with barriers to employment, migrants are unable to jettison informal family-based coping mechanisms: visits home (especially for culturally reinforcing fiestas) and remittances in turn acting as constraints on saving, education and individualistic transition. But in other cases, extended family networks and regional associations constitute the indispensable networks through which plots, jobs and self-employment opportunities are located (Altamirano, Lockley in this volume). Meanwhile, international migration offers new avenues for capital accumulation, but also a means of escape for those who might otherwise contribute to stronger domestic political mobilisation.

wellbeing. To the extent that such beliefs constitute what Weber called 'value rationality', so believers are offered frames of meaning in which suffering and deprivation during life can be endured *en route* to the cure in the life hereafter. Endured in the sense of offering dignity in suffering by attributing the 'victim' condition to the exclusionary machinations and discrimination of others (e.g. via capitalist globalisation unmediated by a benign state) while acknowledging that such experience is only temporal and finite. In other words, powerlessness on earth will be compensated for by power, or at least reward, in heaven.

¹³ This being in sharp contrast to the dominant models of development economics from Lewis via Fei-Ranis to Harriss-Todaro (Copestake, WeD Working paper 3)

To sum up. This brief and selective examination of the IRM in Peru, within the overall wellbeing regime model, indicates turmoil, transition and uncertainty across the institutional landscape. It is a feature of the WeD project that we are looking at the social and cultural construction of wellbeing within contexts of substantial structural and institutional change. In one sense the reconfiguration of Peruvian society via migration has been occurring over several decades now, and there is some stabilisation in relationships and grassroots institutions at the settlement level. Indeed there have been some famous examples of effective self-help by settlers, such as *Villa El Salvador*. Such processes have been the basis of institutionalisation into more formal systems of local government, as land invasion leads to securing more formal property rights and incorporation into the realm of legal regulation. However, even if there have been steady trajectories of this kind, they do not compensate for the scale of poverty or go far in addressing the greater vertical and horizontal inequalities across society. And the social policy support for vulnerable families has been sporadic, clientelistic and therefore uncertain, leaving the majority of the population (rural as well as urban) highly insecure.

These trends have been reinforced by the differential aspects of globalisation. On the one hand, the control over inflation through restrictions on public spending together with military led control over political terrorism and various fiscal incentives has encouraged the renewed expansion of foreign direct investment, especially in the mining sector but also export-oriented coastal horticulture. This has undoubtedly stimulated employment, though not secure and rights-based. Meanwhile it is precisely the structural adjustment and foreign debt honouring aspects of this policy which has forced cutbacks in social spending, especially universal benefits and basic needs support. The politics of adjustment and the pressure for tighter targeting of social spending has in turn encouraged its clientelistic dimension, which was intensified during the latter years of Fujimori. In the context of this increased exposure to the segmented and fragmented imperfections of the labour market, alongside the clientelistic and unpredictable services of the state, insecurity for those towards the indigenous end of the racialised-class continuum is as pervasive now as it ever was. This is compelling the poor and vulnerable in Peru to seek material and spiritual security in other domains of the IRM, and to construct their ideas and hopes for wellbeing in these other domain terms. As stated at the outset of this paper, given the extreme inequalities in the country, it is a paradox that Peru is actually so stable in the sense that revolutionary activity and political terrorism has not been more endemic. Clearly political terrorism has been a domain option for some, but for the majority the search for security via forms of collective action, migration and adverse incorporation (clientelism) continues, assisted by some interventionist programmes and civil society activity, including human rights promotion.

In understanding the wellbeing regime in Peru through these processes of domain selection among the poor, there are two points to emphasise: strategic and institutional context. First, strategically, we should give more analytic recognition to people's social and cultural resources, to the potential role of non-state actors, and alliance building across narrow ethnic identities as part of larger political formation. But for poor people, there is an instant problem of the extent to which any attempt to cross social boundaries and forge alliances is either rejected, or accepted only on adverse terms. Nevertheless, in the sense that politics is about linking one's own specific interests to more universal ones, the capacity for alliance building between the poor and non-state actors is crucial. In seeking new policy options in unsettled societies with weak state legitimacy, integrity and competence there is little

alternative but to look to the significance of organised non-state actors and their supranational supporters. But secondly and contextually, as a feature of unsettled societies, Wood (2000), and Wood and Gough (2006) have described the problematic nature of these institutional domains and the negative permeability between them in terms of rules and practices (i.e. informal, discretionary and arbitrary within state and market domains, thus imitating rather than compensating for clientelist community practices) which reduce the security of outcomes for disadvantaged people. Poor people have to negotiate their way round this contaminated landscape via their profile of resources (social, cultural and so on). But for poor people there is an instant problem of the extent to which they are included in these problematic rules and practices but only under adverse conditions which ultimately disempower them and reinforce their alienation. As echoed by Figueroa's analysis of Peru, the prospect of poorer classes in Peru being able to initiate such alliances and to operate successfully within these class dominated informal rules remains remote.

5. WELLBEING OUTCOMES

This section of the model could be fleshed out with the full range of welfare indicators of development that are a few clicks away on any networked computer. It is certainly worth recalling that despite being classified as a middle income country, Peru has one of the highest absolute poverty rates and the most unequal income distribution in Latin America. More than half of the population lives on less than US\$2.00 a day, and 20% live on less than US\$1.00 a day. Detailed poverty maps provide a disaggregated picture of the distribution of poverty and deprivation across the country. With respect to income distribution, the World Bank (2003) estimates that the top decile receives 50% of total income, and the lowest decile, 1.6%, while the UNDP (2006) is probably being conservative when it estimates the gini coefficient in 2002 to have been 0.56. Poverty is concentrated in rural areas, as indicated for example by child mortality: 24 in every 1000 live births in urban areas, while 45/1000 in rural areas (UNICEF 2004). The same report indicates that only 30% of rural children are adequately nourished.

Much more could be said in the same vein. However, in advancing conceptually beyond the notion of a welfare regime towards a wellbeing regime, this paper is in effect proposing a more ambitious policy agenda (captured by a discourse shift from welfare policy to social development) that requires in turn an additional set of indicators. We argued in Section 2 that in more unsettled societies the enhancement of agency and removal of alienation is more important, and with it the shift from a welfare to a wellbeing perspective that addresses not only enjoyment of outcomes but motivation to participate actively in the means to achieve different outcomes. To this end Sen (1985) and others have emphasised capabilities, Doyal and Gough (1991) have emphasised autonomy, Ryan and Deci have emphasised critical/qualified autonomy (2000) and eudaimonic happiness (2001), Wood has emphasised security (2003), McGregor (2004) has emphasised the enhancement of resource profiles, and earlier Schaffer (1975) emphasised access. All are headed in the same direction of an enriched welfare policy agenda that resembles social development. This also critically means that while the arrow in Figure 1 may go from the IRM to wellbeing outcomes, it crucially points in the reverse direction too.

With more specific reference to Peru, Figueroa asserts that inequality and poverty persist in part because poor and excluded unskilled workers' at the poorer end of racialised-class continuum lack incentives to take collective action in pursuit of their rights as citizens – particularly to demand more equal access to public education,

social protection and financial services. His explanation for this failure of collective action is partially an appeal to the idea of a culture of poverty arising from the resilience of traditional forms of discrimination. But, secondly, he also argues that poor people have less time to devote to higher order needs in the sense popularised by Maslow. Third he appeals to an Olsonian free-rider problem, also described by Lichbach (1998) as the “rebel’s dilemma”: why risk leading a political movement rather than piggy-backing on the leadership of others? All these three arguments are about agency and rest on psychological assumptions that can be challenged. The culture of poverty argument has been attacked for essentialising poor people, though interestingly it has more recently been revisited as an empirical hypothesis by psychologists (e.g. Palomar Lever et al., 2004; Burton and Kagan, 2005). The Maslowian idea of a universal hierarchy of needs has also been the subject of extensive criticism within psychology (Guillen Royo, 2007:38) as well as from other disciplines (e.g. Doyal and Gough 1991). And the rebel’s dilemma was thoroughly challenged by Hirschman (1982) for neglecting the extent to which pursuit of public goods is something people opt to do (at least for discrete periods in their life) because they find it more meaningful and sometimes more enjoyable than private consumption. Without exploring these arguments further it can be noted that they all entail a broader conceptualisation of wellbeing and hence an extension of the range of outcome indicators

In this section we focus on two process indicators: improved social assistance and enhancement of human rights. Both are associated with progress towards greater security of agency, and can also be viewed as indicators of pro-poor improvements in the IRM. Improved social assistance can be considered as primarily a 'freedom from' initiative, though recent emphasis is on how such programmes (“with bounce”) enhance ‘freedom to’ as well. The human rights agenda straddles a 'freedom from' and a 'freedom to' purpose. The overall conclusion from this review is that the potential political liberation and rights based citizenship opportunities for the dynamic reproduction of the society towards democratic wellbeing are under-realised and indeed sabotaged by aspects of 'process as normal', in particular a continuation of widespread forms of clientelism in the distribution of food aid and infrastructural projects. Thus the wellbeing regime in Peru has been reproducing a contradiction of extending social protection and safety nets through a Faustian Bargain (Wood 2003) with the poor, thus helping us to explain the central argument of relative political stability and path dependency despite the glaring inequalities and poverty in the society.

5.1 Social assistance programmes

The main current vehicle for many of the food aid and other social programmes has until recently been The National Food Assistance Programme (*Programma Nacional de Asistencia Alimentaria* or Pronaa) located in the Ministry of Women's Affairs and Social Development. Its programmes have their origins in earlier, often voluntary forms. Even before the restoration of democracy in 1980, populist kitchens (*comedores populares*) emerged in the shanty towns of Lima and other cities. These were sometimes associated with the common cooking facilities (*ollas comunes*) run by unions for striking workers. After 1980, with inflation rising alongside negative economic growth, these efforts became even more significant as a lifeline. The competing political parties got involved and the then Mayor of Lima also began to sponsor ‘glass of milk committees’ (*Comites del vaso de leche*) in the poorest districts of Lima. While financed and operated by the state, detailed management of these

programmes was overtly political in two ways: as instruments of mass populism for successive presidents, and as arenas for clientelist politics at the local level.

Two years after winning power, Fujimori created in 1992 the National Fund for Compensation and Social Development (*Fondo Nacional de Compensacion y Desarrollo Social or Foncodes*) as an additional instrument for channelling funds direct from Central government to regions, particularly areas worst affected by the terrorist violence. In part this was also recognition that the line ministries of education and health had been crippled by the combination of hyperinflation and managerial meddling during the 1980s. Foncodes was also designed to be supported by the IMF and the World Bank as a way of dealing with the social downside of their structural adjustment prescriptions. By operating directly to the President, it emerged as a bureaucratically relatively nimble small-scale infrastructure fund targeted on poor rural communities to generate employment opportunities for cash incomes. However, in being weakly linked either to other parts of government or the NGO sector, its content was not joined up to, for example, local level education and health construction requirements, and nor was there a civil society element to the hiring of labour and thus no check on Foncodes in providing clientelistic support to the post-*autogolpe* regime. Meanwhile Pronaa was switched to the Ministry of the Presidency and tasked with centralising food assistance programmes. In this way, the *comedores populares* were also captured, and the patronage of opposing political parties displaced. In effect, as a condition of access to essential programmes of food assistance, the poor and vulnerable families lost their civilian rights, becoming heavily dependent upon negotiating their inclusion into these programmes-- exchanging voice for loyalty. Alongside Pronaa and Foncodes, other programmes in education and health (combining some infrastructural provision with targeted feeding) also expanded chaotically, with targets, responsibilities and funding sources opportunistically and *ad hoc*. But overall, after 1994, there was a steady increase in public spending in social programmes (including education and health), particularly after 2002 when public finances began to improve as a result of economic growth and higher tax revenues, even if the foreign donors became increasingly sceptical of the clientelist manipulation.

Would this wellbeing contradiction between extending social protection and safety nets at the expense of political rights continue after Fujimori? From July 2001 Toledo set out on a mission to reconcile this contradiction by marrying policy on improving democracy and reducing poverty together via social programmes which combined participatory access and professionalism in overall design and management. Indeed the marriage was strengthened by bringing in meritocrats from civil society organisations. There was some initial increase in budgetary provision, but accompanied by over-optimistic expectations of foreign aid support. A good example was the *A Trabajar* (To Work) employment scheme, to be run in the countryside by grass-roots organisations in a way intended to address problems of clientelism. However, in the context of rapidly declining popularity and concerns about the regional and municipal elections in November 2002, Toledo moved leaders of his *Peru Posible* party into the control of social programmes, including *A Trabajar*, but also changing the leaderships of the women's and education ministries and Foncodes. However these moves did not rescue the reputation of *Peru Posible* in the local elections, where regional power was almost universally gained by the opposition parties, especially Garcia's APRA. This in turn set up new political obstacles to government inspired decentralisation of social programmes, since it would place them in the hands of opposing patron-client relationships. Thus the decentralisation of

social programmes stalled. However, neither was *Peru Posible* able to assert full clientelistic control over them. Toledo's lack of popularity and legitimacy also limited his freedom to raise taxes in order to expand the programmes and thus regain support, while foreign aid support diminished with donors retreating back to the label of Peru as a relatively stable pro-Western middle-income country.

The Glass of milk programme provides another interesting case study (Copestake, 2006). By 2005 it had grown into the food assistance programme in the country, distributing food worth \$US100 million a year to more than 3 million children. Municipalities were responsible for procurement and distribution through local committees, subject to strict bureaucratic guidelines from the centre. Ethnographic case studies in the seven WeD research sites revealed serious efforts to comply with these, but also widespread clientelism in allocation of food rations at both municipal and committee levels. Rations were valued by the women who obtained them but were generally far too small to have more than a marginal effect on child poverty and malnutrition. The communitarian features of the programme had evolved to suit different rural and urban contexts, but were more paternalistic than empowering. In short, the programme was found to be reproducing a weak affective link between women and government but one that was both paternalistic and ultimately doing almost nothing to address the more fundamental inequalities in food and income insecurity

In this context prospects for renewed donor support hinged on making concessions to declientelisation, and a possible mechanism for demonstrating this was through the launch of a conditional cash transfer programme (CCT) of the kind perceived to be working well elsewhere in the region. Toledo first announced a programme *Pro Peru* in February 2005 (later renamed *Juntos*), and it featured prominently placed within the National Social Policy Development Plan and the National Plan to Overcome Poverty (2004-6). However, the proposals were widely criticised for being hastily thought out, particularly with respect to targeting methods (especially in urban areas), cash handling mechanisms (especially in rural areas with poor financial infrastructure), and the need to improve the quality of weak health and education services before stimulating greater demand for them (Francke, 2005). As a result Toledo scaled back plans to a relatively small pilot programme restricted to one district of Ayacucho, noted for being particularly severely affected by the *Sendero* conflict.

Given donor support, it is no surprise that the *Juntos* programme continues and has expanded under Garcia. It is also of particular relevance to the argument here since it seeks explicitly to link 'freedom from' objectives (cash transfers as social protection to poor households with children) with 'freedom to' objectives (human capital development, aiming to help break life-course and inter-generational transfers of poverty by facilitating households' capacities to ensure children's rights to adequate nutrition, healthcare and education) Jones et al. (2007) reviewed the first year of the programme in Ayacucho Department.¹⁴ The conditional elements of the programme are especially important for the linkage between social assistance on the one hand and advancing capabilities and agency to overcome alienation, on the other. Eligible, targeted households, with children under 14 years old receive 100 *soles* a month (approximately US\$30) on condition that they meet education and health targets for

¹⁴ One of the poorest departments in Peru (ranked 20th out of 24--UNDP 2005), and the centre of the extreme dislocation caused by the *Sendero Luminoso*, hence its early selection for the programme. The Truth and Reconciliation Commission claims that 40% of the 69,000 deaths due to political violence between 1980-2000 occurred in the Ayacucho department.

their children. These are a combination of school attendance, vaccination, health checks, use of clean chlorinated water and anti-parasite medication for infants, and participation in other social programmes. Fulfilment of these conditions obviously has to be monitored. Along with the validation of target households this opens up opportunities for new forms of clientelism and corruption, particularly as it is scaled-up. By September 2006, 135,000 households across Peru were receiving these transfers, and the Garcia government aims to increase this to 250,000 families during 2007 with an incremental budget increase of US\$40 million. Actions intended to avoid clientelism and politicisation of programme implementation include placing it in a directorate within the Presidential Council of Ministers, under technocratic management monitored by civil society representatives that leapfrog other bureaucratic interests by developing a cadre of community level facilitators, predominantly women.¹⁵ Monitoring is overseen by the Committee on Supervision and Transparency, comprising church and civil society leaders.

A key rationale for the CCT is to reduce the opportunity cost for poor families of keeping children at school and away from domestic, farm and perhaps casual paid labour, thereby addressing their supposed higher propensity to discount the future. Jones et al (2007) report for Ayacucho changes in children's time use in favour of schooling, with more parental support for their education, including by fathers now under less pressure to work long hours or outmigrate. The increased demand for education, including quality, has now set up a challenge to supply enough responsibly behaving teachers. They report families purchasing higher quality food, and investing in longer term livelihoods security via purchase of livestock for example. They also provide anecdotal evidence of improvements in women recipients' bargaining power within the household, though linking the conditionality also reinforces the cultural assumption that child care is primarily women's responsibility (Molyneux, 2006). At the community level, as a result of the targeting and labelling problems, there is also evidence of disharmony between those included and excluded, where the criteria do not appear to be self-evident (Wood 2007). Nevertheless if the programme can be scaled-up without being fatally entrapped by party or more local patronage and corruption, then it would constitute a significant positive wellbeing outcome because it confers more substantive benefits that can contribute more to security of agency. As well as making it politically more palatable to richer citizens, the conditionality becomes a deliberate attempt to lengthen recipients' time horizons, although tighter targeting risks the opposite if it creates new forms of poverty trap. The erosion of a community mediated element (when compared to Glass of Milk programme, for example) can also be empowering by strengthening a sense of individual entitlement, rather than entitlement mediated by others. No matter how well implemented, this programme alone is an insufficient platform for more fearless citizenship, overcoming of alienation, and initiating a positive dynamic of social reproduction capable of challenging the path dependency of extreme inequality. But it would certainly be a positive step in that direction.

5.2. Human rights

The human rights theme is essential to any understanding of wellbeing in unsettled societies. It is a crucial aspect of the personal security dimension of wellbeing, expressed both as freedom from insecurity as well as having the confidence to express voice without fear, and thus move to full citizenship and the overcoming of alienation.

¹⁵ There is a problem of illiteracy among these facilitators, who have been elected by a local assembly.

Peru's economically stratified ethnic diversity presents a particular challenge to a human rights agenda. For even without the obvious episodes of political violence and counter-repression by the state there is a generic, inherent, structural undermining of rights via racism and cultural othering. Given the long history of use of violence by those at the richer end of the racialised-class continuum to defend privilege, the persistence of a strong human rights movement is perhaps surprising, but it can partially be seen also as a reaction to it, and even as part of a political settlement that recognises the need for mechanisms to address extreme human rights abuses in order to head off total chaos and collapse.

In 1985, human rights groups from across the country came together under the umbrella of *Coordinadora Nacional de Derechos Humanos*, just before the elections that brought in Garcia's first APRA government and at a time when the *Sendero Luminoso* insurgency was growing and attracting counter-repressive measures of the military. Through Garcia's and Fujimori's period in office, human rights activists had to run the gauntlet of attacks by state regimes as well as *Sendero Luminoso*. These activists were increasingly labelled by the Fujimori regime as apologists for the insurgents, while the insurgents targeted them and other left activists generally in order to remove the prospect of competitive leadership over their newly won territories. *Coordinadora* and its increasingly professionalised personnel had an ambivalent stance towards the state, which perhaps became clearer towards the end of the Fujimori period as the insurgency was crushed and the military slowly returned to the barracks. But for the first ten years, *Coordinadora* had to operate a balance between cooperating with the state to achieve individual case gains as well as more systemic ones, while also signalling an adversarial position as lobbyists and advocates. Cooperation was a hard option during a period when their own members were the target of disappearances as well as negative propaganda.

The professional persistence of *Coordinadora* paid off as early as 1993 with the inclusion of the Human Rights Ombudsman (*Defensoria del Pueblo*) in the constitution and its actual enactment in 1996. Broadly they worked with judges to strengthen their independence, including the independence of their information sources. Via social workers, they worked to improve conditions in the jails. They tracked cases of disappeared and those being held without trial, placing pressure upon the authorities to improve their conditions and reduce torture. Eventually they got legislation changed to ban torture and disappearances, making them criminal offences. These efforts (and the legitimacy gained for them) culminated in the creation of the Truth and Reconciliation Commission (*Comision de la Verdad y Reconciliacion* or CVR) during Paniagua transitional government in 2001. In effect the *Coordinadora* dissolved into the work of the Commission, with many of its staff moving across. The incoming Toledo government agreed to abide by the Commission's recommendations and findings, arising from its nine volume report in 2004, which estimated that estimated 69,000 Peruvians were killed or disappeared. Before reflecting upon the enduring significance of the Commission, it must be emphasised that *Coordinadora* was not just a safe Lima and big city institution. Its activists distributed across numerous small organisations and spread across the country were highly exposed to local violence of liquidation squads as well as state repression through local military exercises. The pastoral offices (*vicarias*) and local activists of the Catholic Church in these scattered rural locations also provided important support to groups and organisations of family members of victims (*familiares*).

The CVR represents a concerted and sustained attempt to institutionalise the human rights agenda within Peru. It ensured that political insecurity and the violence

of the state as well as terrorists were firmly placed in the public domain. By adopting the South African post-apartheid model of public hearings around the country (unlike in other Latin American countries such as Chile), past victims and victimised groups were able to tell their story to the wider society, with strong media coverage. As a result no literate person can claim ignorance of what happened, and thus some sense of responsibility across the racialised-class continuum has been established. That is important for any movement towards greater political settlement in rights as well as related social policy. Whatever its impact on future governance a further indication of this embeddedness is the willingness to pursue at least some symbolic prosecutions as a condition of reconciliation rather than to declare a full amnesty. However, given the resilience of inequality there is no case for optimism about inclusive democracy. Powerful voices in the political, military and economic elite have resisted the Commission's recommendations since 2003, supported by negative coverage by allies in the media, and they have managed to use Congress to block facilitating legislation. Nor has there been a formal peace accord with insurgents, past or present. Pockets of political violence continue, alongside drug related and criminal activities. For many, the terrorist threat remains and is deployed to suppress a further liberalising of rights. And although there has been some cleaning up of the judiciary (e.g. the removal of unqualified acting judges, appointed during the Fujimori period), the judiciary can hardly be described as enthusiastic in pursuit of cases. However judicial reforms do include human rights training for judges. And there has been some progress of victim reparation in areas most affected in the past by political violence. For example, the regional government of Huancavelica has adopted Commission recommendations allocating reparations from its hard-pressed budget, and at least some other regions (Apurimac, Huanuco and San Martin) are following suit. The civil society element has also been strengthened by the Commission's presence with the victims' relatives becoming more vociferous. And a network of human rights organisations, NGOs and church groups (originally in the foundation of *Coordinadora*) have created another umbrella coalition '*Para Que No Se Repita*' ('So that we do not repeat the past') to keep the Commission's recommendations alive in the public consciousness and conscience.

6. REPRODUCTION CONSEQUENCES

The final part of the wellbeing regime model is 'reproduction consequences'. The characteristics of socio-political reproduction is the true test of regime identification. It is always difficult to argue for any society that it is entirely path dependent with a 'simple reproduction' of existing inequalities, stratification and therefore power configurations. Some change is almost inevitable, but the question is whether such change is path-breaking (amounting to what Figueroa describes as a refoundational shock) or not, particularly in respect of the way politics is managed. By contrasting politically settled with unsettled societies for welfare policy and regime purposes, the term 'unsettled' implies contradiction, conflict and a necessary dialectic for change. But if power structures are sufficiently entrenched, some societies can remain unsettled over long periods in the sense of fractures, horizontal inequalities and thus absence of consensus over the essential wellbeing deal. In Latin America perhaps more than elsewhere, the concept of a regime must also accommodate some cyclical political economy tendencies: scope for endless variation arising from how commodity booms and busts, inward and outward policy orientation, democratic liberalism and authoritarian populism interact with each other and more random events.

One aspect of particular interest to political scientists in this respect is Peru's failure, compared to Ecuador and Bolivia to produce an indigenous political force strong enough to seize power: the strength of Humala's challenge for the 2006 presidency being at the same time indicative of disaffection with prevailing liberal-democratic institutions and of the difficulty of challenging without resorting to nationalistic populism and militarism (Mendez, 2006). Yashar (2005) argues that state corporatism under Velasco up to 1975 undermined trans-community networks, and these were subsequently further weakened by the polarisation of interests during the *Sendero* conflict. Drawing upon her own field work in the Cuzco area, Garcia (2005) argues first for a stronger regional perspective on the debate, emphasising the idea of an ambiguous notion of *indigenous citizenship* fragmented across community and state. This enables her to identify and reaffirm the strength of indigenous politics but at a more local level: in the formation of *rondas campesinas* to fight terrorists, the defence of natural resources rights and parental resistance to bilingual education, for example. Agreeing with de la Cadena she argues that indigenous activism has sought to escape the confines of the indigenous label (traditional, rural etc) by influencing instead the indigenous element in *mestizo* identity: "lack of *recognized* ethnic mobilization in the country is due to the fact that indigenous *mestizo* activism is not usually considered ethnic activism." (p.9). Noting Charles Tilly's definition of a social movement as a cluster of contested political performances, she argues that indigenous politics in Peru is not missing but more complicated. Decentralised local struggles can be as significant as national and trans-community mobilisation. It is also less easily detached from grassroots opinion in its own hinterland, and thus co-opted into the populist projects of others (Elaine Karp as wife of Toledo, for example) or for that matter into neo-liberal pluralism.

This line of argument suggests local government is an important arena for sniffing out deeper shifts in political culture. There are no shortage of ambitious and socially motivated mayors in the *sierra* as Schneider and Zungia-Hamlin (2005) report, nor of more progressive NGOs willing to link up with them (DFID's El Gol programme being just one example).¹⁶ There has certainly been an expansion in the use of the discourse of rights and correlative duties, implying some tendency towards a greater sense of civic security of agency. Garcia's rapid commitment to further decentralisation of health and education budgets also suggests scope for further changes in the political and financial relationship between municipalities and the state, to add to those taking place in respect of social assistance programmes. If all of these processes worked to the ambitions of their advocates, then we might see an increase in participatory politics eroding racialised-class differences and bringing about further power-diffusion with extra leverage exercised by donor funding for decentralisation as constructive strategy for addressing pro-Chavez and anti-Western mobilization. Nevertheless, the weight of scholarly opinion suggests ending on a more cautionary note. Rights remain fragile and clientelistic forms of patronage and control over budgetary allocations strong. Autonomous security of agency remains weak. Alienation remains. Grassroots and regional mobilisation can be seen as a long-established element of the prevailing regime rather than a challenge to it, lacking the strength and cohesion to institute a more fundamental power-diffusion process. Commenting on the prospects that Fujimori might bring lasting change to Peru, Powelson (1997:265) exhorts his readers to "contemplate the immensity of history." This is a conclusion based not only on the resilience of political culture, but also on as

¹⁶ See Schneider and Zuniga-Hamlin (2005), but also Salgado (2006) for a cautionary examination of decentralisation efforts.

yet very limited diversification of the economy. While Peru's unequal insecurity regime seems remarkably resilient and intact in its defence of inequality it perhaps allows at least for some gradual improvement in average welfare. But as a wellbeing regime this suggests the persistence of a large gap between what poorer Peruvians are tempted to aspire to materially and what they can realistically achieve.

6 CONCLUSION

The two main purposes of this paper were first to provide an overview of the wider institutional landscape within which poor people in Peru have to operate in pursuit of wellbeing, and second to use Peru as a case study through which to reflect on a wellbeing regime model with four core components: conditioning factors, the institutional responsibility matrix, wellbeing outcomes and reproduction consequences. With respect to the first, a single overall conclusion is inappropriate to the extent that the 'devil is in the details'. On the other hand, it is useful to ask what overarching issues have emerged about Peru. Here a recurring theme has been the interaction between a fragmented and unequal society and the extent to which the state is implicated in reproducing rather than mitigating this fundamental problem. In contrast to Figueroa's theoretical determinism (admitting the possibility of transformation only through an exogenous refoundational shock) the analysis remained open to possibilities of endogenous, incremental acquisition of more equal rights and freedoms. But in so doing we have not relapsed into wishful thinking that the state can somehow reinvent itself as a more proactive and hegemonic force for change. Rather we have emphasised an evolutionary pathway of more gradualist power-diffusion across the racialised-class continuum in response to grassroots pressures (and threats) to the neo-liberal core of the economy and those who benefit from it. Part of the difficulty with this argument is that any attempt to isolate this long-term trend is confounded by short-term cycles and fluctuations in the balance of power. Such shifts in politics (e.g. between autocratic and consensual) and policy (e.g. between outward and inward orientation) justify referring to Peru as an "unsettled regime", not only in the sense of changing over time but also in the sense of a regime that depends on the performance of a relatively small policy-making elite rather than on the politics of more deeply consolidated interests and institutions.

Turning to our second purpose, this paper deliberately adopted a more open and complex wellbeing model rather than the narrower welfare regime model used in Wood, Gough and others' earlier work. An interesting issue is then whether the additional generality (and loss of parsimony) entailed in this conceptual enlargement was justified in terms of the extra understanding of the Peru case that it permitted. The most important argument advanced in favour is that it brings the question of poor peoples' agency more to the centre of analysis, and with it forces a closer analysis of processes and relationships as well as resources and welfare indicators.

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