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THE CHANGING MEANING OF COOPERATION: *Rural Electrification in Cold War Peru, 1964–1976*

ABSTRACT: This article deals with the politics of Peruvian rural electrification during the Cold War years. In 1964, the inhabitants of the Mantaro Valley established the Cooperativa Eléctrica Comunal del Centro Ltda. 127, with the help of the central government and American aid agencies in the context of the Alliance for Progress. At first, this rural electric cooperative was seen as a legitimate way to channel traditional communal practices through an institution that was seen as modern, capitalist, and Western. However, in the fluid context of Peru's Cold War, electric cooperative development quickly became a heated political battleground. After a "revolutionary" military regime took power in 1968, the armed forces eventually defined the cooperative as an obsolete institution and quickly adopted their own cooperative model, free from any capitalist "vices," as they sought to implement their own "revolution from above." While the Cooperativa Eléctrica Comunal del Centro represented a successful combination of local discourse, foreign aid, and modern technology, its history also shines a light on the volatile politics of infrastructural development: as its political and economic meaning changed wildly as different political regimes oversaw its expansion and eventual downfall.

KEYWORDS: Alliance for Progress, Cold War, cooperativism, Peru, rural electrification

During a conference of the Peruvian Electrotechnical Association in the 1960s, Engineer Mario Calmet, president of the association and Director of Electricity at the Ministerio de Fomento y Obras Públicas (Ministry of Development and Public Works), declared that "rural electrification in Peru presents a great task, as 50% of its population is rural . . . yet only 12.8% of this population receives electric services."[1] During the three prior decades, Peru had embarked on an ambitious electrification plan that included the construction of large, sophisticated hydroelectric plants in the Andes.

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1. Mario Calmet, "Rural Electrification and Cooperatives," in *Anales del fórum de la ley de industria eléctrica No. 12378,* Asociación Electrotécnica Peruana (Lima: AEP, 1969), 1.

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High-capacity plants had sprung up in Lima, Chimbote, and Cusco, once the heart of the Inca Empire. Eventually, Peruvian statesmen believed, the construction of these facilities would not only provide electricity to Peru's growing urban centers but also lead to the establishment of large industrial plants, a goal pursued since the nineteenth century. Yet, regional politicians raised the question of how the power produced by these electric giants would be transmitted to isolated rural populations.

This article examines the impact of rural electrification in Peru's Central Andes through a particular project: the Cooperativa Eléctrica Comunal del Centro Ltda. 127 (Cooperativa del Centro). The creation of the cooperative—the product of the efforts and developmental aspirations of the people of the Mantaro Valley in the central highlands—was the result of the intersection of several US agencies that emerged or acquired newfound importance during the Alliance for Progress years and a myriad of Peruvian institutions that were created throughout the 1960s and reflected the growing importance of cooperative development in Peru (see Figure 1).

The Cooperativa del Centro quickly became embroiled in the domestic and international disputes that characterized Peru's volatile politics in the 1960s. At first, it symbolized a political triumph for the reformist government of Fernando Belaúnde Terry, who came to power with the promise of overhauling Peru's traditional social and economic structures after decades of oligarchic government. Belaúnde's political program was largely based on recovering the "lost" infrastructural knowledge that had led to the greatness of Peru's pre-Columbian peoples. According to the president, as well as many regional intellectuals, the cooperative allowed for the expression of traditional communal practices through what was considered a modern, Western capitalist institution. Furthermore, as a purveyor of electric energy, the cooperative was also seen as a combination of traditional social organization and modern technology, and as such, a homegrown model of development that could aid Peru in achieving its aspirations to modernize.

When Belaúnde was overthrown by an allegedly "revolutionary" military government in 1968, amid the fluid political context of Peru during the Cold War, the cooperative ceased to be portrayed as a modern organization destined to foster communal capitalism. Promising far more radical changes, the new government now portrayed the cooperative as an obsolete institution that perpetuated the structural injustices of the capitalist system. Furthermore, the cooperative's links to the United States would be of no help as relations between the United States and Peru soured. As the armed forces attempted to carry out a "revolution from above," cooperatives acquired greater socialist overtones, leading to the expropriation and dissolution of Latin America's largest rural electric cooperative.

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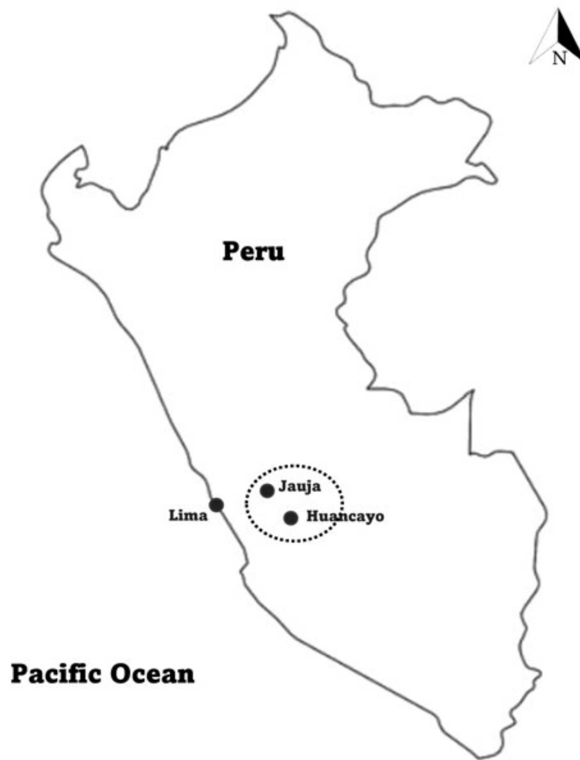
FIGURE 1
The Mantaro Valley



Source: Map by author

The Cooperativa del Centro offers a rich case study for analyzing how Peruvians attempted to develop their own notions of economic and social development through the combination of local discourse, foreign aid and modern technology.[2] Furthermore, the creation and growth of the cooperative during the time of the Alliance for Progress sheds a light on the transnational nature of the development of the Peruvian electricity sector, as US representatives of the Alliance for Progress found themselves preaching the gospel of rural electrification in Cold War Peru.[3]

This article contributes to the growing scholarship on the development of hydroelectricity in Latin America. On one hand, it seeks to offer a

2. For the integration of local and foreign scientific knowledge, see Marcos Cueto, *Excelencia científica en la periferia: actividades científicas e investigación biomédica en el Perú 1890–1950* (Lima: GRADE, 1989).

3. For a general overview of Peru's electric development, see Giovanni Bonfiglio, *Historia de la electricidad en Lima: noventa años de modernidad* (Lima: Museo de la Electricidad, 1997); Alfonso Carrasco Valencia, *La electricidad en el Perú: política estatal y electrificación rural* (Lima: ITDG, 1990); and Azi Wolfenson, *El gran desafío* (Lima: Intergráf. de Servicios, 1981).

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counterbalance to histories that have thus far centered on the Southern Cone, no doubt attracted by the colossal magnitude of the Itaipu dam in the Argentina-Brazil-Paraguay triple frontier region.[4] Likewise, by dealing with the politics of rural electrification, it serves as a counterpart to many works that have studied the urban dynamics of electrification or focused on the development of large-scale "high-modernist" damns and cultural imaginaries of development.[5] On the other hand, it places hydroelectric development as a key variable around which Cold War battles were conducted. By bringing to the fore the role of "experts"—both local and foreign—in Latin America's electrification endeavors, it adds to a growing body of work that seeks to understand how the global conflict was experienced in the local context, as these experts had to interact with local communities and regional politics.[6]

THE "ANCIENT" PERUVIAN COOPERATIVE

The arrival of the Alliance for Progress in Latin America struck fertile ground in 1960s Peru. In 1963, architect Fernando Belaúnde Terry and his reformist Acción Popular party arrived at the presidential palace. During the electoral campaign, Belaúnde had promised a "revolution without bullets," one that would institute radical changes within the context of liberal democracy. Furthermore, the arrival of the new government also raised expectations regarding the improvement of Peru-US relations, which had undergone some tension during the short-lived military junta that preceded it. Belaúnde's own background, including his undergraduate study at the University of Texas at Austin, seemed to add to these expectations. The Alliance for Progress appeared particularly well fitted for Peru and its new government, since Belaúnde seemed to personify the American vision of what a Latin American leader was supposed to be: progressive enough to deter communism, and not radical enough to promote it.

4. Christine Folch, *Hydropolitics: The Itaipu Dam, Sovereignty, and the Engineering of Modern South America* (Princeton: Princeton University Press, 2019); Jacob Blanc, *Before the Flood: The Itaipu Dam and the Visibility of Rural Brazil* (Durham: Duke University Press, 2019).

5. See Diana Montaño, *Electrifying Mexico: Technology and the Transformation of a Modern City* (Austin: University of Texas Press, 2021); and Fernando Purcell, "Imaginarios socioculturales de la hidroelectricidad en Sudamérica 1945–1970," *Atenea* (Concepción) 518 (December 2018): 97–116.

6. The pioneering work that opened the doors to understanding the Cold War "from below" is Gilbert M. Joseph and Daniela Spenser, eds., *In from the Cold: Latin America's New Encounter with the Cold War* (Durham: Duke University Press, 2008). Regarding notions of development during the Cold War, see Michael E. Latham, *The Right Kind of Revolution: Modernization, Development, and U.S. Foreign Policy from the Cold War to the Present* (Ithaca, NY: Cornell University Press, 2012); and David C. Engerman et al., eds., *Staging Growth: Modernization, Development, and the Global Cold War* (Amherst and Boston: University of Massachusetts Press, 2003). For the role of experts, see Andra B. Chastain and Timothy W. Lorek, eds., *Itineraries of Expertise: Science, Technology, and the Environment in Latin America's Long Cold War* (Pittsburgh: University of Pittsburgh Press, 2020); and Anne-Emanuelle Birn and Raúl Necochea López, *Peripheral Nerve: Health and Medicine in Cold War Latin America* (Durham, Duke University Press, 2020).

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Belaúnde and his followers had been developing their reformist philosophy for nearly a decade before the arrival of the Alliance for Progress. While Kennedy's ambitious program rested on the postulates of modernization theory, which presented Latin America's countries with a linear path toward economic development, Belaúnde stressed the need to find political and economic inspiration in a non-modern source: Peru's pre-Columbian past. In this sense, Belaúnde presented a continuation of *indigenista* intellectual trends that had emerged in Peru at the end of the nineteenth century. *Indigenismo,* a social and political movement that considered Peru's Indians as potential saviors of the nation—as opposed the oligarchic view that considered them the source of the nation's ills—would gradually gain supporters among Peru's political class. Indeed, in the 1920s President Augusto B. Leguía promoted *indigenista* ideals to gain political favor with Peru's Indians, declaring a Day of the Indian, establishing a Bureau of Indian Affairs, and passing legislation that protected Indian communities.

The work of philosopher José Carlos Mariátegui would add new vigor to the movement, as he utilized Marxism to understand the material poverty of Peru's Indians. If only Peru's indigenous masses could regain the means of production —especially land—then nothing could stop them from recreating the Inca Empire, a political and economic system that Mariátegui saw as clearly socialist. In the 1940s, a far more sincere attempt to integrate Peru's indigenous populations into the body politic was undertaken by the reformist government of José Luis Bustamante y Rivero, who recruited influential neo-*indigenista* anthropologist and novelist José María Arguedas, among others, to spearhead his educational reforms.

It was in this intellectual milieu that Belaúnde built a political platform around the need to revive ancient practices for the benefit of modern Peru. These views were best expressed in his most famous work, *The Conquest of Peru by Peruvians*. In it, Belaúnde celebrated the abilities of Peru's ancient cultures to develop sophisticated infrastructure in their quest to harness the country's challenging geography. It proved to be an enormously popular work and would form the intellectual cornerstone of his political movement. However, five centuries had passed since the conquest of the Tahuantinsuyo by the Spanish, and the revival of practices from pre-Columbian times begged the question of how they would be applied in Republican Peru. For this purpose, it was necessary to express the social and economic practices of the Incas through a modern institution. The ancient *ayllu*—the principal form of communal organization in preconquest Peru, characterized by self-sufficiency and reciprocity between its members, could find its modern equivalent in the western cooperative.

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Indeed, Belaúnde claimed that "Ancient Peru presents us with a regime that is fashionable in the most progressive nations of the Old World. We are speaking of the Cooperative system."[7] Cooperativism, of course, was not a new phenomenon. It had appeared in mid nineteenth-century Britain when the Rochdale Pioneers established the first consumer cooperative in the outskirts of Manchester in 1844, during the Industrial Revolution. From these modest beginnings, cooperativism as an economic system spread through continental Europe, and by the end of the century it had found wide acceptance in the United States. The Cooperative League of the United States (CLUSA) was set up in 1916. As it continued to grow throughout the twentieth century, this global cooperative movement, Belaúnde argued, was compatible with pre-Columbian practices that still lingered in the heart of the Andes.

In the highly polarized context of the Cold War, Belaúnde saw in the establishment of cooperatives a path for a successful and compassionate capitalism. Indeed, at least in Belaúnde's eyes, cooperatives were the ultimate expression of capitalist development. Not only did they coexist with individual property, "for the cooperative itself is the owner," but the cooperative also had all the "advantages of the capitalist system and none of its vices, for it is structured in a way that avoids the dangers of speculation." Finally, Belaúnde, argued that cooperatives gave "the common man the possibility of organizing with the same efficiency as the great capitalist consortiums."[8]

Belaúnde's ideas found concrete expression in one of his most ambitious programs: Cooperación Popular. The goal of the program was to empower the peasantry to "become aware" of their surrounding environment and natural resources so as to make best use of them in the construction of public works.[9] Peasant communities would undertake the construction of public works at their own initiative, and in exchange, the state would provide technical assistance and resources, which would be "spontaneous and disinterested in nature."[10] Cooperación Popular, an essential part of Belaúnde's "popular action" doctrine once more reflected the amalgamation of the old and the new, for it was a project that "bases its principles on the echoes of ancestral voices, without ignoring the ample technological possibilities of our time."[11] While it was inevitably linked to cooperative development, the Cooperación Popular program was not meant to organize and foster cooperatives directly. Instead, it

7. Fernando Belaúnde, *The Conquest of Peru by Peruvians* (Lima: American Studies Press, 1965), 168.

8. Belaúnde, *The Conquest of Peru by Peruvians*, 168.

9. Jaime Llosa Larrabure, "Cooperación Popular: un nuevo enfoque del desarrollo comunal en el Perú," *Revista Internacional del Trabajo* 74:3 (September 1966): 289–290.

10. "*¿Qué es Cooperación Popular?*" Peruvian government publication, Lima: s.n., 19 –. Colección Arturo Sabroso Montoya, Social Science Library, Pontificia Universidad Católica del Perú.

11. Belaúnde, *The Conquest of Peru by Peruvians*, 167.

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would assist them once they were established and registered, through the newly established National Institute of Cooperative Development (INCOOP). The law that created this new institution decreed cooperatives to be a "national necessity. . . an efficient system, contributing to economic development, the strengthening of democracy and the realization of social justice."[12]

By setting up the necessary legal scaffolding and institutional framework, Belaúnde sought to address the challenges that Peruvian cooperatives had faced in the past. The first phase of "modern" cooperative development took place during the 1940s and 1950s and was dominated by credit unions, the most famous of these being established by Fr. Daniel McClellan of the US-based Maryknollers in Puno. However, despite the isolated success of the "neocapitalist" experiment of the Puno credit union, it failed to become a national movement.[13] Years later, a report of the executive office of the United States Agency for International Development (USAID) explained that the movement had not been successful during these years because "it appeared to lack a sense of direction."[14] These failures could be mainly attributed to the lack of a cooperative law. The law passed by President Manuel Prado in 1943 did not go far enough, it merely recognized the judicial status of cooperatives.[15] Another reason was the lack of government institutions dedicated to aiding cooperatives. While the Ministry of Development had a Department of Cooperatives, it lacked the means—and will—to assist them in any way. Perhaps more troublesome, the report stressed, was that cooperatives did not emanate from the people themselves but were "imposed upon them by political parties and trade unions who planned to use the cooperatives for their own ends."

Despite past challenges, there seemed to be considerable optimism regarding the future. USAID considered that the "basic organization of the Indian Communities in the Peruvian Highlands lends itself to the establishment of cooperatives in the area." Furthermore, cooperative development was considered the best way to channel economic aid, to a great extent because "more people can be reached with less technical personnel, bringing about more rapid social and economic development."[16]

12. Law No. 15260, January 11, 1964. Biblioteca del Congreso de la República. https://www.congreso.gob.pe/biblioteca/?K=667

13. Daniel Sharp, *U.S. Foreign Policy and Peru* (Austin: University of Texas Press, 1972), 383.

14. USOM Report on Cooperatives, July 17, 1961, US National Archives, RG 286: Records of the Agency for International Development [hereafter AID], Central Subject Files 1960–1962, USAID Mission to Peru, Executive Office, box 2.

15. Law No. 9714, January 8, 1943, Biblioteca del Congreso de la República. https://www.congreso.gob.pe/biblioteca/?K=667

16. USOM Report on Cooperatives, July 17, 1961.

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Interest in the development of cooperatives was not limited to Lima intellectuals and US technocrats. New interpretations by regional intellectuals argued that cooperatives were a solution to Peru's underdevelopment, reflecting the recovery of a communal spirit lost during the Spanish conquest and now to be strengthened by the collaboration between of Andean social practices and Western technology. Furthermore, intellectuals in Junín province, particularly in Huancayo and the surrounding Mantaro Valley—a hotbed of cooperative development—saw the events taking place in the region as having great national significance.

While much has been written regarding the disconnect between the Mantaro Valley and Lima, this literature has tended to ignore the synchronicity of discourse between the capital and the region in the twentieth century.[17] Take for instance the figure of Jesús Véliz Lizarraga, a Huancayo sociologist and historian who considered the central Andean region to be a "great social laboratory." An influential member of the APRA party, with whom he had a troubled relationship, Véliz Lizarraga's championing of communal development was part of a more widely influential sociological analysis regarding the impact of Western practices in the Peruvian highlands.[18] The adoption of Western practices was deemed by Véliz Lizarraga to be a clear case of "transculturation."[19] He argued that this process was also taking place in the rest of the country, but at a much slower pace than in Mantaro Valley. The reasons for this were to be found in the historical development of the valley itself, where the colonial latifundio system had not been as dominant as in other regions of the country, and they were manifold.

First, Spanish authorities allowed the residents of the valley to keep small family holdings that were passed from generation to generation. Further, the Spanish did not wish to radically modify land tenure, as land was a base of subsistence for migrant workers who worked in the mines of the central Andes.[20] Finally, after independence, and unlike much of the country, the Mantaro Valley was connected to the city of Lima via the central railroad and later by a central

17. See Florencia Mallon, *Peasant and Nation: The Making of Postcolonial Mexico and Peru* (Berkeley: University of California Press, 1995); and Norman Long and Bryan R. Roberts, eds., *Peasant Cooperation and Capitalist Expansion in Central Peru* (Austin: University of Texas Press, 1979).

18. "El desarrollo comunal del centro," *La Voz de Huancayo*, January 19, 1960. Véliz Lizarraga also came to play a key role in the establishment of another famous cooperative effort, the Universidad Nacional del Centro. Véliz Lizarraga's championing of communal development is part of a wider sociological analysis regarding the impact of Western practices in the Peruvian highlands. See Jesús Véliz Lizárraga, *El Perú y la cultura occidental* (Lima: Instituto de Investigaciones Sociales del Perú, 1957).

19. Regarding the term 'transculturation,' see Fernando Ortiz, *Cuban Counterpoint: Tobacco and Sugar* (Durham: Duke University Press, 1995).

20. Norman Long and Bryan Roberts, *Miners, Peasants and Entrepreneurs: Regional Development in the Central Highlands of Peru* (Cambridge: Cambridge University Press, 1984), 27–28.

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highway, allowing for easy communication with the capital. Véliz Lizarraga applauded this "exceptional" nature of the Mantaro Valley, claiming by the 1960s that the region had experienced an accelerated transculturation because of the encounter of old Andean traditions and "strong republican tendencies." The main thrust of this Andean world view was the mentality of the collective —"of cooperation"—which was needed to overcome the "individualist" mentality that, Véliz Lizarraga argued, in a strange twist, had been the legacy of the conquistadors.

It remains quite peculiar to claim that individualist mindset had "Latin" roots. It was stranger still to associate collectivism with the Anglo-Saxon tradition. Yet that is what Véliz Lizarraga argued. As such, he was able to claim that Andean collective practices were compatible with events happening in Northern Europe. Germany and the Nordic countries were celebrated because they had reached a high level of development with a "fair distribution of wealth." Indeed, the "German Miracle," Véliz Lizarraga claimed, was the result of the cooperative mindset. Capitalist development in these regions was possible not because of Western individuality, but because of Western collectivism. The new Peruvian man was no different from his northern European counterparts, for much like them, he also had the "spirit of cooperation and initiative." All that was needed to leave behind the legacy of the Spanish conquest was to combine the Andean collectivist spirit with Western science and technology.[21]

A more direct reference to the Incas, and the role of the state regarding communal development, could be found in the views of another Huancayo native, Ponciano Melgar Casallo. Although not as well known as Véliz Lizarraga, Melgar Casallo was an influential educator in Huancayo who championed the establishment of schools in the area and wrote editorials in the city's largest newspaper, *La Voz de Huancayo*. In a far more straightforward manner than Lizarraga, Melgar Casallo argued that Peru had a natural tendency toward the formation of cooperatives. Indeed, the Inca Empire, "led by the noblest of rulers," was an example of "communal action and social cooperation." Thanks to this organization, the Incas had made magnificent infrastructural achievements, such as their "admirable road system and incomparable aqueducts that allowed them to cultivate the most sterile and uneven lands." Inca success was perfected as the Incas constituted "public cooperatives" under the protection of the great Inca state. These "public cooperatives" could also be found in modern Europe. Famous examples cited by Melgar Casallo include the Communal Credit Union of the Kingdom of Belgium, the Société Nationale des Chemins de Fer Français, and the British Metropolitan Water Board. These were companies of

21. "El desarrollo comunal del centro," *La Voz de Huancayo*, January 19, 1960.

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transcendental importance because they were guided by cooperative principles. In Melgar Casallo's view, Peru would have followed this course had it not been for the "arrival of the Spanish adventurers, who destroyed everything that they found because of their avarice and thirst for lucre."[22]

Melgar Casallo insisted that while this cooperative state—different from a socialist state—had been destroyed, the cooperative spirit still lived in the hearts of Indian communities, to the extent that many of them "have not yet lost the vision of transforming their social, economic, cultural, and political realities through cooperative development" by establishing companies of no less importance than the great European cooperatives. Hydroelectric plants, roads, and agriculture—these were to flourish because of communal cooperative action. Regional discourse thus seemed to align with Belaúnde's ideas that the modern cooperative system presented Peru with the opportunity to harness what was perceived as the natural mutualist tendencies of Indian communities, this time through a Western institution. The cooperativist movement was modern, not only in the sense that it existed in the contemporary world but also because it was seen as an essential capitalist institution that had thrived in the countries of the so-called First World. Furthermore, it was also seen as a viable way of spreading technological knowledge to the greatest possible number of people in an efficient manner. These theoretical approximations would find practical expression in Peru's "new" cooperative movement, particularly in the Mantaro Valley, future site of Latin America's largest rural electric cooperative.

A VALLEY OF DARKNESS

Intellectual debates regarding the channeling of pre-Columbian practices through modern cooperatives were not mere abstractions. Many of them found physical expression in the creation of credit unions, agricultural cooperatives, and in the case of the Junín department, even a communal university. But this cooperative spirit—and its linkages with technological development—had found one of its earliest examples in a small town on the west bank of the Mantaro River named Muquiyauyo. The town, known as "Little Russia" because of its "progressive" spirit, had established a small communal hydroelectric plant as early as 1921. Muquiyauyo's reputation was also greatly enhanced by its inclusion in Peru's most famous Marxist work, José Carlos Mariátegui's *Seven Interpretive Essays on Peruvian Reality*, in which the Peruvian *amauta* celebrated the combination of Indian practices and modern technology.[23]

22. "La Cooperativa Comunal y la transformación socioeconómica del Perú," *La Voz de Huancayo*, June 25, 1963.
23. José Carlos Mariátegui, *Siete ensayos de interpretación de la realidad peruana* (Lima: Amauta, 1968), 69–70.

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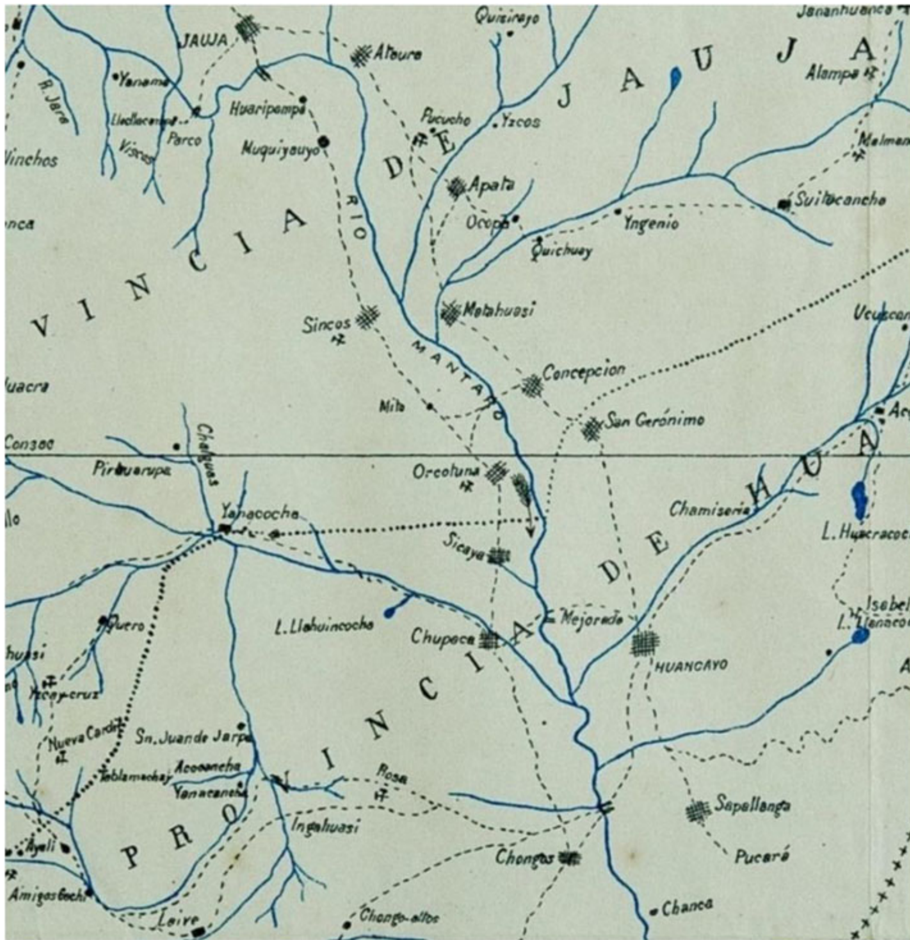
FIGURE 2
Towns of the Mantaro Valley



Source: Cuerpo de Ingenieros de Minas, *Croquis conjunto de las provincias de Jauja y Huancayo, pertenecientes al departamento de Junín*. Perú: Cuerpo de Ingenieros de Minas, 1906, https://repositorio.pucp.edu.pe/index/handle/123456789/175040.

Much has been written about the Muquiyauyo communal electric company, but its singular success obscured the fact that electricity had not arrived in the rest of the valley.[24] Even the largest cities in the region lacked an adequate supply of

24. For Muquiyauyo, see Richard N. Adams, *Community in the Andes: Problems and Progress in Muquiyauyo* (Seattle: University of Washington Press, 1959); Augusto Álvarez Ramos, *Una travesía local en el siglo XX: Muquiyauyo 1900–1998, un estudio de la Empresa Eléctrica Comunal* (Lima: PUCP, 1998); and Rommel Plasencia Soto, "La modernización rural en el valle del Mantaro," *Gazeta de Antropología* 23 (2007).

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electric power, a constant matter of complaint for both citizens and would-be industrialists. While most of these cities would not be included in the plans of the future rural electric cooperative—after all, the purpose was to provide electrification to rural areas, not urban centers—the challenges they faced say much about the state of electric power infrastructure in the area. Furthermore, many of these towns would push for the construction of small- and medium-capacity hydroelectric plants, which would eventually be used to electrify the towns of the Mantaro Valley (see Figure 2).

Take, for instance, the case of the city of Huancayo, the capital of Junín department, which suffered from regular power outages. Many of the problems stemmed from the fact that the limited electric supply was meant to be a utility as well as a base industrial development. The Huancayo Industrial Society, founded in 1919, controlled two small hydroelectric plants from which the city obtained its power. These included the Ingenio plant north of the city, which had been in existence since 1931, and the Chamiseria plant, which had been developed and upgraded in the 1940s and 1950s. Huancayo's largest factory, the Andes Textile Factory Limited, absorbed much of the power supply, and the citizens of Huancayo complained that they were subsidizing the company through ever increasing tariffs.[25] The Huancayo Industrial Society never had the means to increase its electric infrastructure, and rumors of expropriation surrounded the hydroelectric facilities at Ingenio, which was designed to serve the interests of the rural electric cooperative rather than those of the city.

The situation in the city of Jauja, situated north of the valley, was even less promising. As has been well documented, the city had a difficulty relationship with the Empresa Comercializadora de Energía Eléctrica de Muquiyauyo (also known as FEBO), its main source of electric power. With no other options available, Jauja had given FEBO a 50-year concession. Yet the company constantly struggled to supply Jauja with an adequate supply of electricity. At times, this would result in heated political battles between the two towns. Most memorably, one of Peru's first congresswomen, Jauja native María Eleonora Silva y Silva, urged her fellow citizens not to pay the electric company bills, blaming FEBO for Jauja's lack of industrial development.[26] This led the citizens of Jauja to lobby the central government energetically for the construction of a hydroelectric plant in the town of Huamalí, directly opposite Muquiyauyo on the east bank of the Mantaro River (Figure 2). Muquiyauyo

25. "Aumento de tarifas eléctricas," *La Voz de Huancayo*, August 5, 1960.

26. "Centro Muquiyauyo recomienda cortar suministro eléctrico por negativa de pagos en Jauja," *La Voz de Huancayo*, May 19, 1961.

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watched these developments with apprehension, jealously seeking to guard its electric monopoly in the northern part of the valley.

While the two largest towns had an erratic supply of electric power, the rest of valley, with few exceptions, did not enjoy such luxury. An editorial by the *Voz de Huancayo* lamented the lack of electricity in the cities as well as in the small towns: "In many towns of the Mantaro Valley, this problem becomes more acute due to the increase in the population and their dreams of setting up small industries that do not emerge because of a lack of electric power." Thus, there was agreement on the need to expand hydraulic sources of electricity in the region.

A LONG ROAD TOWARDS ELECTRIFICATION

Infrastructure development in the valley proved to be no easy task. The four principal hydroelectric projects that were to fulfill the Mantaro Valley developmentalist dreams were planned for the towns of Concepción, Huarisca, Huamalí, and Ulcumayo, all of them located in the northern section of the valley. Of these four, only two became a reality. Much of the trouble can be attributed to the Franco-Peruvian consortium SOCIMPEX, which had been given the right to carry out feasibility studies nationwide. From 1960 to 1964, French engineers traveled extensively through the valley, submitting reports to the Ministry of Development. As Alfonso Quiroz has noted, SOCIMPEX became embroiled in what was a "little publicized indication of graft": it overbilled the Peruvian government for more than ten million dollars.[27] However, in Junín, where SOCIMPEX oversaw the building of the four hydroelectric plants, the negative publicity that it did receive was far from insignificant.

The slow progress in the northern part of the valley became even more evident because of the apparent success of one hydroelectric project in the southern section, the Pucará hydroelectric plant.[28] Work on the Pucará project, a small-capacity hydroelectric plant, started as early as 1958, with funds obtained at the behest of local Senator Manuel Alonso Martínez and Congressman Luis Sobrevilla González. Likewise, the then head of the electricity sector of the Ministry of Development, engineer Fritz Vallenas, took a special interest in the project. Construction was carried out by the Italo-German-Peruvian consortium Casa Wiese. Such an arrangement, by itself, was not out of the

27. Alfonso Quiroz, *Corrupt Circles: A History of Unbound Graft in Peru* (Baltimore: John Hopkins University Press, 2008), 310–311.

28. Not to be confused with the province of the same name in Cuzco department.

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norm. What stood out, however, was that the *comuneros* of the district, in what the press celebrated as a "noble civic gesture," had assisted in the construction of the plant to cut down costs. This made the accomplishment worthy of special attention: the bringing together of the Peruvian state, foreign expertise, and communal effort.

Like its construction, the inauguration of the plant represented a mix of the modern and traditional. The bishop of Huancayo, Mariano Jacinto Valdivia, representing Peru's most traditional institution, stood side by side with engineer Augusto Martinelli, subdirector of the electricity sector at the Ministry of Development, representing Peru's modernist aspirations. After the ceremony, a folkloric dance contest took place, followed by a lavish banquet.[29] The combination of the state, the Church, and the comuneros dressed in their typical costumes was, however, only a superficial expression of what had just taken place. The local press stated that the plant would "alleviate the demand for this service that is yearned for by all sectors of the country, for it no longer represents only the mere satisfaction of one more need, but the industrial transformation desired by the population." The people of the region, although aided by the state, were to be championed, for "Pucará has demonstrated itself to be exceptionally gifted with communal work."[30] Well before the arrival of Cooperación Popular and the Alliance for Progress, the people of Pucará offered a blueprint of how to successfully carry out communal work in the Andes.

As the *pucarinos* celebrated the completion of their new hydroelectric plant, the rest of the valley struggled to develop its electric infrastructure. The Concepción plant was indeed finished by SOCIMPEX in 1963, although it would break down regularly and, more important, its modest output of 750 kilowatts would prove insufficient to meet the demands of the valley. The Huarisca project would advance slowly, and when the SOCIMPEX scandal came to light, construction was abandoned, new contractors being unwilling to take over the project. Almost a decade would have to pass before the project was finished. Ingenio remained embroiled in Huancayo's industrial disputes. The Ulcumayo project never got past the point of feasibility studies.

The Huamalí project was a different matter. Although it never became a reality, failure to build the plant spurred a national debate. Given its vital importance to the city of Jauja—and its potential to power the towns in the towns of Mantaro, Ataura, Acolla and Marco—the planned hydroelectric plant was discussed in the Chamber of Deputies. The APRA party, hostile to Belaúnde's

29. "Ayer se inauguró solemnemente central hidroeléctrica de Pucará," *La Voz de Huancayo*, May 17, 1961

30. "Hidroeléctrica de Pucará," *La Voz de Huancayo*, April 16, 1961.

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government, pushed for the project, which after SOCIMPEX's failure had been given new feasibility studies by the Hydrotechnic Corporation of New York. In a rare display of solidarity, members of Belaúnde's Acción Popular echoed their demands. Deputy Mario Serrano Solís supported the project, but took the debate further, mentioning that a representative of USAID, Troy Mitchell, had been touring the area and that the population considered the only solution to their problems to be the formation of a cooperative, an initiative supported by the US experts.[31] Such was the electric power landscape when Latin America's largest electric cooperative began its operations later that year.

A NEW DEAL UNDER THE ALLIANCE FOR PROGRESS

While the electric landscape of the Mantaro Valley remained fragmented, three Americans emissaries had been carrying out their own studies. One of them was Francis Dimond, acting on behalf of the United States Agency for International Development (USAID). The other was Paul Tidwell, president and manager of the Meriwether Lewis Electric Cooperative of Centerville, Tennessee. They were in charge of carrying out the first phase of studies for the establishment of a large cooperative in the region. By early 1964 Tidwell had returned to United States, and in his place arrived Troy Mitchell, manager of the Jasper-Newton Electrical Cooperative of Kirbyville, Texas. Both were representatives of the US National Rural Electric Cooperative Association (NRECA).

While Troy Mitchell left no doubt that he was a representative of the US government, Frank Dimond was a representative of American civil society and saw himself as an apolitical agent advocating the global cause of cooperativism. In this sense, he can be considered one of what Chastain and Lorek have termed "Cold War experts," in this case a nontraditional actor whose knowledge consisted of promoting a specific type of social and economic organization.[32] Furthermore, not only were Mitchell and Dimond products of the Alliance for Progress and the Cold War, but as members of NRECA, they represented an earlier era: the days of the New Deal.

The presence of NRECA members was due to a small but significant amendment to the US Foreign Assistance Act of 1961. At the behest of future vice president Hubert Humphrey, the act was amended "to encourage the development and use

31. Congreso del Perú, *Diario de debates,* 1964, Vol. 5-6 (Lima: Congreso del Perú, 1965), 276–277.

32. Chastain and Lorek, *Itineraries of Expertise*, 2.

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of cooperatives, credit unions, and savings and loan associations."[33] The amendment reflected Humphrey's view that the Alliance for Progress should be not only an economic effort but should also have a strong ideological dimension. Perhaps more important for Humphrey—who owed much of his political career to Minnesota's farm cooperative movement—the Alliance "must have a mystique all its own, capable of inspiring a following."[34]

This view was shared by NRECA members. Its immediate predecessor had been the Rural Electric Association (REA), established in 1935 to electrify rural areas and foster economic recovery through the modernization of farming operations. With the United States' entry into World War II, construction materials became scarce, and NRECA was founded in 1942 as Americans pulled their own resources together to complete the mission of rural electrification. By the 1960s, after the Cuban Revolution, NRECA's president Clyde Ellis had come to see rural electrification as a key component in the fight against communism, and together with USAID sought to "export the REA pattern" to Latin America, establishing rural electrification cooperatives in the Dominican Republic, Ecuador, and Nicaragua.[35] Now they would aid Peruvian efforts to accomplish the same goals by bringing the ideals of the New Deal to the central Andes.

The Mantaro Valley seemed an appropriate place to organize this experiment. The very topography of the region was promising. Being a valley, constructing an electric grid posed no significant challenges. Second, it had a relatively high concentration of people, approximately 200,000 potential electricity users. Finally, the Servicio Cooperativo Interamericano de Producción de Alimentos (SCIPA) had been active in the valley since the 1950s, and USAID felt that the two organizations' activities would complement each other. Part of the aim of the SCIPA program was to industrialize food production, something that would be more than compatible with the development of electricity.[36]

The Cooperativa del Centro was officially established on November 22, 1964, after an eight-hour discussion with members of 50 indigenous communities of the Mantaro Valley. Following NRECA guidelines, a simple cooperative bureaucratic structure was established, consisting of an administrative council and a monitoring council.[37] Media reports in both Huancayo and Lima were

33. US Congress, *Implementation of the Humphrey Amendment to the Foreign Assistance Act of 1961: Third Annual Report to the Congress* (Washington, DC: US Government Printing Office, 1964), iii.

34. Hubert Humphrey, "U.S. policy in Latin America," *Foreign Affairs* 42:4 (July 1964): 585–601.

35. Clyde Ellis, *A Giant Step* (Random House: New York, 1966), 201–204.

36. Alfonso Carrasco Valencia, *La electricidad en el Perú: política estatal y electrificación rural* (Lima: ITDG, 1990).

37. "Cooperativa de electrificación está en marcha," *La Voz de Huancayo*, November 23, 1964.

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celebratory. *La Voz de Huancayo* proudly stated that the cooperative agreement signaled the "arrival of progress to the great Mantaro Valley." This progress was represented not only by electricity itself, but by the fact that the comuneros of the valley had taken matters into their own hands in developing the region. Although not mentioning any specific plans, the Huancayo daily hoped that rural electrification would give way to the establishment of small and medium industries from which large industrial plants would inevitably arise, raising living standards in the region to those of an industrial society: "Since the vanguard of a people is measured by its industrial modernization . . . today we can say that the road of progress has been plotted for the future of the sons of this beautiful valley."[38]

Editorials from the capital were also positive. Lima's main daily, *El Comercio*, lauded the "stimulating" nature of the project: "The valley will be completely transformed. It will become the second greatest commercial market, after Lima. Great opportunities [will come] for light industry and textiles in particular." The newspaper also celebrated perhaps an underrated consequence, which was simply to provide the "personal comfort of permanent electric lighting." It likewise highlighted the collaborative nature of the project. USAID had established the basis for the cooperative itself. The office for Cooperación Popular had put USAID and NRECA representatives in contact with Indian communities. The same office would also direct the cutting of trees for the light posts. The INCOOP had sent representatives to explain the workings of a cooperative. Even SCIPA lent its locale for the assemblies to take place and to project movies of the US cooperative experience. Thanks to these efforts, Dimond could state that "it is the first cooperative in Latin America that seeks to electrify such a large area."[39]

El Comercio likewise celebrated the cooperative as a political triumph for Belaúnde and his Cooperación Popular program. Belaúnde's initiative, *El Comercio* argued, had "awakened" the people in the area, "reaffirming their sense of solidarity and mutual collaboration." Not only did Cooperación Popular prove its worth with the announcement of USAID support, but it had also "earned international prestige," despite "political interests intent on destroying it." It is worth mentioning that Belaúnde's political opponents, the Partido Aprista Peruano and the Unión Nacional Odriísta, had opposed the program vigorously, claiming that it was a tool to politicize the population in favor of the government. However, unable to completely leave behind its liberal perspective —and perhaps missing the spirit of the program itself—*El Comercio*

38. "Electrificación rural," *La Voz de Huancayo*, November 23, 1964.
39. "Cooperativa de distribución de energía eléctrica," *El Comercio*, November 21, 1964.

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emphasized the "competitive" nature of Cooperación Popular. The communities that could achieve the "greatest level of development" would win special awards and additional aid. In other words, "a system of competition was being encouraged to see which town, which community, has put the most effort to leave underdevelopment behind."[40]

The Cooperativa even managed to score some international coverage. "More than 200,000 residents of the densely populated Mantaro River Valley in the central Andes may soon be able to tap part of the region's vast electric power resources," stated the *New York Times*. Quoting Frank Dimond, it reiterated that the Mantaro Valley project was selected "because of the availability of power, the density of population, and the relatively high purchasing power of the farmers, most of whom are landowners with incomes of about $350 a year."[41]

In the press, Dimond also established the parameters of the role of USAID. Dimond stated that the USAID loan would be used to construct the grid and set up connections in homes. However, he categorically stated that USAID funds were *not* to be used in the construction of hydroelectric plants in the region. Dimond, following the US model, assumed that the plants were the responsibility of the alliance between private capital and the state, and that the cooperative was to buy energy from existing and future plants, not produce its own. He considered Concepción, Huarisca, and eventually the Mantaro Hydroelectric Plant to be sources of future power. The newspaper shared this view, supporting the idea that the future of the Cooperativa was inevitably linked to the construction of the larger hydroelectric complex, even if in the meantime it would draw its power from smaller plants.[42]

The cooperative quickly acquired the "mystique" that Hubert Humphrey sought. By April 1965, it had gathered 2,500 members, aided by a newspaper and radio campaign. By mid-year, the cooperative had reached 5,000 members, enough to qualify for USAID funds. However, despite the evident enthusiasm of the communities in the Mantaro Valley, the Cooperativa stopped registering members that same year.[43] The funds were simply not arriving. A dispute between Belaúnde and the United States, ironically over another source of energy, threatened to snuff out the life of the cooperative before it could effectively come into existence. This dispute was the potential expropriation of

40. "Nuevos éxitos de Cooperación Popular," *El Comercio*, November 23, 1964.

41. "Power Cooperative is Formed in Peru," *New York Times*, December 13, 1964.

42. "Pueblos del Mantaro forman cooperativa eléctrica que dará energía a 200 mil habitantes," *El Comercio*, November 20, 1964.

43. Troy Mitchell to Francis Dimond, June 22, 1965, US National Archives, RG 286: AID, Subject Files 1962–1973, Mission to Peru, Private Enterprise Division, box 5.

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the US-owned International Petroleum Company (IPC). To force a settlement that would favor the IPC, the US government froze all USAID funds to Peru. This infuriated NRECA and the Peace Corps volunteers involved in the cooperative, and, of course, all the Peruvians taking part in the project. Fortunately, higher authorities intervened, although for less than altruistic reasons. The US ambassador to Peru, Wesley Jones, tried to persuade Jack Vaughn, Assistant Secretary of State for Latin America, that a small loan of $1.3 million could positively affect the outcome of the dispute, as it would demonstrate to Peru "the advantages of concluding the IPC negotiations successfully."[44] The money was slow in coming; it would be approved only after President Johnson had lifted the ban on loans to Peru, along with the personal intervention of US National Security Adviser Walt Rostow."[45]

Other developments appear to have influenced the decision to lift the ban on loans. In June 1965, Luis de la Puente Uceda and his Revolutionary Left Movement (MIR) initiated guerrilla activities east of the Mantaro Valley. Newspaper reports—certainly exaggerated—reported that these guerrillas had created the "Socialist Republic of Pucutá" deep in the jungles of eastern Junín. They had sophisticated armament and were being trained by foreign elements. The specter of communism in the area did not make Washington think twice about supporting the IPC, but it does seem to have nudged the US State Department to push for the approval of the loan to the electric cooperative, located as it is in a region that was then shaping to be the main front of Peru's Cold War.[46]

The loan was officially approved in 1967. The $1.3 million from USAID was complemented by a loan of $600,000 from the Peruvian government. The Cooperativa also contributed almost $50,000 dollars, an extraordinary amount given the purchasing capacity of the residents of valley. Also extraordinary was the fact that those who became members were gambling on the success of a project still in its infancy. One consequence of the arrival of USAID funds in the valley was that Muquiyauyo's dreams of expansion were effectively dashed.

44. Glenn Francis Sheffield, "Peru and the Peace Corps, 1962–1968," (PhD diss.: University of Connecticut, 1991), 358.

45. Sheffield, "Peru and the Peace Corps," 359–360. The diplomatic standoff affected all Peace Corps programs, which led many volunteers to express their dissatisfaction during Robert Kennedy's visit to Peru. Kennedy was viewed as friendly toward the Peace Corps. "Peace Corpsmen in Peru attack U.S. Aid Policy," *Washington Post*, November 14, 1965.

46. "Republica Roja de Pucutá," *La Voz de Huancayo*, June 9, 1965. For a history of the Revolutionary Left Movement, see Daniela Rubio, "Las guerrillas peruanas de 1965: entre los movimientos campesinos y la teoría foquista," *Histórica* 32:2 (2008): 123–167; and Jan Lust, *La lucha revolucionaria: Perú, 1958–1967* (Barcelona: RBA, 2013). For the impact of the guerrillas on bilateral relations, see Richard J. Walter, *Peru and the United States, 1960–1975: How Their Ambassadors Managed Foreign Relations in a Turbulent Era* (University Park: Pennsylvania State University Press, 2010).

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After failing to obtain money from a British consortium, FEBO representatives contacted USAID for a potential loan. However, Francis Dimond stated that granting such a loan was out of the question. According to the logic of both USAID and NRECA, if they were to give a loan to Muquiyauyo, then any other small town in the valley could directly ask for funds.[47] This was to be a regional cooperative. Electrification of the region would happen on a grand scale, or it would not happen at all.

The release of the funds inevitably led to another dispute: who the funds should be given to. USAID felt more comfortable dealing with the Peruvian government, but NRECA argued that the funds should be given directly to its fellow cooperative, demonstrating that NRECA experts did not consider themselves political agents. The latter option was opposed by people in Huancayo where the cooperative had its headquarters, and the media openly spoke of tensions between the cooperative and the Ministry of Development. Indeed, Huancayo's only newspaper sided with the cooperative, arguing that if given to the government the funds would be used for "bureaucratic tourism."[48] In the end, NRECA would give technical assistance directly to the cooperative, while USAID would deal with the government. This arrangement proved to be useful: when USAID funds were cut because of tensions between Peru and the United States, technical assistance by NRECA remained in place.

The actions of USAID and NRECA had an impact not only on the area of the cooperative, but also at the national level. The project was so ambitious that the Ministry of Development created an office of Rural Electrification, a part of the Directorate of Electricity and Industry. The head of this division was Mario Calmet, who later would have a successful career as president of the Peruvian Electrotechnical Association. He would develop close relations with NRECA officials, who urged him to take a trip to United States to take part in a rural electrification course. The course included visits to a number of cooperatives in such diverse places as Tennessee, Florida, and North Dakota.[49]

But within NRECA, two specific cooperatives assisted with the project: the Arkansas and Texas electric cooperatives. Rather than sending experts to the south, Peruvian engineers traveled north, disrupting conventional patterns of knowledge flow during the Cold War. Both states' cooperatives provided training in the form of hosting visits to the United States, as well as providing surplus material. Regular two-month training stints were offered by the

47. "Energía eléctrica para el Valle," *La Voz de Huancayo*, December 12, 1964.

48. "Cooperativa reclama derecho de invertir 43 millones de soles," *La Voz de Huancayo*, January 16, 1967.

49. Troy Mitchell to Robert Culbertson, May 17, 1965, US National Archives, RG 286: AID, Subject Files 1962–1973, Mission to Peru, Private Enterprise Division, box 5.

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Arkansas Electric Cooperative. As for the Texas Electric Cooperative, it offered surplus materials to the Cooperativa del Centro. However, sharing this technically sophisticated material presented some challenges. Surplus meters, for instance, would have to be converted to Peruvian voltage, which meant that the costs would be very high. Peruvians could, however, hire a meter technician who was trained in conversion, which would reduce the costs and, as an added bonus "would have the advantage of furnishing a job for someone."[50]

However, the Texas cooperative had plenty of transformers that they were more than willing to sell. According to the correspondence between NRECA and the Texas cooperative, it seems that they were genuinely interested in aiding their Peruvian fellow cooperative, stressing that "any way that we could help to reduce the cost would help extend the service further to the thousands who are in need of it."[51] By modernizing their grids, and sending surplus materials to Peru, these American cooperatives ensured that the spirit of the New Deal was present not only in the personal connections developed between institutions and their officials, but in sharing the very equipment that had once powered rural America.

This north-south technological exchange also impacted the environmental realities of the valley. Take for instance the debate surrounding the electric poles. NRECA officials celebrated the fact that the Ministry of Development, despite some apprehension, had accepted the idea of using wooden poles to connect the towns, a common practice in most rural electrification endeavors. This decision lent itself to some curious experiments. SCIPA had been experimenting with growing eucalyptus trees in the town of Apata in the northern part of the valley. Here was a possibility for the programs to complement each other. Samples of the *Eucalyptus globulus* trees were sent from Peru to Minnesota for testing, under the belief that "they could work well if taken proper care in the Central highlands of Peru."[52] Unfortunately, the wooden eucalyptus poles rapidly deteriorated, and had to be substituted with poles made of sturdier pines. Despite this upset, the two-line wooden poles became a fixture in the valley. If one were to look up at the sky and see only the electric grid, one would not know if they were standing in the US Midwest or the Central Andes.

50. Troy Mitchell to Jim Cobb, July 12, 1967, US National Archives, RG 286: AID, Subject Files 1962–1973, Mission to Peru, Private Enterprise Division, box 5.

51. Troy Mitchell to Jim Cobb, July 12, 1967. July 12, 1967, US National Archives, RG 286: AID, Subject Files 1962–1973, Mission to Peru, Private Enterprise Division, box 5.

52. E. J. Ballard to Leon Evans, June 23, 1965, US National Archives, RG 286, AID, Subject Files 1962–1973, Mission to Peru, Private Enterprise Division, box 5.

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Old vs. New Cooperatives

As the cooperative grew, Belaúnde's government was in the midst of a political crisis. Although programs like Cooperación Popular had showed some tangible results, his other attempts at reform—particularly agrarian reform—had been blocked at every turn by a hostile congress. Likewise, the IPC dispute had frozen much of the Alliance for Progress funds destined for Peru. Because of these difficulties, Belaúnde told US officials that he was disillusioned that his government had been unable to deliver the reformist promises made during his campaign.[53]

This disappointment was shared by the Peruvian armed forces, who deposed Belaúnde in October 1968. The new government, self-proclaimed as the "Revolutionary Government of the Armed Forces," had far more ambitious plans than either of its predecessors. Historically, the armed forces had always intervened on behalf of the Peruvian elite, but in the context of the Cold War they realized that supporting Peru's wealthier classes did not promise the same stability that it once had. A new type of thinking developed within the armed forces that would become known as "integral defense." If the country was to be spared from a communist revolution—like the one attempted in eastern Junín, which had had a profound impact on the armed forces—then it was necessary to eliminate the true source of discontent, in other words, underdevelopment. To break the dependent nature of the Peruvian economy, the revolutionary government expropriated large agricultural estates and distributed them among the peasantry in the form of cooperatives. Furthermore, it embarked on an ambitious program of Import Substitution Industrialization (ISI), of which the generation of electric power became an integral part. The cooperative would now have to deal with new realities as the new government sought to establish a non-aligned policy and move closer to the Eastern bloc. US experts slowly began their retreat.

The "revolution" was at first welcomed by the Cooperativa del Centro. By then, the cooperative had 10,000 members and had placed infrastructure in 35 districts in central Junín and come into contact with over 100 communities. Furthermore, the Cooperativa continued to strengthen its transnational links. USAID funds were effectively frozen with the arrival of the military regime, but NRECA, which saw itself as a partner of the cooperative rather than the government, continued to provide technical assistance through its Arkansas and Texas

53. Regarding relations with the United States, in a conversation with Ambassador Jones, Belaúnde expressed his complaints. "Belaúnde said he had only eighteen months left in office. In general, he was pessimistic. He had not had the support of the United States that would have allowed him to take Peru where it had to be." Telegram from the Embassy in Peru to the State Department, February 27, 1968, US National Archives, RG 59: General Records of the Department of State, Central Files 1967–69, DEF 1 Peru.

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members.[54] NRECA hired the US engineering firm Stanley Consultants of Iowa to plan the construction of the grid on the west side of the river. The US consultants worked side by side with the emerging Peruvian consulting and engineering firm Piazza and Valdez, founded by Walter Piazza Tanguis and José F. Valdez Calle.[55]

Despite the impressive numbers, it was evident that the enthusiasm surrounding the Cooperativa had pushed it to grow faster than it could provide electricity to its members. Its services were still limited to the east bank of the river, where its modest Concepción and Ingenio plants were located. The combined output by both plants was not enough to power an area of over 1,000 square kilometers through the 500 km of electric lines that crossed it. Thus, electricity continued to coexist with traditional candles and kerosene lamps. What was needed was a medium-capacity plant on the west bank of the river.

A public appeal was made to the revolutionary government to finish the Huarisca plant, abandoned since the days SOCIMPEX had been active in the valley. The government took control of the project through the Servicios Eléctricos Nacionales (SEN). The SEN was created by Prado as a national entity whose responsibility was to cooperate with private capital to carry out the National Electrification Plan of 1957, but which now seemed to take direct action through the state.

By mid-year, the long-awaited project was underway. The inauguration of the "new" plant was a momentous event. Gen. Jorge Fernández, minister of Energy and Mines, visited Huancayo and was a guest of honor of the cooperative. The minister toured the towns of the valley, where he received a joyous reception. The cooperative took out a full-page ad in the local newspaper welcoming their "fellow cooperative brother, General Jorge Fernández" and the "pioneers of rural electrification of the fatherland" expressed their solidarity with the principles of the Peruvian revolution by "confirming our indefatigable decision to contribute to the accelerated development that is taking place in all sectors of the country."[56]

If the Cooperativa sought the support of the armed forces, the armed forces likewise portrayed the success of the Cooperativa as the success of the revolution they had undertaken. Another ad in *La Voz de Huancayo* depicted a huge electric tower next to a peasant in traditional Andean garb with a raised

54. National Rural Electric Cooperative Association, *Helping Others Help Themselves* (NRECA, 1969).
55. "Cooperativa Eléctrica Comunal del Centro: pasos al progreso," *La Voz de Huancayo*, June 1, 1969.
56. "Hermanos cooperativistas," *La Voz de Huancayo*, June 23, 1970.

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fist. The caption above the ad read "Light comes to the peasants with the revolution." Perhaps more important, the government established a clear link between rural electrification and its program of agrarian reform. Minister Fernández stated in his speech that "it is not enough for the peasant to own the land he works, but this must be complemented with rural electrification not only to foster economic growth, but also to achieve the comfort and happiness that he is entitled to."[57]

Despite this promising start, relations between the military government and the cooperative soured in the following years. In 1972, the government announced that the cooperative would be audited by a new institution in charge of cooperative development over the possible embezzlement of funds provided by the Inter-American Development Bank. The audit carried out by the Oficina Nacional de Desarrollo Cooperativo (ONDECOOP) showed the cracks that had begun to appear in the cooperative as a result of its expansion. The managers of the Cooperativa admitted that there had been some errors in the financial books for the period 1970–71 but stated that these had already been rectified. More telling during the five-hour assembly were the heated exchanges between the Cooperativa and members of ONDECOOP.[58]

Soon afterward it became clear that the origin of the dispute was a request from the cooperative to its members to make a new "social contribution," in other words, to increase their membership payments. The social capital of the cooperative, the directors argued, needed to grow. The leadership of the cooperative argued that the campaign of "lies and defamation" that followed was carried out by members who were denied special privileges and who were encouraged by the regional representative of ONDECOOP. The directors needed to tread carefully regarding this last accusation. The cooperative once again expressed its loyalty to the supreme revolutionary government as a champion of the cooperative movement but denounced its local representative as a sworn enemy of the system. Meanwhile, the audit found some irregularities but did not consider them to be voluntary omissions. By then, the disagreements within the cooperative had become irreconcilable. Five members of the board of directors tendered their resignations, and it became clear that the existing leadership had lost the support of its members.[59]

The future of the cooperative became uncertain that same year, when the revolutionary government passed a new national law of electricity. The law

57. "Luchamos por el bienestar del pueblo," *La Voz de Huancayo*, June 25, 1970.
58. "A nuestros asociados y a la opinión pública," *La Voz de Huancayo*, January 15, 1972.
59. "Cinco horas duró Asamblea de Cooperativa Eléctrica," *La Voz de Huancayo*, January 31, 1972.

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stated that "electric power is present in almost all productive activities, as well as [being] a good that must be available to the collective. The supply of electricity for the public is essential for the economic and social development of the country, and it also constitutes a strategic instrument."[60] Thus, according to the armed forces, electric power was vital to revolutionize the country, and while other sectors of the economy might organize themselves in a cooperative fashion (indeed, the government promoted such an organization) electricity would thenceforth be generated, transmitted, and distributed by the state through a new electric company, ElectroPeru.

It took some time for the members of the cooperative to understand the true consequences of the new legislation. The law would be applied gradually, and the military government assured private companies that it did not mean expropriation. In any case, the government could take no such action until it could provide the region with an adequate supply of electricity, which did not happen until 1973, when the Mantaro hydroelectric plant was inaugurated downstream. Even then, it would take two more years for the government to feel confident enough to nationalize all electric services. In the meantime, with the Mantaro hydroelectric plant in full operation and producing over 1000 MV, the cooperative now had access to an almost unlimited supply of energy. More important, when connected to the Mantaro system, it ceased to be an isolated cooperative in the central Andes; it now became connected to a greater national grid.

In 1975, the Cooperativa had to deal with a more dramatic turn of events. Gen. Juan Velasco Alvarado, the head of the revolutionary government, was displaced by Gen. Francisco Morales Bermúdez. During his last months in office, Velasco had radicalized the policy of the government, amplifying the existing divisions within the armed forces. The arrival of the "moderate" Morales Bermúdez did not signify an immediate change; indeed, during his first months in office Morales announced that the government was still committed to pursuing the path toward "Peruvian socialism." This meant that "old" cooperatives—that is, those that existed before the 1968 coup—were no longer favored. A damning editorial in *La Voz de Huancayo*—which a decade earlier had championed cooperative development as a road to capitalism—now condemned it for the very same reason. "The cooperativism that we know today, be it of products or services, has been left behind by history."[61] Traditional cooperatives were no longer desired; rather, the revolution now required the creation of "social

60. Law No. 19251, September 5, 1972, Biblioteca del Congreso de la República. https://www.congreso.gob.pe/biblioteca/?K=667

61. "Del cooperativismo a la propiedad social," *La Voz de Huancayo*, February 16, 1976.

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property" cooperatives. The traditional capitalist cooperative was a for profit enterprise, and only benefitted those who had acquired shares, thus offering at best only a limited solution to the structural problems of capitalism. In contrast, social property cooperatives were destined to serve the interest of all members of society, not only shareholders. Furthermore, social property cooperatives would increase worker participation when it came to decision making. The Cooperativa del Centro, which predated the revolution, was an obvious target. Created under the NRECA model, it was inevitably associated with the most capitalist of countries.

This association between socialism and cooperativism was resented by many of the people who worked in the cooperative. Luis Carlos Arroyo, a young engineer from Huancayo who had graduated from the Universidad del Centro, considered the association to be detrimental to the cooperative movement in general, a reality that became more evident when the military "experiment" came to an end. Faithfully carrying a copy of NRECA president Clyde Ellis's *A Giant Step*, Arroyo made it clear that he identified with the original values of the cooperative—no doubt reinforced by his training stint in Arkansas—and resented the intromission of the government, which he claimed, "had no idea of what we were doing here most of the time."[62]

In 1976, relations between the government and the cooperative reached a sour conclusion. A loan of 53 million soles had been given to the Cooperativa to expand its activities, yet it had been unable to expand those activities or to repay the loan. It remains unclear where these funds came from, as the loans given during the Belaúnde government were due in 35 years. While in the early years of the revolution the government might have been lenient toward the cooperative, it would be lenient no longer, as the revolution was becoming radicalized. That same year, the government canceled the territorial concession given to the cooperative and demanded that all of its infrastructure be handed over.

The cooperative did not wish to be absorbed by the government. Indeed, during the general assembly of 1976, both its directors and its members objected to the government's actions. When it came to terms with the expropriation, the Cooperativa sought to find another reason for its existence. Plans for entering the cement business, or becoming involved in the fertilizer industry, or perhaps (in a nostalgic note) continuing to be in charge of the construction of wooden posts, were considered. None of these alternatives came to pass, and the cooperative silently faded away.

62. Luis Carlos Arroyo in interview with author. Lima, February 12, 2019.

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CONCLUSION

By 1979, the Peruvian armed forces had returned to the barracks, and in 1981 Belaúnde returned to power after winning the election the previous year. After the so-called military revolution, there was not left much to reform, and Belaúnde would undo many of the radical changes that had been pursued by the armed forces. Cooperatives were dismantled and turned into public limited companies. Once hailed as pillars of communal capitalist development, the association of cooperatives with the military government and their "socialist" overtones proved to be detrimental in subsequent years. Furthermore, the electricity sector was privatized, signaling the arrival of neoliberalism in Peru. All that remained was a law passed by Belaúnde that celebrated the "National Day of Rural Electrification." The date was November 22, the day that the cooperative had come into existence.

The Cooperativa Eléctrica Comunal del Centro Ltda. 127 represented a moment in Peruvian history of belief that the search for social and economic development could be achieved by the creation of a hybrid discourse that merged Peruvian traditional practices with capitalist organizational models, and not solely by the wholesale importation of modernization blueprints from the First World. Such discourse found acceptance not only among regional and national intellectuals, but also in US foreign aid agencies, which considered collaboration and investment in Indian communities to be compatible with cooperative development. However, given the ambiguous ideological interpretations regarding cooperativism, the association of early cooperatives with capitalism proved to be detrimental in the volatile political context of Peru's Cold War.

Despite its troubled history, the cooperative successfully electrified over 100 population centers in the Mantaro Valley. And while dreams of industrial development remained elusive, the inhabitants of the region eventually became part of a larger national system that connected them with rest of the country. This integration via electric power infrastructure, however, was characterized by political conflict and tension—both domestic and international—highlighting the politicized nature of Peruvian electrification.

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