The 1934 Southern Railway Strike in Peru

PAULO DRINOT
St Antony's College, Oxford, UK

This article examines the 1934 Southern Railway Strike, a largely neglected yet important episode in Peruvian labour history. The strike, which pitted the British-owned Peruvian Corporation and its workforce, resulted in victory for the company. Drawing on a variety of original primary sources, I examine the factors that shaped the development and outcome of the strike. I pay particular attention to the strategies developed by the company managers to defeat the workers. The success of these strategies, I suggest, owed in no small measure to the volatile political situation created by the insurgency tactics of APRA and the Communist Party, which made victory for the workers politically impossible.

Keywords: Industrial relations, labour, business, populism, nationalism, informal imperialism.

Although largely ignored by Peruvian labour historiography, the 1934 Southern Railway dispute was, after the 1931 general strike, arguably the second most important industrial dispute in the 1930s. The dispute lasted between April and August 1934, though its origins are traceable to late 1933 and the dispute’s aftershocks were felt well into 1935. Arequipa was the epicentre of the dispute, but Mollendo, Puno and Cuzco, and to a lesser extent Lima and Trujillo were all shaken. Though essentially a railway dispute, both white-collar and blue-collar workers from a number of industries became directly involved. The ‘immediate’ causes of the dispute were unremarkable. As in other industries, the workers of the Southern Railway, owned by the Peruvian Corporation, a British company,
believed they had been made to bear the brunt of the world slump. As the southern economy began to recover, workers could not fail to notice the increased activity in the rail shops and on the tracks. Joined in a single strike committee, white and blue collar workers demanded a part of the new prosperity. Taken to arbitration, the dispute ended with a ruling on 17 May 1934 that was highly favourable to the workers. However, little over a year later, the railway company had succeeded in replacing the ruling with a compensation of 200,000 soles, which it then used to divide the workforce. The joint committee was disbanded and most of union leadership shipped off to jails in Lima. The company then created new unions to rival the white and blue collar unions and effectively neutralised militancy among its workforce.

This paper concentrates on the factors – the economic and (local and national) political context – that shaped the strike and on the strategies employed by the Peruvian Corporation during and after the dispute, which helped defeat the workers. I draw on a number of sources, culled from archives in Arequipa, Lima, and London. Unfortunately, these sources say little about the relationship between the union leadership and the rank and file. The dynamics of decision-making within the unions can only be hinted at from available sources. On the other hand, other types of documents make it possible to examine other no less important questions. The documents of the arbitration tribunal, which consist of the workers’ pliego de reclamos (list of grievances), letters from the opposing parties and the tribunal’s rulings, are invaluable windows onto the negotiations that took place between the workers’ representatives, the company, and their lawyers. Reports from police spies who infiltrated union sessions offer us a glimpse of how the unions attempted to deal with pressures exercised by the radical political parties that were formed in this period. Most important perhaps, internal company documentation and reports from the British minister in Lima to the Foreign Office give us an insight into how the company viewed the strike, its own workforce, and the Peruvian state, and how it developed a series of strategies to confront the striking workers.

Given the strategic importance of railways in Latin America in the export age and the fact that many were foreign-owned, the study of railway disputes, such as the 1934 Southern Railway strike in Peru, offers a privileged perspective on a series of key issues in early twentieth century Latin American history. First, this article contributes to interpretations of how labour disputes in the 1930s shaped politics and industrial relations in Latin America. In the case of Peru, the 1930s

---

3 When I visited Arequipa in 1998, I was unable to find the archive of the Southern Railway. Flores Galindo (1993: 301) suggests that it may have been lost. The ENAFER archive in Lima contains information on the Central Railway workforce, but not on the Southern Railway’s. Although I visited the offices of the white-collar railway confederation in Arequipa, I never found anyone there who could give me information on the union’s activities.

4 Recent studies of railway disputes in Latin America, include Bak (1998) and the chapters by Andrea Spears, Marc Christian McLeod and María Celina Tuozzo in Brown (1997).
saw the creation of a new form of politics, populism, which brought organised labour into the political arena and tied workers (or more vaguely ‘the masses’) to charismatic leaders (Stein, 1980). In the process, the relations between labour and the state, on the one hand, and unions and the new political parties, on the other, were redefined. Labour disputes now transcended the domain of industrial relations and became a key arena of political contestation. As the 1934 Southern Railway strike shows, the actions of both the workers and the company’s managers, and the outcome of the dispute, were shaped by this new political context.

Second, the article also contributes to the growing literature on how foreign companies in Latin America came to terms with nationalism from the 1930s onwards (Brown 1997; O’Brien 1996). In the case of Peru, O’Brien has argued that a series of disputes between workers and US-owned companies in the 1930s were defined by nationalism, which ‘legitimized the struggles of the popular forces and enabled them to form alliances with an array of national political movements, including Aprismo and Sánchez Cerrismo. Despite the repression of the early 1930s, their struggle defined the course of popular resistance within the national political process for the next three decades’ (O’Brien, 1996: 158). As I will show, nationalism played a key role in the 1934 Southern Railway strike. Widespread and cross-class support for the strike was a direct consequence of anti-Peruvian Corporation feelings fuelled by nationalist sentiments. The railway workers proved adept at garnering these sentiments to their cause. However, as the political consequences of a workers’ victory in the strike began to dawn on the nationalist backers of the strike, the cross-class alliance was promptly abandoned.

Finally, the strike provides an insight into British business and government relations in Latin America. Recent studies (Miller 1993; Dávila and Miller 1999) have tried to go beyond the arguments that fed the debates on informal imperialism and dependency, and to examine the relations between British business and Latin America in a new light, drawing on sources that had previously been largely neglected or improperly researched and new theoretical and methodological perspectives. What emerges from these approaches is the need to broaden the scope of analysis beyond interpretations that hone in on political and economic control and neglect the cultural dimensions of informal imperial relations. The availability of company documents makes it possible to examine up-close the perspectives and strategies of the Peruvian Corporation’s managers during the strike. In providing an insight into how the company’s

---

5 To some extent O’Brien’s argument echoes Bergquist’s suggestion that ‘workers, especially those engaged in production for export, have played a determining role in the modern history of Latin American societies. Their struggle for material well-being and control over their own lives has fundamentally altered the direction of national political evolution and the pattern of economic development in the countries of the region’ (1986: [vii]).

6 On this issue the literature on US-Latin American relations has made far greater inroads. See Joseph, LeGrand and Salvatore (1998).
managers perceived and dealt with the Peruvian government, nationalist critics or militant workers, the study of the 1934 Southern Railway strike can help us better understand the mentalities of historical actors, who, through their actions as representatives of a company that was perceived as the embodiment of British economic imperialism in Peru, played a key role in shaping populist and nationalist politics in the 1930s.

The Southern Railway was owned and operated by the Peruvian Corporation, a British company, and arguably the most important British enterprise in Peru, which also owned and ran Peru’s most important railway, the Central Railway, as well as other minor railways. The Peruvian Corporation’s railways served a key strategic role; they ferried two of Peru’s major export commodities – copper and wool – from the central and southern highlands to the ports of Callao and Mollendo. The construction of the Southern Railway, which was built largely by imported labour, began in the late 1860s under the supervision of railway entrepreneur Enrique Meiggs and was funded by the Peruvian government. In 1871 the line between Mollendo, just south of the port of Islay, and Arequipa was completed. Two years later, the railway reached Puno, on the shores of Lake Titicaca, from where boat services could be used to reach Bolivia. The War of the Pacific (1879–1884) slowed progress. However, the railway finally reached Cuzco in 1908. As a whole, the railway, which at two points rises above 14,000 feet, covered over 500 route miles of track (Fawcett, 1963: 147–53).

It is important to put into perspective the economic power that the Southern Railway wielded in the south. According to Flores Galindo (1993: 337–38), the railway “brought imperialism to the south”, but, he goes on to stress, this was a mild form of imperialism compared to that which developed on the sugar plantations on the northern coast, the copper mines in the central highlands and the oil fields in the far north. Like most railways in Peru, the Southern Railway was built largely ahead of demand. As Jacobsen (1993: 182–5) has noted, the railway was built to create its own business, by reducing transport costs and stimulating regional trade growth. However, these expectations were dashed: trade failed to grow significantly and the railway was unable to undermine traditional modes of transport, mule and llama trains, for local export goods, particularly wool. Indeed, since transport costs represented only a marginal part of the total cost of wool, about 15 percent, the shift from mule and llama transport to the railway represented only a small saving for wool producers. As late as the 1920s, llama or mule trains were carrying as much as 20 to 25 percent of exported wool from the Altiplano to Arequipa. In 1932, only 7.4 percent of the Southern Railway’s total freight income came from wool. In order to survive in such a market, the Peruvian Corporation reduced its operation to a bare minimum. Only one passenger train a day travelled between Arequipa and Mollendo, and only two a week between Mollendo and Puno. Freight trains were just as rare and largely dependent on demand. Not surprisingly, whenever an increase in trade occurred, transport bottlenecks soon developed.7

7 On the impact of the Central Railway on the local and national economy, see Miller (1976b) and Deustua (2000).
The Peruvian Corporation’s unpopularity is a key factor in understanding the forces at play in the 1934 strike. Much of the animosity towards the Peruvian Corporation was a product of the company’s genesis. The existence of the Peruvian Corporation was intimately linked to Peru’s disastrous participation in the War of the Pacific, a source of severe national humiliation. The economic bankruptcy that resulted from the war had forced President Andrés Avelino Cáceres to sign the Grace contract (1890), which handed over control of state-owned railways and other assets (including guano export revenues), to British bondholders in exchange for a return to international creditworthiness. The Peruvian Corporation was created to represent the interests of the bondholders and manage the assets, including the railways. Though originally ceded for a limited number of years, in 1928 the Leguía government handed over the railways in perpetuity to the Peruvian Corporation (Miller, 1976a, 1977, 1983). Critics of the Peruvian Corporation included young radical thinkers like José Carlos Mariátegui and Víctor Raúl Haya de la Torre, who viewed the company and foreign business in Peru in general, as an obstacle to the development of the Peruvian economy. However, crucially, Peruvian merchants and landowners, as well as politicians, were equally critical of the company (Miller, 2000: 395). The most vocal of these critics were from the south.

The tensions between the Peruvian Corporation and economic actors in the south resulted from conflicting views and strategies of local development. As noted earlier, the railway’s profitability depended on an intensification of trade volumes. The company sought to pursue attempts by some local hacendados to capitalise and modernise wool production. However, in the 1920s, falling wool prices, indigenous resistance, and misgivings among local merchants and hacendados about the company’s attempts to monopolise the wool trade combined to undermine the Peruvian Corporation’s projects such as the experimental Chuquibambilla farm in Puno and a wool syndicate (Bertram 1977). The growing animosity between the company and local economic actors was expressed in the vocal criticisms of the rates charged by the Peruvian Corporation. At a meeting of the five major southern chambers of commerce in 1932, for example, the high freight rates were blamed for holding back the development of the region (Caravedo Molinari and Vellinga, 1989: 167). Local traders and wool producers in the south complained that the Peruvian Corporation’s rates favoured imports and Bolivian goods; that the company increased its rates at will; and that by charging both freight and passenger services in sterling, or, to be precise, at the corresponding exchange rate, it extorted local users (Flores Galindo, 1993: 338). Arguably, the impact of the recargo, as the surcharge that arose from the indexation of rates to sterling was called, on the Peruvian economy was negative on two counts. On the one hand, since it invariably reflected in the increased price of goods transported on the railways, the surcharge contributed to the higher cost of basic necessities,

8 Thorp and Bertram (1978: 30) estimate that the transfer of guano export earnings to the Peruvian Corporation cut fiscal income by half.
particularly in those areas where the railway functioned as the main provider of goods. On the other hand, the surcharge meant that Peruvian exports became dearer.

Most of the criticisms aimed at the Peruvian Corporation were framed in a nationalist rhetoric. In 1923, J. M. Polar noted that: ‘the Peruvian Corporation is an anti-economic factor for Arequipa and the whole of Peru. It represents foreign-based capital and it absorbs large sums that never return . . . In order for industry to result in wealth, its capital must be based in Peru’. A couple of years later, deputy J. Alfonso Delgado Vivanco argued that: ‘in my country [tierra], it is commonly accepted that the Peruvian [Corporation] is the fourth power of the State and that no one can tame it, that its whims always come first’. In the 1930s, the company’s strong links to the deposed Leguía dictatorship, which, many observers believed, had sold the country to foreign speculators, helped fuel anti-Peruvian Corporation sentiments framed in a discourse of nationalism (Miller 1995: 38). However, as Burga and Reategui (1981: 54) suggest, nationalist sentiments expressed against the Peruvian Corporation were often simply a strategy to force the company to make concessions in its rates in order to gain a greater profit margin. Nevertheless, the animosity towards the company shamed successive government’s policy towards it. As Miller (2000: 401–2) notes, ‘provincial interests in a political system dominated by Congress contributed to conflicts because attacks on foreign companies could place a weak government under pressure’. As a consequence, ‘governments […] wavered between assuaging domestic political feeling and obtaining access to the foreign funds which an agreement with British companies might encourage’ (Miller, 2000: 402).

However, despite the many criticisms that were raised against it, the Peruvian Corporation was never particularly profitable and in the first three decades of the twentieth century it faced numerous problems. In particular, after the First World War, the company was forced to apply to the government to increase tariffs, as wage and price inflation pushed the railways against the upper limit of their agreed tariffs. In the 1920s, with the devaluation of the Peruvian pound, the company was rocked by an increase of the cost of imported supplies and a fall in the sterling value of receipts. In the 1930s, it had to face growing competition from road transport, a declining exchange rate and labour unrest (Miller, 2000: 403). The impact of the competition from road transport cannot be overestimated. Between 1926 and 1940, road infrastructure increased by 250 percent, with two thirds of the growth registered in the south

---

10 AGN/MI/259/Diputados, Camara de Diputados to Ministro de Gobierno, 17 January 1925.
11 As Deustua and Renique (1984) show, local anti-Leguía sentiments contributed to the emergence of a descentralist movement in the south, with economic nationalist overtones.
12 During the first sixty years of the corporation’s existence, Peruvian Corporation ordinary shares never paid a single dividend. See Rippy (1959: 131).
of the country. In Arequipa alone, road kilometres increased from 1,404 in 1929 to 2,517 in 1940, while the number of total vehicles and trucks rose from 240 and 83 to 928 and 462 between 1928 and 1938 (Caravedo Molinari, 1978: 26–7). There are no studies of the impact of truck transport on the Southern Railway in the 1930s. However, as Fiona Wilson (1987) has shown, truck transport in the central highlands posed a real challenge to the Central Railway from the mid-1930s: on one route, competition from truck transport led to a 36 percent fall in revenue for the railway. It is likely that the development of truck transport in the south had a similar effect.

Labour relations on both the Central and Southern Railways have received only cursory attention from scholars. The Peruvian Corporation employed a diverse workforce composed of blue-collar and white-collar workers. In 1936, the blue-collar workforce accounted for 3,500 of the 5,200 staff employed by the Peruvian Corporation. It was composed of very different types of workers. Two broad groups are identifiable. One group consisted of the workers who repaired and refitted, and sometimes built, locomotives and freight and passenger cars. These workers were stationed at railway shops and roundhouses. They included carmen, boilermakers, mechanics, electricians, and blacksmiths. The second group of workers consisted of, on the one hand, train workers – drivers, conductors, brakemen and firemen – and on the other the track workers. The smaller, but equally diverse, white-collar workforce consisted of clerical staff, telegraph operators, stationmasters and managers. However, the white-collar workforce was divided by nationality, with foreigners, mostly British and US citizens, occupying the top positions. Foreign managers earned on average a little under ten times as much as Peruvian white-collar workers. In 1932, the company had 44 foreign employees earning a total 45,583 soles and 1048 Peruvian employees earning 142,427 soles. In other words, foreign employees earned 1036 soles on average, whereas Peruvian employees earned an average 135 soles per month.

White and blue collar workers were divided by different status and wage levels and by very different working conditions. A perusal of the Peruvian Corporation’s photograph collection reveals that blue-collar workers on the Central Railway were housed in shoddy, badly built houses, often with no windows. White-collar workers’ quarters, by contrast, were of much higher quality. The distinction between white and blue-collar workers was a reflection of the general obrero/empleado divide in Peruvian society and law. In 1924, the Leguía government introduced the Ley del Empleado (Law 4916), which granted

---

13 Jacobsen (1993: 185–6) notes that by the 1920s the department of Puno had the largest road network in the whole country, but hardly any vehicles to make use of it.
14 PC/B3/60, PC Lima to Cecil, 19 June 1936.
15 Unfortunately, available sources do not provide information on the railway workers’ backgrounds. As such, key questions about the workers’ links to local society or their employment or organisational strategies can only partially be addressed.
16 PC/B3/43, Total staff, 25 April 1932.
17 PC/P4/1, Several photographs, pp. 63–8, 83.
empleados a number of benefits including a pension, paid holidays, an indemnity (compensation for years of service) equivalent to two week’s salary for each year of employment, a life insurance policy provided and paid entirely by the employer and ample disability benefits. No equivalent Ley del Obrero existed. However, the social and cultural differentiation between empleados and obreros went far beyond anything that could be set down in law. As Parker (1998) has shown, becoming an empleado meant joining the better half of Peruvian society, the gente decente. According to Parker, ‘moral’ categories, rather than wealth or income, distinguished the gente decente from the gente del pueblo, though, clearly, ‘respectability depended upon the proper lifestyle and lifestyles did not come cheap’ (1998: 29). Perhaps crucially, decency was a flexible concept; to achieve it a certain ‘culture’ had to be adopted. Though difficult, doing so brought a number of benefits, such as a rise in social status but also racial ‘improvement’. As Parker notes, ‘employees may have been physically lighter-skinned than the average Peruvian, but they were also classified as whites because they were empleados’ (1998: 42).

The distinctions between empleados and obreros highlighted by Parker, based on wages, status and (largely constructed) racial categories, are confirmed by Brian Fawcett, a Central Railway engineer:

There exists a social demarcation between Obreros and Empleados (literally, ‘Workers’ and ‘Employees’) (sic), the difference being payment on a daily and monthly basis respectively. At the outer extremities of each class are complete racial differences, but in the middle each overlap. Speaking broadly, it might be said that the indigene (sic) predominates in the obrero and the Iberian in the empleado, and it is the latter class that mans the offices, the stations, [and] the dispatchers’ desks (Fawcett, 1963: 76–77).

The mestizo, Fawcett stressed, was a better class of worker than the Indian, ‘but his character really depends on the predominating blood in his veins’ (Fawcett, 1963: 76). However, greater militancy was one obvious down side to employing mestizos: ‘Mentally brighter than the cholo of the mountains, the mestizo of the coast is generally at the bottom of labour disputes’ (Fawcett, 1963: 76). Indians, meanwhile, were employed in the ‘lowliest of Andean railroad labours . . . [Their] particular provinces are the track gangs, the freight sheds, the roundhouse pits – wherever the work may be hard, dirty and monotonous’ (Fawcett, 1963: 75).18 Arguably, the existence of deep distinctions in skills, racial backgrounds and standards of living between empleados and obreros, in addition to distinctions among each group, points to the significance of the joint committee of obreros and empleados in the context of the 1934 strike.19

18 According to Fawcett (1963: 76), Indians were particularly suited to this nature of work, so long as abundant quantities of coca and alcohol were provided.
19 Distinctions among the obreros were vast, with train workers earning considerably higher wages than track workers. Moreover, though hard evidence is unavailable, it is
The 1934 Southern Railway Strike in Peru

 Strikes on both the Central and Southern railways were common, beginning as early as 1892. In the late 1900s, the Central Railway workers struck on several occasions to resist the implementation of a pay by mileage scheme, but failed. Some of these strikes turned violent. In 1902 a strike on the Southern Railway left two men and a woman dead when troops fired on the strikers (Blanchard, 1982: 66–9, 180 fn 14; Miller, 2000: 403–4). The labour unrest of 1918–1919 resulted in the establishment of collective work contracts between the Peruvian Corporation and its workers. Workers were granted wage increases, ranging from 10 to 25 percent, and double pay on weekends and one and a half day’s pay on holidays. In addition, the contracts obliged the company to undertake a number of health and safety improvements, and to provide living quarters of better quality.20 As a result of the collective contracts, wage payments on the Central Railway, amounting to 28 percent of gross receipts in 1918, rose to 37 percent in 1921 (Miller, 1976b). In the early 1930s, disputes on both railways erupted when the company, faced with dwindling receipts, tried to reduce the working week, cut wages and fire workers. In late 1931 workers on the Southern Railway won a dispute, which was taken to arbitration, following an attempt by the management to reduce the working week by four hours.21 However, as often occurs with industrial disputes in Latin America, the victory was short-lived. In February 1932, following negotiations between the Southern Railway and the union, the dismissal of 60 workers was averted. In exchange, the working week was reduced to 39 hours.22 In May, however, 85 workers were dismissed.23

Before turning to the 1934 dispute itself, it is important to note that the strike, which began on 21 April, occurred in very particular political and economic context. The collapse of the Leguía regime in 1930 coincided with the world depression. The impact of the world slump on Peru was severe. Between 1929 and 1932, real GDP (1941 = 100) fell from 84 to 65, while total exports fell from US$134 to US$38 million, a 68 percent drop. In this economic context, radical political parties claiming to represent the working class, namely the Peruvian Communist Party and APRA, emerged and thrust organised labour unto the political arena. Beginning in late 1930, a series of major strikes, including a general strike in May 1931, rocked the country. Both parties fought hard among themselves to woo the unions to their cause. The Communist Party put its efforts in radicalising and politicising worker demands, prompted in most cases by employers’ attempts to adjust to the circumstances created by the slump. APRA,

likely that many track workers were monolingual Quechua speakers, adding yet another marker of distinction to the workforce.


22 El Comercio, 5 and 14 February 1932.

23 El Comercio, 10, 13, 25, 27 May 1932.
meanwhile, adopted a more moderate stance, hoping to attract a broader constituency. However, following the 1931 elections, which APRA narrowly lost to Luis M. Sánchez Cerro, a military strongman who in late 1930 had deposed President Augusto Leguía (1919–1930), the party joined the Communists in espousing insurrectionary tactics. Following the 1932 Trujillo revolt, however, the Sánchez Cerro government cracked down firmly on both parties and on labour organisations. The political instability culminated in the assassination of Sánchez Cerro in early 1933 (Stein, 1980).

By 1934, the economic and political situation had changed. The economy was improving. Following the default on the international debt in 1932, Peru’s economy recovered relatively quickly, spurred by export growth in cotton, which, thanks to a very high returned value and powerful income effects, had strong multiplier effects in the economy. By 1934, Peru’s GDP had recovered its 1929 level (Thorp and Bertram 1978: 151–4). The export of sheep and alpaca wool, the south’s main export commodity, was only briefly affected by the slump. Exports by value fell from 2.6 million dollars in 1929 to 1 million in 1932, but then recovered to 2 million in 1934 (Portocarrero, Beltrán and Romero, 1992: 137). The economic recovery coincided with a political opening, which lasted from mid 1933 until late 1934. General Oscar Benavides, who took power following the assassination of Sánchez Cerro, tried to move away from his predecessor’s confrontational tactics. He adopted a policy of ‘Paz y Concordia’ and amnestied political opponents from the APRA and Communist parties, including the APRA leader Víctor Raúl Haya de la Torre. It is possible that Benavides genuinely believed that some accommodation with APRA could be reached and that the political opening was an overture to Haya de la Torre. However, most observers agreed that the opening owed much to the fact that a sense of national unity had to be projected as a result of the border conflict with Colombia over Leticia (St John, 1992: 176–178). The political opening was shut in late 1934, when APRA, sensing that Benavides had no intention of calling new elections (which he originally promised), began a series of political strikes, which provoked a wave of repression (Anderle, 1985: 280–290).

Developments at the national level help explain trade union politics in Arequipa, where the Southern Railway unions were based. Despite the political opening, the trade union movement had to negotiate a tense political situation. The Southern Railway workers were organised in two separate unions: one for obreros, the Confederación Ferrocarrilera Obrera del Sur, set up in 1919, and which was a member of the Unión Sindical Obrera de Arequipa (USOA), the local obrero confederation, and the other for empleados, the Confederación de Empleados de los Ferrocarriles del Sur, set up in 1927, and which was a member of the empleado confederation, the Federación de Empleados de Comercio e Industrias de Arequipa (FECIA). In May 1931 the police had disbanded the

24 In addition to the two unions, a Sociedad Fraternal de Empleados y Obreros del Ferrocarril Central continued to operate in the 1930s. It was set up in the late nineteenth century, and is likely to have been a mutual-aid organisation, though its
The 1934 Southern Railway Strike in Peru

Federación Obrera Local de Arequipa (FOLA), the Arequipa labour confederation, on the grounds that it was a communist organisation, and shipped its leadership to jails in Lima. In the new climate of political opening following the inauguration of Benavides as president, Arequipa obrero and empleado unions started to reorganise. However, the issues that arose during the reorganisation indicate that most workers viewed the political climate as inherently unstable: political infighting in 1931 had contributed to divisions within the labour movement and had invited repression. As such, if the reorganisation was to have any chance of success, the labour movement would have to avoid the interference of political parties.

The Arequipa obrero unions set up the USOA in late 1933. To avoid both infighting and police repression, the USOA leadership repeatedly stressed the non-political character of the organisation. A motion to nominate a number of workers to a new Provincial Council was voted down on the grounds that the USOA had an ‘apolitical character’ and ‘taking into account the fact that the [USOA] does not support any political ideology or party, thus avoiding any such accusations, as happened when the USOA committee had dealings with the Council’.  

However, political tensions within the USOA were not easily suppressed. To judge from police reports, several Apristas and Communists within the USOA tried to steer union policy to coincide with that of their parties. As reports by police spies show, such attempts met with resistance within the USOA. In early December 1933, the print workers’ delegate to the USOA, a certain Carpio, warned that ‘politics if being discussed in the worker organisations’. He argued that an Aprista urban guard had been created in Chucarapi, where the USOA had been organising a rural union, and that Tomás Alcocer, a member of the USOA executive, had tried to convince the Sindicato de Trabajadores de la Fábrica Cometa to become an Aprista union. In turn, Alcocer accused Carpio of sympathising with communism. Patricio Velarde accused Max Stein, another USOA executive member, of having turned the Club Tranelec, the tramway workers’ union, into an Aprista union. A certain Valdivia, identified by the police spy as a Sanchezcerrista tailor, reminded the delegates that ‘there should be no politics of any kind within the USOA’.

News of political wrangling in the USOA created deep concern within the Arequipa unions. Following the debates recounted above, the Sociedad de Socorros Mutuos and the taxi drivers’ union agreed to recall their delegates if another ‘political incident’ occurred. Because of these tensions, it is not

role or relationship to the other unions is unclear. It played no role in the disputes of the 1930s. See Colque Valladares (1976: 15).

25 ADA/110, Oficial Jefe de la Brigada to Sargento Mayor, 24 November 1933.
26 ADA/110, Oficial Jefe de la Brigada to Sargento Mayor, and El Vigilante de Investigación to Oficial Segundo del Cuerpo de Investigaciones e Vigilancia, 10 December 1933.
27 Ibid.
28 ADA/110, Oficial Jefe de la Brigada to Sargento Mayor, 15 and 16 December 1933.
entirely surprising that the railway workers, or more likely their leaders, tried to keep party politics out of the dispute. At the beginning of the 1934 dispute, the USOA had attempted to wrest control of the dispute from the Joint Committee, in order to try to bring about a general strike. According to its statutes, the USOA was entitled to assume control of strikes that involved member unions. Enrique Chávez Rivero, president of the railway strike committee, criticised the USOA, claiming that ‘the attitude of the USOA workers has a political character and this we must condemn’. The rift was settled but a precedent had been set: the railway workers would not hand over the direction of the strike easily. The rejection of political interference within the union movement generally and the railway unions in particular was clearly intended to avoid repression (as noted above, police spies were present in most union meetings). But perhaps they can also be read as evidence that the railway union leadership, aware of the varied political sympathies of the union members, saw party politics as divisive. For the strike to succeed, union discipline had to be maintained and in order to do so, political sympathies needed to be suppressed. Though the political opening gave the railway unions greater scope for action, and may explain the timing of the strike, the fear of repression and the tensions within the trade union movement shaped and constrained their actions during the strike.

According to the Peruvian Corporation, the dispute that escalated into the 1934 strike dated back to late 1933. A May 1934 memorandum written by the British minister ‘in collaboration with Colonel F. C. C. Balfour, the [Peruvian] Corporation’s representative in Lima’, noted:

The beginning of the trouble dates back to the latter months of 1933. The Chief Engineer of the Railway at that time was Mr G. Waters who had served fifteen years in Peru with an excellent record. The manner in which he drew attention to certain abuses in the Traffic Department was resented by the men. At the suggestion of political agitators then in Southern Peru they seized on a disagreement between Mrs Waters and her gardener in the employ of the railway to make trouble. They alleged that Mrs Waters had insulted the gardener and the Peruvian nation and that Waters’ action in dismissing him was unjustified. After a certain amount of argument the matter was settled by the Peruvian Government summoning

29 ADA/110, El investigador de servicio al Jefe de la Sección de Investigaciones, 1 December 1933.
30 Even following the strike, the unions insisted on the apolitical character of their functions. In December 1934, the Prefect claimed that politics was being discussed in the CFOS and that the union had ‘agitators’ and ‘clandestine groups’. He demanded reports on the union’s sessions. As the police reports noted, workers were quick to respond to the accusations of militancy, repeating time and again that they were not involved in politics and that the reports by demanded by the Prefect were unnecessary since police spies were present in every session. ADA/115, Jefe de Investigaciones to Sargento Mayor, 21 December 1934.
The 1934 Southern Railway Strike in Peru

Waters to Lima for an enquiry, which was, in fact, never held. He did not, however, return to Arequipa.31 According to dispatches from late 1933, the previous British minister had concluded that the ‘labour agitators’ were in all likelihood APRA militants.32 However, the ‘real trouble’, as the British minister argued, only started when empleados and obreros formed a joint committee, the Comité Ejecutivo de Trabajadores Ferroviarios, to negotiate the implementation of Law 7505, the holiday law.33 The ‘moving spirit’ of the committee, the British minister noted, was an empleado, a telegrapher named Teodosio Segura. From company documents, it appears that Segura was one of the more vocal participants in the Waters’ affair. It is likely that his role in that dispute earned him the respect of both empleados and obreros. When time came to discuss Law 7505, a law, which, unlike most labour legislation, affected both empleados and obreros, Segura was a natural choice to lead the Joint Committee. However, though those negotiations were now over, the Committee remained in place, to the company’s annoyance. The dismissal of Teodosio Segura in April 1934 was intended to decapitate the Comité Ejecutivo, which the company held responsible for the growing unrest on the railway. However, the dismissal sparked the dispute.

The workers’ grievances can be read as an expression of the workers’ moral economy and as an attempt to gain a greater degree of ‘workers’ control’, understood as ‘the struggle of workers on the shop floor to gain sufficient command of the work progress to bring dignity to their proletarian lives’, during an upswing in the business cycle (Brown, 1997b: 11). As appendages to its protests for the unfair dismissal of Segura, the Comité Ejecutivo took the opportunity to present, on 17 April 1934, a 39 point pliego de reclamos and, as required by law, issued a 72-hour strike notice. They added two additional pliegos, on 18 and 25 April.34 The demands concerned wages and working hours.

31 FO 371/17547, Forbes to Simon, 18 May 1934; ‘Memorandum: Strike of Employés and Workmen on the Southern Railway of Peru’.
32 ‘Aprista delegates are known to have travelled South to Arequipa at this time and it is the general opinion among local residents that they were in the background fomenting trouble but no proof of this is available as yet’. FO 371/17547, Wilson to Simon, 11 December 1933. According to Colque Valladares (1976: 32 fn 1), Arturo Sabroso, a textile worker from Lima and an APRA labour organiser was active in the Valle de Tambo near Arequipa in 1933.
33 See El Comercio, 16 August 1933. Law 7505 included two major provisions. Industrial and commercial establishments were obliged to employ a workforce made up 80 percent of Peruvians. These workers were to receive 80 percent of total wages and salaries. In addition, the law established a fifteen-day holiday for blue-collar workers. The law was decreed in April 1932, but subsequently amended on several occasions and implemented very imperfectly, including by the Peruvian Corporation. However, a number of disputes, particularly in the textile mills, arose during its implementation.
34 The first pliego began with the demand that Teodosio Segura be reinstated. According to the pliego, Segura, who was the President of the empleado railway union, had been dismissed in retaliation for his role in the Waters affair. The company’s claim that Segura had been fired in accordance with the directives set down in the Empleado law...
Paulo Drinot

as well as issues related to health and safety. For example, the workers demanded that the company refurbish their living quarters, that it build toilets in the stations, and that it provide protective equipment. But the demands also concerned how work was organised, how promotions were decided, and what workers could do when there was no work to be done. The workers demanded that whenever a worker was promoted to a superior position, that worker would always receive the wages of the worker he replaced. They also requested that the company allow its workers and their families to set up small businesses as long as they did not interfere with their work, that workers injured on the job should be found other occupations in the company, and that whenever promotions were decided, the seniority of the workers be taken into consideration.

In both the pliegos and other documents, the inherent justice of the demands was underlined: the higher traffic on the railways and, therefore, the higher profits, the workers stressed, justified their demands. Significantly, the workers demanded that their wages be indexed to sterling, pointing out that given that the company drew benefit from the surcharge on both freight and passenger rates, it was natural and just for workers’ wages to also benefit from the surcharge. Arguably, by inserting the surcharge issue into their demands, the workers effectively assimilated the broader nationalist critique of the company. However, the demands also point to the potential for internecine struggle that characterized union politics throughout this period.35 The demands were divided into groups, some referring to empleados and others to obreros, and yet others to both types of workers. This was to be expected, since empleados and obreros were subject to different salary structures and laws. But the different demands also reaffirmed the fact that each group of workers ultimately had different concerns. The fact that, as I have argued, empleados and obreros were also divided by race and status served only to underline the potential for internal strife. In light of this, the question was whether the solidarity between empleados and obreros could be sustained for long.

Although tensions no doubt existed between the different types of railway workers, at the start of the dispute the alliance between empleados and obreros served both groups well. Thanks to the adherence of both the USOA and the FECIA, and of most its member unions, and of most trade unions in Cuzco, the strike, which began on 21 April, brought the whole of southern Peru to a standstill.36 The fact that

---

35 See, for example, Brown (1997c: 52–3).
36 In Arequipa only the theatres and cinemas remained opened. Though meat vendors joined the strike, the markets were later opened and the supply of water and electricity was dismissed. This was not a personal or individual matter, but one of ‘social [and] collective importance’. However, this demand was later dropped when the government ordered the company to reinstate Segura. See AGN/MF/RC/9:161, Pliego de reclamos, 17 April 1934; Pliego adicional de reclamos, 18 April 1934, Pliego adicional de reclamos (No. 2), 25 April 1934; Another important document is a list of 107 questions that were submitted to Blaisdell on 30 April. Confesión que prestará el Gerente General de los Ferrocarriles del Sur, Sr. Luis S. Blaisdell, en el juicio arbitral con la Confederaciones de Empleados i de Obreros al servicio de esa empresa, 30 April 1934.
The strike was largely peaceful, even guaranteed by the support of conservative sectors, amounting to a sort of cross-class alliance against the insolent company. During a secret session of the Congress, Francisco Pastor, the deputy for Puno, pointed out that the strikers' demands were legitimate: 'with this general strike these classes are merely trying to obtain a victory for a just cause; they have joined together in defence of their legitimate rights'.\textsuperscript{37} \textit{Noticias}, the Arequipa daily, praised the strikers and noted that the strike had been called only after the company had rejected all attempts at mediation. Moreover, the strikers had acted within the law and no '[violent] incidents' had occurred.\textsuperscript{38}

Whereas the workers were successful in presenting their claims as legitimate, and garnering public support, the Peruvian Corporation did little to endear itself to anyone. Initially sent simply to observe and report on the dispute, two government 'experts' from Lima, recommended that an arbitration tribunal settle the dispute. Either to avoid an escalation, or – as the company claimed – because he was sympatethic to the workers, Prefect Saco Arenas ordered the installation of the tribunal and convinced the workers to lift the strike. The arbitration tribunal was installed on 26 April. The workers sent four delegates, two representing the\textit{ obreros} and two for the\textit{ empleados}, and named José Bustamante y Rivero, a local lawyer and future president of Peru (1945–48) as their lawyer. The company, however, refused to recognise the tribunal, or to attend the sessions. According to L. S. Blaisdell, the general manager of the Southern Railway, the tribunal was unconstitutional; the company argued that under the new 1933 constitution collective bargaining was no longer mandatory and that the Comité Ejecutivo had not been recognised by the government (only officially recognised unions could participate in collective bargaining). In addition, it argued that the dispute could not be submitted to collective bargaining because such a form of bargaining was restricted to\textit{ obreros} and the\textit{ pliego} included demands from\textit{ empleados}.\textsuperscript{39} It is not surprising that the company refused to accept arbitration. As noted above, a previous experience of arbitration, in late 1931, had resulted in favourable rulings for both\textit{ obreros} and\textit{ empleados}. Moreover, despite the economic upturn, the railway was in a difficult situation, with, as Blaisdell himself pointed out on several occasions, falling levels of cargo, and growing competition from truck transport and from the La Paz-Arica railroad, which siphoned off the key mineral ore and wool cargo on which the

---

\textsuperscript{37} \textit{El Comercio}, 25 April 1934.

\textsuperscript{38} \textit{Noticias}, 26 April 1934.

\textsuperscript{39} Blaisdell, a US citizen, was general manager of the Southern Railway for much of the 1930s. According to Fawcett (1963: 157), 'L. S. Blaisdell's tenure of office as General Manager was such that in the first half of this century the Southern [Railway] became identified with him, and he with the Southern. As an American, he conserved the original American traditions of the road and kept them very much alive throughout the greater part of those fifty years'.
railway depended for profitability. More damaging perhaps, a ruling in favour of the workers would have strengthened the joint committee and by extension, or so the company saw it, the militants in the workforce.

The company’s rejection of arbitration drew the ire of many observers and fuelled anti-Peruvian Corporation feelings. Francisco Mostajo, the dean of the Colegio de Abogados of Arequipa issued a scathing attack, accusing the Corporation of arrogance and ‘legal casuistry’. Noticias, the Arequipa daily, noted: ‘The conflicts between labour and capital cannot be solved by adopting attitudes that offend national sentiment’. Though critical of the strike, even the conservative El Comercio scolded the company for placing the dispute ‘in a purely abstract terrain, outside of the demands imposed by reality and the imperatives of the public interest’. In this context, on 24 April, Congress endorsed the Prefect’s order to settle the dispute via a tribunal. Arguably, the Peruvian Corporation’s attitude contributed to transform what had begun as an industrial dispute into a national issue with nationalist and even anti-imperialist overtones. Deputy Lozada Benavente, for one, ‘complained that these labour movements were portrayed as communist or leftist activities, when in fact they were characterised by a true nationalist sentiment’. The company’s intransigence led José Luis Bustamante y Rivero, the workers’ lawyer, to call for sanctions to be imposed on the ‘insolent’ company, ‘which despises its workers, shirks its duties, offends our laws and rebels against national jurisdiction, without thinking twice about producing social conflicts in a country that allows it to do business and that is the victim of its abuses and imperialism’.

The company’s intransigent and arrogant attitude points to its managers’ perception of the Peruvian government and its officials, which they considered weak and incapable of establishing order in a country where, in any case, order was the exception rather than rule. According to the British minister: ‘Arequipa has always been a focal point of revolution and it is no exaggeration to say that the Peruvian Government are frankly terrified of this Southern city’. The Sanchez Cerro ‘revolution’ that toppled the Leguía regime had begun in Arequipa, as had the bulk of military revolutions in the nineteenth century. For this reason, the Minister argued, the government was ‘in favour of peace at any price with the labour unions and reluctant to commit themselves in any way’. The planned elections, which Benavides had promised upon taking office, were yet another factor in the government’s stance. As Blaisdell noted: ‘I am

40 See Blaisdell’s comments in El Comercio, 5 February 1932; Jacobsen (1992: 184).
41 AGN/MF/RC/9:161, Francisco Mostajo to Tribunal arbitral, 5 May 1934,
42 Noticias, 26 April 1934.
43 El Comercio, 7 May 1934.
44 AGN/MF/RC/9:161, Bustamante y Rivero to Tribunal arbitral, 8 May 1934.
45 El Comercio, 25 April 1934.
46 AGN/MF/RC/9:161, Bustamante y Rivero to Tribunal arbitral, 10 May 1934.
47 FO 371/17547, Forbes to Simon, 18 May 1934.
48 FO 371/17547, Wilson to Simon, 11 December 1933.
handicapped by the political unrest and the present Prefect, all of which is moving labour to their ultimate advantage, a situation I fear will continue until after the elections. My experience in the country has been that whenever elections are being prepared for we experience labour unrest, and I fear the present unsettled state of affairs in political circles will be the cause of many headaches during the balance of this year’. He concluded: ‘The blame for the recent strike lies entirely with the Government. They knew full well that a general strike would in all probability end in a revolution, that they had a useless prefect in Arequipa, who was hostile to the Corporation and whom they did not dare replace and also that, in no circumstances, would they support the Corporation if matters were pushed to extremes’. Given such views, it is not surprising that the company felt under no pressure to follow the government’s rulings.

In spite of the little respect that the company afforded it and the fact that political circumstances constrained its actions, in attempting to find a solution to the impasse that the Peruvian Corporation had created by refusing to engage in arbitration, the government devised a formula that effectively allowed the company to turn the situation round. Although not a complete acceptance of the workers’ pliego, the ruling of the arbitration tribunal of 17 May 1934 was highly favourable to the workers, granting most of their demands. By its own estimates, the ruling would cost the company more than half a million soles. Not surprisingly, the company adamantly refused to accept the ruling, prompting protests from the workers and appeals to the President. However, the government had thrown the company a lifeline. The Attorney General ruled that the Peruvian Corporation should be allowed to appeal to the government for a revision of the tribunal’s ruling, arguing that because the company had not agreed to arbitration, the tribunal’s ruling was open to revision. Despite strong protests from the workers’ lawyer and sectors of the press, the case was sent to Lima for revision. Direct appeals to the President from the railway unions went unheeded.

The decision to allow a revision of the ruling gave the company time and scope to go on the offensive. The company now argued that in light of its financial situation it could not possibly pay up. It adopted a two-pronged strategy. On the one hand it lobbied the Ministros de Gobierno and Fomento in an attempt to force a favourable revision of the ruling. In Arequipa, meanwhile,
general manager Blaisdell tried to lure the workers into a direct settlement, while at the same time attempting to break up the Comité Ejecutivo. The company offered the workers 120,000 soles to settle. At first, the company met with limited success. In Lima, Colonel Balfour, the Peruvian Corporation’s Representative met with both officials on a number of occasions, but only to be disappointed.56 In Arequipa, the workers refused the settlement and demanded to be paid wages and salaries for the strike days. Blaisdell was unable to break the Comité Ejecutivo.57 He even considered closing the telegraph service in order to get rid of Segura. The general manager was forced to admit: ‘I have tried my utmost to get some action toward settling matters and to break up the Joint Committee, but I make no headway, there appears to exist fear to act on the part of many employees and workmen as they would be considered as trying to break up the good work of the Lawyer and the Joint Committee’.58 But it was now simply a matter of time before Blaisdell could finally get rid of the Joint Committee. As Balfour noted in a letter to London, Blaisdell’s main objective had become ‘to remove undesirable employés (sic) and workmen’.59

The Peruvian Corporation’s offensive against the Joint Committee was favoured by a changing mood within the government. In part, the settlement of the Leticia case had freed the government’s hand.60 Indeed, the rapprochement to APRA came under strain once the conflict was finally settled and as APRA instigated a number of political strikes and military uprisings. By late 1934 the political opening had closed and would not reopen until the Prado (1939–1945) government. Benavides now took a much firmer position with regard to labour troubles. In June the USOA, the Arequipa obrero labour confederation, which was accused of planning a ‘revolutionary strike’, was closed and its leaders jailed.61 As respects the Southern Railway dispute, Balfour seems to have managed to bring the government round to the company’s point of view. It is likely that the company success in bringing the government round to its point of view was aided by payments to government officials. There is evidence of such payments being made during the 1935 strike, examined briefly below, when gratifications were paid to the prefect and the chiefs of police.62 On 19 July the government issued a decree ordering a revision of the ruling. The decree alleged that the ruling was deficient as no proper study of the company’s finances had

56 PC/B5/22A, Balfour to Blaisdell, 16 June 1934.
57 On one occasion, Blaisdell ‘arranged for a number of old employés (sic) to go to the next meeting [of the Comite Ejecutivo] and also some of the workmen, with an endeavour to demand our concessions be put on the agenda for the discussion and try to upset the procedure of the Joint Committee acting exclusively on the desires of the Lawyer’. PC/B5/22A, Blaisdell to Balfour, 22 June 1934.
58 PC/B5/22A, Blaisdell to Balfour, 19 June 1934.
59 PC/B5/22A, Balfour to Cecil, 20 July 1934.
60 FO 371/18725, Forbes to Simon, 14 January 1935.
61 El Comercio, 3 June 1934.
62 See FCP, Caja 19.8, Blaisdell to Hixson, 29 August 1935. I am grateful to Rory Miller for providing me with a copy of this document.
The 1934 Southern Railway Strike in Peru

been carried out. The government’s accountants concluded that the company was running a deficit of some £660,000 or S/. 15,000,000.\textsuperscript{63} The resolución suprema issued on 25 July, prepared by Balfour and the Director de Fomento, noted that a full implementation of the ruling would have led to ‘the paralysis of the services that said company must provide, which would produce grave harm to the industrial and commercial development of the South of the Republic’.\textsuperscript{64} The company, however, agreed to a 160,000 soles compensation to ‘improve the condition of its workers’.\textsuperscript{65}

The government’s resolución suprema in favour of the company was issued in a context that was increasingly unfavourable to the workers. Sensing that the company was gaining the upper hand and that the government’s willingness to accommodate the unions was beginning to wane, the railway unions made a final desperate attempt to force the company to accept the ruling. On 16 July, the railway workers had issued an ultimatum. Unless the company implemented the ruling in 72 hours, they would walk out. Again the Comité was able to drum up substantial support, including letters of support from the two Central Railway unions.\textsuperscript{66} On 21 July, the workers struck, in spite of a Prefectural decree declaring the strike illegal, offering protection to those willing to work and authorising the replacement of all who did not return to work by 23 July.\textsuperscript{67} These measures helped undermine support for the strike. The solidarity that had characterised previous stoppages was less evident. Both the FECIA and the port workers from Mollendo joined the strike. In Cuzco a system of chasquis (Inca messengers) was set up to bring ‘messages of comradeship and fraternity for the strikers’.\textsuperscript{68} However, the number of sympathy strikes was far reduced. The Sociedad de Artesanos of Cuzco even requested that the strike be suspended until after the centennial celebrations in the old Inca capital.\textsuperscript{69}

Unlike previous stoppages, the July strike turned violent and was roundly condemned by local authorities.\textsuperscript{70} Blaisdell was shocked by the ‘general state of communism’.\textsuperscript{71} In Mollendo, ‘one crane on the mole turned over, fortunately on the mole side and another crane was burnt out […] the Master mechanic in charge of the shops was forced to abandon his job by threats of dynamiting his

\textsuperscript{63} AGN/MF/RC/9:161, Aguilar, Tirado y Borgoño to Director de Fomento, 25 July 1934.
\textsuperscript{64} AGN/MF/RC/9:161, Resolución suprema, 25 July 1934.
\textsuperscript{65} Ibid. It is likely that the attitude of some police officers was shaped by sympathies for either APRA or the Communist Party. Although no direct evidence exists for this particular incident, there is plenty of evidence of such sympathies among the police and the armed forces in this period. See Villanueva (1973) and Masterson (1991).
\textsuperscript{66} El Comercio, 17 July 1934.
\textsuperscript{67} ADA/113, Decreto Prefectural, 21 July 1934.
\textsuperscript{68} La Crónica, 26 July 1934.
\textsuperscript{69} Noticias, 22 July 1934.
\textsuperscript{70} Noticias, 21 July 1934; La Crónica, 25 and 26 July 1934.
\textsuperscript{71} PC/B5/22A, Blaisdell to Balfour, 27 July 1934.
The police, Blaisdell claimed, were either frightened into passivity or openly sympathetic to the strikers. Faced with escalating unrest, the government adopted a more energetic response. A state of siege was declared and the local army chief put in charge. The government’s strong-arm tactics drew criticism from certain sectors of the press, which viewed the revision of the ruling as a concession to foreign business: ‘It is not acceptable to confuse the authority of the government with the interests of commercial enterprise. Our laws recognise and regulate the right to strike. As long as the strike affects the company and does not result in acts of violence and subversive actions, the government has no right to repress it’. However, in contrast to the previous strike, most of the press condemned the strike and backed the government’s use of force. Calls from the USOA urging workers to form a united front [frente único] to stop the advance of imperialism were, it is likely, read by local elites as evidence that what fuelled anti-Peruvian Corporation feelings among the Arequipa workforce was class war rather than nationalist indignation at the company’s arbitrariness.

On 26 July, the Arequipa army chief summoned labour leaders to his office. What was said at the meeting is unclear. However a state of siege was declared the next day. The following day the railway workers voted to lift the strike and accept compensation. Significantly, the vote was not consensual: following a ‘heated debate’ the lifting of the strike was approved by 72 votes against 48. Many of those present abstained from voting and others made their opposition to the decision known. However, the dispute did not end there. In late August, the workers walked out again. The Corporation had been stalling on the distribution of the settlement money for several weeks. The strike coincided with a taxi drivers’ strike in Lima and a strike in Trujillo. This time, the government acted swiftly, believing that ‘a continuance of the strike in Arequipa might possibly – or even probably – imply the fall of the present regime’. President Benavides called on the railway workers to show their ‘patriotism and moderation […] so that they may contribute to ending this annoying matter, thus avoiding future disputes, remembering that my government always has and always will do all that it can to improve the situation of empleados and obreros; of this I hope you are already convinced’. At the request of the Ministro de Fomento, Colonel

72 Ibid.
73 Ibid.
74 La Crónica, 21 July 1934.
75 La Crónica performed an impressive volte face. In its editorial of 25 July, it argued that the company was in financial crisis, and that therefore it could not be expected to pay up. The strike was now presented as the real ‘impasse’: ‘The strike does not simply hinder the railway company. It is perhaps more harmful to the people […] the strikers are thus harming the people who are backing them with their moral support’. La Crónica, 25 July 1934.
76 Noticias, 26 July 1934.
77 La Crónica, 29 July 1934.
78 PC/B5/22A, Balfour to Cecil, 23 August 1934.
79 ADA/114, Telegram President Benavides to Prefecto de Arequipa, 18 August 1934.
Balfour, the Peruvian Corporation representative in Lima, offered an extra 40,000 soles. The workers agreed to the new offer, and to the proposed distribution of the total, and the strike was lifted.\(^80\)

The outcome of the dispute raises important questions about the power that the Peruvian Corporation wielded and more generally about the extent to which Britain could still, in the 1930s, exercise a sort of informal imperialism in Peru. Clearly, the government’s decision to allow a revision of the arbitration tribunal’s ruling effectively tilted the table in the Peruvian Corporation’s favour. From that point on, the government and the company worked closely (literally so in the case of the resolución suprema of 25 July) to design a settlement that in, the final analysis, only really favoured the company. The company’s effective lobbying finally convinced the government to replace Prefect Saco Arenas, whom the Peruvian accused of allowing the situation to descend into social chaos.\(^81\) The company emerged largely unscathed and relatively strengthened from the dispute. It would have to pay 200,000 soles in compensation, but, as Colonel Balfour noted, ‘the position now is that there is practically nothing left of the original award’.\(^82\) Moreover, as we will see, the dispute’s resolution proved doubly favourable to the Southern Railway: on the one hand, it gave the company an excuse to raise its passenger and freight rates by 15 percent. On the other, it gave the company a carte blanche to root out militancy in the workforce.

The 1930s were, in Peru as elsewhere, the decade that marked the loss of British influence in Latin America; a process in which nationalist discourse and the growth of trade unions played a key role by undermining ‘the political dominance of domestic business elites and thus the influence of British firms, precipitating a succession of crises in Anglo-Latin American relations’ (Miller, 1995: 40). However, the relative ease with which Blaisdell succeeded in both implementing the rate increase and neutralising the militants in the workforce, points to the relative power that the company still wielded in Peru, a power which at least in part, derived from the close links between the company and the British minister in Lima. Naturally, the company’s decision to raise its rates brought widespread condemnation. The company argued that the increase in rates was necessary to cover the cost of the settlement. However, even the British minister agreed that Balfour ‘could quite well have waited a month or two and then done it with books showing a heavy loss resulting directly from the increased wages to support him’.\(^83\) Noticias noted that the poor would suffer

\(^80\) Noticias, 20, 23 August 1934; La Crónica, 21–24 August 1934.
\(^81\) ‘The Government means to move the Prefect and Ministers are at last genuinely alarmed at the degree to which Arequipa had been allowed to get out of hand. All classes, including the University students, are rife with communism and socialism and the Prefect has brought Government authority into the gravest disrepute’. PC/B5/22A, Balfour to Blaisdell, 2 August 1934. According to the British minister, the new prefect, Colonel Díaz showed ‘certain firmness, in refreshing contrast to his predecessor’. FO 371/17553, Wilson to Simon, 27 August 1934.
\(^82\) PC/B5/22A, Balfour to Cecil, 6 September 1934.
\(^83\) FO 371/17545, Forbes to Simon, 5 October 1934.
most, since additional transport costs would be reflected in the price of foodstuffs. El Pueblo called on the government to force the Peruvian Corporation to reconsider, 'since it is the economic life of the South of the Republic that is at stake'. Arequipa’s Asociación de Comercio suggested that the government should nationalise the Peruvian ‘and all such companies whose services are tied to the livelihoods and interests of the people, in order to avoid future incidents of this nature, which are enormously damaging and undermining of national honour’.84

The most serious attack came from Víctor Guevara, deputy for Cuzco, who demanded that the surcharge be discontinued and the company nationalised.85

However, the attacks on the company following the rise in freight and passenger charges were easily dealt with, thanks to the intervention of the British minister. At the time, Peru and Great Britain were involved in negotiations over a commercial treaty, ostensibly over sugar quotas. Albert (1982: 142) has suggested that the Peruvian Corporation did not want its affairs to be taken into consideration during the negotiations: ‘Aware of the growing nationalist sentiment in Peru and being in such an extremely exposed position controlling most of the country’s railway, it wisely sought to remain as inconspicuous as possible.’86 However, in private interviews with ‘likely people’, the British minister made it plain that altering the Peruvian’s right to surcharge would compromise the treaty: ‘I have been very careful to abstain from connecting the two matters in terms, but I have several times in private conversation with likely people observed that it seemed to me rather absurd to press us so strongly to enter into a new contract at a time when Congress were about to prove by their actions that a contract with the Peruvian Government was not worth the paper on which it was written’.87 The minister’s private conversations appear to have paid off. As the minister remarked:

One indication that my remarks have not fallen on stony ground is a leading article in this morning’s ‘Crónica’ attacking Congress for their stupidity and suggesting to them the wisdom of proceeding along more legal channels. This is, to my mind, very significant, since Rafael Larco Herrera, the owner of this influential rag, has shown by past leaders on the strike etc. that he loathes the Corporation – but he is the owner of extensive sugar haciendas.88

84 Noticias, 28 August 1934; El Pueblo, 29 August, 4 and 7 September 1934.
85 Guevara was the most active opponent of the Peruvian Corporation. In 1932, he proposed a number of laws to Congress demanding the abolition of the surcharge, and the reimbursement of the entire surcharge levied by the company since the Grace contract to railway users and the state, and the nationalisation of the company. In the context of the 1934 strike, Guevara became one of the most vocal critics of the company in the Congress. See La República del Perú y la Peruvian Corporation, Lima, 1932.
86 The treaty was signed in 1936, but never ratified.
87 FO 371/17547, Forbes to Simon, 19 October 1934.
88 FO 371/17547, Forbes to Simon, 19 October 1934. The fact that Larco depended on the Peruvian Corporation for transport of sugar from his Chiclín sugar estate to
Congress rejected Guevara’s proposal. The thinly veiled threat served its purpose: the prospect of losing privileged access to the British market took precedence over nationalist pride.

While the company was able to count on the support of the British minister, and by extension, on British economic power, in its dealings with the critics of the decision to raise its rates, in facing up to militancy in the workforce it was able to count on the support of the government. In so doing, it was aided by a split among the workforce. As the vote on 27 July showed, the decision to end the strike and accept the company’s terms was neither unilateral nor consensual. For some, the decision to lift the strike was a class betrayal. As one Communist Party pamphlet put it:

The members of the strike committee are people with no scruples, like cowards by agreeing to the ‘solution’ they have put the policy of Paz y Concordia before the interests of the proletariat, forgetting the demands and interests for which workers sacrificed themselves . . . Let us now analyse why they failed: Who are the strike breakers? Their organic composition: the middle class and petty bourgeoisie, with Aprista political ideals. Those are your revolutionaries, yours defenders of social justice.89

For the Communists, then, a middle class leadership with Aprista sympathies was responsible for the outcome of the dispute. Whether the Communists were expressing the views of the rank and file is hard to determine. However, there is some evidence that the accusation was not entirely bogus, that class divisions had played a role in the decision to lift the strike. On 14 June 1934, Blaisdell wrote to Balfour indicating that ‘there is a movement amongst the employees, although rather late, to work for the separation of the two Federations and the suppression of the Joint Committee, as they have seen the inconvenience of such a state of affairs’.90 Available evidence shows that the settlement was not especially favourable to the empleados; as Blaisdell noted in another letter, ‘the employees get little or nothing [of the settlement] and the big piece of the pie goes to the workmen’.91 As I have shown, the Joint Committee was not the product of growing class collaboration between empleados and obreros, but rather an ad hoc measure to discuss the implementation of Law 7505. Admittedly, evidence is scant. However, it is likely that the committee survived its original purpose because, under Segura’s leadership, it was seen as a successful enterprise. However, as the dispute became increasingly violent and as it became clear that empleados would gain little from the proposed settlement, it is likely that the majority of empleados sought to distance themselves from the more radical elements in the unions.

Trujillo may also have played a role. I am grateful to Rory Miller for pointing this out to me.

89 BNP/Volantes, Federación Juvenil Comunista Sección Peruana de la Internacional Juvenil Comunista – Comité Regional de Arequipa, 29 July 1934.
90 PC/B5/22A, Blaisdell to Balfour, 14 June 1934.
91 PC/B5/22A, Blaisdell to Balfour, 19 June 1934.

© 2004 Society for Latin American Studies
Like the Communists, the company’s attitude towards its workers was shaped by prejudiced assumptions about class and, implicitly, race. Whereas the Communists saw empleados as class traitors, the company blamed empleados for the growing militancy in the unions. Although the company’s lists of undesirable workers contained more obreros than empleados, like Fawcett, Blaisdell saw empleados, ‘slightly more intelligent than the average workmen’, and particularly the workers’ lawyer, Bustamante y Rivero, as the moving force behind the disputes. Much of the workforce, he believed, uncritically obeyed their leaders’ commands:

The Lawyer and the Secretary of the Joint Committee dictate the policy to the assembly and one or two back them up and the balance say nothing, offer no suggestions, but simply appear as curiosity seekers, and whatever the lawyer and secretary say or do, that is considered as carried by majority vote.

The implication, of course, was that less intelligent and racially inferior obreros could not have led such a movement. The solution was to break up the Joint Committee, thus depriving the obreros from effective leadership from the empleados. Failure to do so, Blaisdell believed, would result in copycat committees on other railways. He believed that the outcome of the July 1934 strike had discredited Bustamante y Rivero and the Joint Committee. As such, workers were predisposed to shun the Committee, which would make it easier for him to create tensions between the obrero and empleado unions and break up the Committee. He identified the distribution of the 200,000 soles compensation as a source of division between obreros and empleados and set up a ‘Kermerer [sic] commission’ to ‘mess up’ the distribution: ‘The more they fight among themselves the better for us, and if they never speak to one another and dedicate their entire energy (?)[sic] to their work, we [will] have gained an important point.’

The company’s attempts to root out militants from the workforce were aided by the changing political climate from mid-1935 onwards. Early in 1935, Blaisdell’s tactics did little to undermine the Comité. As the general manager recognised, the continued state of political instability in the country worked to

---

93 PC/B5/22A, Blaisdell to Brown, 28 March 1935.
94 PC/B5/22A, Blaisdell to Balfour, 26 June 1934.
95 This fear proved well founded, as attempts to establish joint unions on both the Paita and Central Railways showed. FO 371/17553, Wilson to Simon, 14 August 1934. As Balfour noted in one letter to the Corporation’s man in Paita: ‘We have learnt by very bitter experience in the Southern Railway that combinations of Employes (sic) and Workmen are purely subversive’. PC/B8/6, Balfour to Dawson, 12 November 1934.
96 PC/B5/22A, Balfour to Blaisdell, 27 July 1934.
97 PC/B5/22A, Blaisdell to Balfour, 4 September 1934.
The 1934 Southern Railway Strike in Peru

The Comité’s advantage. By August 1935, however, when a minor incident in Puno escalated into a strike, the political conditions had become far more favourable to the company. Benavides’s grip on the country had strengthened, APRA’s leadership was in jail or underground and labour unrest had been considerably reduced. Though it would have required little to settle the strike, Blaisdell made sure that the Arequipa authorities adopted strong-arm tactics:

I emphasised to both the Prefect and Sr Ugarteche [...] the necessity of dissolving the Comité Ejecutivo, close up the publication ‘Railway’, and deport from the South 10 or 12 of our bad element, and with these measures we would overcome a continuation of difficulties in the management of the Railway as well as other industries and commerce, as matters have been allowed to go so far that only drastic steps can check the situation, and if drastic steps are not taken this time, considerable bloodshed will result later on, as the general situation is completely out of hand.99

Sporadic violence helped justify Blaisdell’s alarmism. Martial law was promptly declared. The railway strike and a number of sympathetic strikes by textile workers and taxi drivers were foiled by both local police and later with the help of a 200 troop-strong detachment of soldiers. The Corporation boasted, ‘At no time during the strike was there a complete stoppage of traffic’.102 Sixteen ‘agitators’, including Segura, were arrested and flown to Lima were they were held ‘incomunicados’ in the Frontón gaol.

Once the ‘troublemakers’ were removed, Blaisdell continued in his attempts to divide the workforce, guided by his belief that the root of all the trouble lay in the

98 He wrote: ‘With the present unsettled state of labour, and politics, and a weak government, great care should be taken in starting a strike, as naturally advantage is taken of strikes to bring forward all sorts of other demands, which are submitted to arbitration to our detriment. I am of the opinion that under the circumstances it is better to let the lying dog alone and take advantage of the first opportunity to dismiss the undesirables, or demand that the Government remove them from Arequipa on political grounds’. PC/B5/22A, Blaisdell to Brown, 28 March 1935.
99 PC/B5/22A, Blaisdell to Hixson, 3 August 1935.
100 Noticias reported that dynamite sticks had been thrown in different parts of the city and on trams; stones had been thrown on cars, buses lit on fire, members of the public and police officers beaten up, and Asian stores vandalised. 20, 23 August 1934. See also La Crónica, 21–24 August 1934.
101 In addition to a favourable national political climate, locally too the political authorities were far more sympathetic to the company than they had been during the 1934 strike. As Blaisdell noted: ‘What difference it makes with a PREFECT (sic), it took me a long time to work him up but now he is red hot and I am keeping him in that temperament, although he is running things from his office in his dressing gown and is not at all well in health. The Commander of the Army is very active outside as is the Chief of the Secret Police and I am indebted to them for the assistance received which has enabled me to get the trains running’. PC/B5/22A, Blaisdell to Hixson, 10 August 1935.
102 PC/B5/22A, Hixson to Cecil, 19 August 1935.
leadership that the ‘slightly more intelligent’ empleados provided the more numerous obreros. He suggested that the Peruvian Corporation approach the government and request the annulment of the legal recognition of the obrero and empleado unions. Meanwhile, he would continue to try to influence the unions through certain ‘loyal’ workers: ‘In case we fail in securing Government assistance, I am active in getting the better class of employees and old servants to take an interest in securing control of the administrative positions of both Federations and to split up their activities’. By late August, Blaisdell adopted a new approach: alternative unions. He requested the reglamentos of the unions of the Central Railway and obtained permission from the prefect to have the men establish a commission to organise a union. The Unión de Ferroviarios Rodantes de los Ferrocarriles del Sur published its statutes in January 1936. Significantly, the statutes stated no workers employed in other sections of the company could become members. By July both the UFRFS and the Unión de Empleados de los Ferrocarriles del Sur, also set up by Blaisdell, were officially recognised by the government: ‘This means that the Federations are now organised separately in a form [that] is least likely to cause us any trouble’, the Peruvian Corporation representative explained. It is not clear, however, whether the CFOS and the empleado union lost their official recognition. According to one scholar, their activities were severely curtailed until their reorganisation in 1945.

In a recent article on British business in Peru from the War of the Pacific to the Great Depression, Rory Miller (2000: 407) concludes: ‘to deal finally with perhaps the key question arising from the [informal] imperialism debate, it is difficult to see British interests as controlling economic policy in Peru’. This paper does not challenge this claim. It does, however, show that if British interests such as the Peruvian Corporation did not have the power or the interest to control economic policy, they certainly had the power and the interest to strongly influence both economic policy and more specifically state policy towards labour. However, I do not intend here to ‘[refetishise] large foreign firms’ or ‘incorrectly accord them a kind of omnipotence or portray them as the sole connection to the global economy’ (LeGrand 1998: 356). Rather than ascribe the company’s defeat of the workers to an omnipotence derived from unequal power relations based on informal imperialism, I hope to have shown how the company’s success resulted from a combination of effective strategies, some of which drew on its imperial connections, during the strike. The strategies were shaped by the company managers’ perceptions of the local actors with which they were dealing: weak central and local governments that could not be counted on...

103 PC/B5/22A, Blaisdell to Hixson, 17 August 1935.
104 Reglamento de la Unión de Ferroviarios Rodantes de los Ferrocarriles del Sur (Arequipa, no date).
105 PC/B5/22B, Hixson to Cecil, 14 July 1936.
106 See Colque Valladares (1976: 33–4, 40–1). In April 1936, the Ministerio de Salud Pública, Trabajo y Previsión Social, responsible for reviewing the Peruvian Corporation’s request, decided to postpone this decision. ADA/120, Ministerio de Salud Pública, Trabajo y Previsión Social to Prefecto de Arequipa, 29 April 1936.
for support, a hostile Congress and local elite, and feckless workers manipulated by agitators and troublemakers. The strategies that resulted from these views – pressing the government for a revision of the ruling, and, it is likely, bribing some government officials, using imperial connections to silence nationalist critics in Congress and the press, and breaking up the railway unions – and the fact that they were successful, point to the relative power that the Peruvian Corporation wielded in the 1930s.

Yet, the company’s success in the strike was aided in no small measure by the growing sense, fuelled by the declarations of the Peruvian Corporation’s managers, that in a context of political instability a major victory for a joint obrero-empleado committee in an industrial dispute against one of Peru’s largest capitalist enterprises would provoke greater militancy and ultimately contribute to the social revolution that both APRA and the Peruvian Communist Party were set on bringing about. As the dispute progressed the prospect of victory for the joint-committee had become increasingly unpalatable for local elites, the Benavides government, and, indeed, some railway empleados, regardless of the company’s actions. Faced with the threat of growing social and political instability, (a) cross-class anti-Peruvian Corporation feelings or, more broadly, nationalist sentiments, (b) state paternalism of organised labour, and (c) empleado-obrero solidarity were promptly sacrificed. In this sense, the 1934 Southern Railway strike would seem to suggest that fear of social revolution, more than anything else, shaped the course of industrial relations in the 1930s.

As far as the railway workers are concerned, the analysis of the strike points to inherent weaknesses in their bargaining position. As noted above, the unstable political climate proved highly favourable to the company. As the railway workers realised at the start of the dispute, political interference would sow divisions, invite repression, and undermine broad support for the strike. Politics had to be kept out of union business. However, unlike the railway company, the railway workers had little power to influence the political arena beyond the union hall. In part, this lack of power was linked to the fact the railway unions had tried to keep politics, in the shape of alliances with the political parties of the left, particularly APRA, at bay. Workers faced a no-win situation: damned if they brought politics into union affairs and damned if they did not. As such the railway workers were particularly badly placed to confront a company that could draw on local, national and transnational connections to influence government policy. As this analysis of the 1934 Southern Railway strike suggests, the politicisation that characterised industrial relations in the 1930s created as many problems as opportunities for organised labour in Peru.

107 Lack of space has prevented me from discussing the labour policy of the Benavides government, inspired by Italian corporatism, which included favourable labour legislation, work-creation schemes and a social security system for obreros. Though its purpose ostensibly was to undermine support for APRA and the Communists among organised labour, the labour policy of the Benavides regime must also be understood as part of broader state-building project, in which a ‘modern’ industrial relations system was an important pillar.
References


The 1934 Southern Railway Strike in Peru