Central America in the Twenty-First Century:
The Prospects for a Democratic Region

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As the countries historically constituting Central America\(^1\) approach the year 2000, the picture they present appears to be a striking reversal from that of the previous decade. At the beginning of the 1980s, only Costa Rica was a stable and functioning democracy. By 1990, for the first time in their collective history, all five Central American countries were governed by civilian presidents who had assumed office as the result of elections. All five had also experienced some rotation of power; in each case a president of one party voluntarily relinquished power to an elected successor of a rival party. Even more significant, by 1994 efforts towards national reconciliation were taking place in the three countries of the region that have been the primary site of armed conflict: Nicaragua, El Salvador, and Guatemala.

These are remarkable achievements in little more than a decade, especially because they have occurred in some of the continent's poorest countries, in the midst of civil strife, and with a less-than-expected impact from the ending of the Cold War.\(^2\) They have reinforced claims that "democracies as delicate as seedlings are struggling to take root across Central America"\(^3\) and have led to hopeful forecasts about the prospects for these new 'seedlings.' As the US State Department has noted: "An unprecedented and historic opportunity now exists for Central America to break out of its old patterns and move forward toward the goals set by its democratically elected governments."\(^4\)

Despite these signs of progress, some observers of Central America are more skeptical about the prognosis for democracy in the region. During the 1980s scholars noted that 'demonstration' elections, held primarily to win international legitimacy, could not be considered

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1 The region of Central America has historically referred to Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica, the five countries which formed the United Provinces of Central America after Independence and which subsequently broke up in 1838. For this reason, neither Panama nor Belize are included here, except where events in these countries, especially the US invasion of Panama, have influenced the future prospects for democracy. For a discussion of Central America's first effort to unify and its failure, see Arturo Humberto Montes, Morazán y la Federación Centroamericano (Mexico, n.p., 1958).

2 Central America's transition to more open and inclusive political systems began in the late 1970s. The establishment of norms favoring elections and national reconciliation took place on a regional level through the Contadora and Esquipulas negotiations during the 1980s. The end of the Cold War facilitated these trends, but (contrary to much political thinking in Washington) it was not the motivation nor chief impetus behind them. For a discussion on this point, see Terry Lynn Karl, "Central America at the End of the Cold War," in George Breslauer, Harry Kreisler, and Benjamin Ward, eds., Beyond the Cold War (Berkeley: Institute of International and Area Studies, University of California, 1991).


4 United States Department of State Fact Sheet on Partnership for Democracy and Development, November 1990.
indicators of unrestricted political participation, and they argued that Central American polities were being transformed into "low intensity democracies" incapable of carrying out sweeping social change on the scale of the bourgeois revolutions of the past. My own work claimed that elections could assume real significance even under conditions of authoritarian rule or civil war but warned about the 'fallacy of electoralism,' that is, the faith that the mere holding of elections could channel political action into peaceful contests among elites and accord public legitimacy to the winners in these contests. Because the experience of Central America demonstrates that the presence of elections and political parties has not constituted democracy in the past, their current proliferation is greeted with some mistrust. They could mark a major step forward in the expansion of civic rights, political equality, participation, contestation, and accountability, but they also could signal a new cycle of liberalization followed by repression—a pattern which has repeatedly plagued the countries of the region.

What are the prospects for democratization in Central America? Will Central American polities regress to open authoritarian rule, consolidate their democratic gains, or remain stuck in some middle regime terrain? Will popularly elected rulers be able to govern their territories, or will they experience the profound political degeneration and ungovernability characterizing post-war situations in other regions, especially Africa? While the jury on this question is still out because, with the sole exception of Costa Rica, all other countries are in the midst of uncertain and unpredictable transitions, this paper argues the following:

First, the probability is low of regression to 'reactionary despotism' regimes, although it is important to note that this varies among countries. Such regimes are especially unlikely in Costa Rica and Honduras, where patterns of compromise have strong historical roots. To a lesser extent, such regressions are also unlikely in Nicaragua and El Salvador, where social forces have been profoundly transformed and where objective conditions make compromise more essential. This is not the case for Guatemala, where political/military stalemates have never been established, ethnic conflict profoundly complicates negotiations between opposing sides, and

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6 See, for example, Edelberto Torres-Rivas, El Tamaño de Nuestra Democracia (San Salvador: ISTMO editores, 1992) and Suzanne Jonas and Nancy Stein, eds., Democracy in Latin America (New York: Bergin and Garvey Publishers, 1990).
7 Even when convoked by authoritarians, elections can shape and redefine political moments in several ways. They can narrow the options available to actors on the extremes of the political spectrum, provoke changes in the strategies of all political actors that encourage accommodation, and define new political rules of the game which encourage regime liberalization—even if they are not originally intended to do so. Terry Lynn Karl, "Imposing Consent? Electoralism vs. Democratization in El Salvador," in Paul Drake and Eduardo Silva, eds., Elections in Latin America (San Diego: University of California, 1986), p. 34.
compromise is not part of the dominant social fabric.

Second, the likelihood that fragile democratic processes will deepen, consolidate, and be able to 'deliver' to their populations is also low. Democracies are built in phases and over time; in Central America, where conditions for democratization are especially unfavorable, any progress will have to be measured in small increments of empowerment of the previously disempowered, coupled with gradual curbs on the authority of traditional rulers. More plausible in the medium term is the establishment of hybrid regimes that mix forms of authoritarian and democratic practices. This should be especially evident at the local rural level, where redoubts of persistent authoritarian clientalism and/or coercion can coexist with greater pluralism at the national level.9 Aptly referred to elsewhere in Latin America as 'democraduras,' a label which captures their persistently authoritarian qualities,10 these hybrid regimes nonetheless are not façade democracies. In Central America, they represent a very real advance from the past and a significant step in the long-range process of building democracy.

Finally, whether such regimes have the capacity to govern their territories, and whether democratic actors can eventually push them into evolving in a more open and participatory direction will depend on a mix of domestic and international factors whose relative weight differs from elsewhere in Latin America. On the one hand, both governability and further democratization will be determined by the extent and direction of organized pressure from below, the presence of reformers in government, and the degree of elite competition and flexibility. In this respect, Central America is similar to the rest of Latin America. On the other hand, both will be profoundly affected by the level and direction of international assistance. As we shall see, this international component is far more critical on the isthmus than elsewhere in the continent—a reality that does not bode well for democratization.

An Overview of the Region

In assessing the current state of Central American democracy, those who paint a relatively optimistic picture have considerable evidence on their side. This is most notable in the countries experiencing direct warfare over the past decade. In Nicaragua, a peaceful transition of power from governing to opposition forces occurred in 1990—for the first time since the founding of the republic more than 150 years ago! This historic moment accompanied the end of the US-

9 The likelihood of this hybrid mix has been suggested most convincingly by Jonathan Fox, “The Difficult Transition From Clientalism to Citizenship: Lessons from Mexico,” World Politics Vol. 46, No. 2 (January 1994) and was brought home to me while monitoring the 1994 elections in El Salvador.

sponsored war against the government of Nicaragua and the demobilization of the contras.\textsuperscript{11} In El Salvador, a similar transfer of power from one party to another took place in 1989—for the first time since 1931. The subsequent United Nations-sponsored peace accords between the government and the Farabundo Martí National Liberation Front (FMLN) were so wide-ranging that they have been called a “negotiated revolution.”\textsuperscript{12} They eventually led to internationally supervised ‘elections of the century’ in March 1994, in which the left won a substantial quota of legislative power for the first time in history.

In Guatemala, where power has traditionally shifted through military coups or façade elections, a new constitution was formulated in 1984, then followed by successive elections in which the presidency was transferred from the center-right Christian Democratic Party (DCG) to the right-wing Movement of Solidarity Action (MAS)—the first peaceful transfer of power since 1951. The May 1993 ascension of human rights ombudsman Ramiro de Leon Carpio to the presidency and the subsequent March 1994 announcement of a UN-mediated human rights accord between the government and leading elements of the armed opposition, appeared to reinforce the claims that Latin America’s longest and bloodiest civil war may soon come to an end.

Those countries less directly affected by warfare also show certain positive signs of democratization. In Honduras, the first direct elections for president in over 25 years were held in 1981; this was followed by peaceful transfers of power between the Liberal Party and National Party in 1989 and 1993. Like its neighbors, steps towards national reconciliation, which in this case include the offer of an unconditional amnesty for guerrilla organizations which have been fighting for 30 years and the 1993 legalization of leftist parties, seemed to pave the way for a deepening of democratic trends.\textsuperscript{13} More predictably, the February 1994 elections in Costa Rica, which restored the National Liberation Party (PLN) to office, confirmed that country’s tradition of determining power-holders through peaceful and competitive elections.

Several assumptions provide the analytical framework suggesting that Central American polities will not regress to authoritarian rule but will continue their processes of democratization: first, that social forces have been definitively transformed, meaning that the traditional alliance between agrarian oligarchs, military, and foreigners has virtually disappeared at the same time that popular forces have finally become capable of making their organizational mark on politics;  

\textsuperscript{11} For a detailed discussion of the events leading to the 1990 elections, including the 1984 elections, the writing of a new electoral code and party law, and the negotiations regarding the contras, see Shelley McConnell, “From Bullets to Ballots: Nicaragua’s Revolutionary Transition to Democracy,” (Stanford University, Ph.D. Dissertation, 1994).
\textsuperscript{12} For a closer look at these accords, see Terry Lynn Karl, “El Salvador’s Negotiated Revolution,” \textit{Foreign Affairs} Vol. 71, No. 2 (Spring 1992).
\textsuperscript{13} The National Congress voted on 29 September 1993 to legally recognize the Partido Unificación Democrática (PUD), a coalition of political groups that emerged following the demobilization of Honduras’s small guerrilla force. \textit{NotiSur}, 1 October 1993.
second, that a situation of stalemate has been established in which neither side can prevail, thus creating the conditions for the type of historic compromise generally undergirding political democracy; third, that competing forces recognize this unprecedented opportunity for a new modus vivendi by consciously designing new 'rules of the game' to shift the terrain of struggle from military to political arenas characterized by competitive elections and peaceful mobilization; and fourth, that international actors, and especially the United States, will alter their traditional stance in support of the status quo and instead provide an environment supportive of democratization and profound structural transformation, especially through assistance in the social and economic reconstruction of Central America.

But a closer look raises questions about the validity of these assumptions. Indeed, seen through the eyes of most Central Americans, the realities of the region are grim. Nicaragua today is virtually ungovernable. It suffers from legislative paralysis, fragmented political parties, repeated outbreaks of armed violence between government and 'recontra' forces that threaten its fragile political balance, and an economic crisis that has left the majority of its people worse off than they have ever been—even during the Somoza dictatorship and the worst years of the war. Its devastated economy is far from recovery, and international assistance has been much less than originally anticipated. In neighboring El Salvador, which has been considered the most hopeful case in the region, the peace settlement is being undermined by half-hearted compliance, especially in the areas of judicial and electoral reform, the construction of a new civilian police, and the regulation of conflicts over land. At the same time, it is being subverted from without by international pressures for economic stabilization (which undercut the financial commitments necessary to sustain the accords) and from within by the resurgence of the type of death squad violence that initially plunged this tiny country into civil war.

If anything, prospects look even worse in Guatemala, which is currently under a state of siege. It recently suffered a failed coup d'état attempt (the 'Serranazo') which occurred in the context of a dramatic rise in human rights violations, a series of corruption and drug-related

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16 Alvaro de Soto and Graciana del Castillo, "Obstacles to Peacebuilding," Foreign Policy No. 94 (Spring 1994).
scandals in the cabinet and Congress, an institutional crisis in all branches of government, a sharp increase in its concentration of wealth and its dismal poverty statistics, and a breakdown in peace negotiations with the Unidad Revolucionaria Nacional Guatamalteca (URNG).\textsuperscript{18} In neighboring Honduras, only minimal inroads have been made against military impunity, while elected civilian governments have presided over the reduction of traditional political space, a sharp increase in repression, and the decrease in options for peaceful change and reform.\textsuperscript{19} Even generally peaceful Costa Rica recently experienced what is widely regarded as the dirtiest campaign in its democratic history.\textsuperscript{20}

This bleak picture points to an alternative set of assumptions underlying more pessimistic prognoses about Central America’s future. First, while the traditional alliance of militaries, oligarchs, and the church against broad popular majorities may have indeed been transformed, the net result has been the emergence of a New Right, which currently seeks state power in each of the Central American republics, and a disarmed and divided popular movement. Second, in place of a stalemate that could provide the objective conditions for a durable democratic bargain, Central America is characterized by the “conditional victory” of old and new dominant groups as well as the “conditional defeat” of popular organizations.\textsuperscript{21} Thus there is no healthy balance of force necessary to forge practices of bargaining and ultimately tolerance. Third, while conflict has indeed moved from a military to a political terrain characterized by the presence of competitive parties and elections, the new ‘rules of the game’ still favor parts of the reactionary despotic coalitions of the past and subsequently will limit the degree of democratization possible in the

\textsuperscript{18} On May 25, 1993 President Jorge Serrano attempted a coup d’état, which would have permitted him to stay in power. He was forced to relinquish the presidency by pressure from the military and business elites inside the country as well as from the governments of the United States, Europe, and Latin America. Nonetheless, Guatemala has been plunged into an institutional crisis affecting all branches of government. Subsequently, the President of the Constitutional Court, who had gained national respect when he ruled that Serrano’s attempt to seize dictatorial powers was unconstitutional, was murdered outside his home. Despite Serrano’s replacement by human rights activist Ramiro de Leon, human rights abuses have reached their highest level in years. See United States Department of State, “Guatemala: Human Rights Practices 1993,” 27 December 1993; Susanne Jonas, “Text and Subtext of the Guatemalan Political Drama,” \textit{LASA Forum} Vol. XXIV, No. 4 (Winter 1994); and the \textit{New York Times}, 3 April 1994.


\textsuperscript{20} During the campaign the candidates spent less time explaining their platform than accusing each other of corruption, and even murder. José María Figueres Olsen, who won with 49.7% of the votes, was forced to deny charges that he murdered a marijuana dealer 21 years ago when he was a young police lieutenant. \textit{NotiSur}, 11 February 1994.

\textsuperscript{21} This is William Robinson’s claim in “Central America: Which Way After the Cold War?” \textit{NotiSur}, 18 February 1994. He explains that it is “conditional defeat,’ because the popular forces did not go down in total defeat; they did not lose everything. They still have active and reserve forces…” It is “conditional victory’ because the dominant groups did not win anything close to a total victory, nor did they get everything they wanted. They wanted a pliant population of 20 million poor Central Americans willing to quiescently work themselves to death or resign themselves passively and silently to marginalization and degradation.”
future. Finally, despite a global environment promoting democratization, neither foreign domination nor the gross social and economic inequalities it has traditionally supported have disappeared. To the contrary, the neoliberal projects promoted by the US government, the Bretton Woods institutions, and others threaten to recreate in the future similar socioeconomic and political dynamics that led to the outbreak of civil conflict in the first place.

Democratizing Central America: A More Difficult Task than South America

In assessing the relative merits of these two very different sets of assumptions, there is a strong temptation to rely upon established scholarly wisdom which emphasizes the extreme difficulty of building democracies where certain basic prerequisites simply do not exist. Such wisdom effectively settles the debate. After all, Central Americans lack a number of the objective social, economic, cultural, and institutional conditions that have been identified as essential to democracy, such as some level of education, cultural homogeneity, an established party system, a professional bureaucracy, a tradition of tolerance, independent development, a more equitable economic system, modern agrarian relations, or a certain degree of prosperity. Based on most lists of democratic prerequisites, Central America polities would be among the least likely candidates to succeed in their transitions.[22]

But even if this ‘prerequisites approach’ is disregarded, as I have elsewhere argued it should be,[23] it is immediately apparent just how constrained the space for democratization in Central America actually is, especially when compared to the rest of the continent. Standing in sharpest contrast to South America is the more profound impact of the United States. No area of the world has been more tightly and asymmetrically integrated into the US political and economic system than Central America, and (along with the Caribbean) no other area is more dependent

[22] For example, Mitchell Seligson has argued that Central America needs to approach a per capita income of $250 (in 1957 dollars) and a literacy rate of over 50% as a necessary precondition for democratization. See James M. Malloy and Mitchell A. Seligson, Authoritarians and Democrats: Regime Transitions in Latin America (Pittsburgh: University of Pittsburgh Press, 1987), pp. 7–9. For more general arguments based on democratic prerequisites, see especially Seymour Martin Lipset, “The Social Requisites of Democracy Revisited,” American Sociological Review Vol. 59 (February 1994), pp. 1–22. For a discussion of these approaches applied to Central America, see Giuseppe Di Palma and Laurence Whitehead, The Central American Impasse (London: Croom Helm, 1986), especially the introduction.

[23] The failure to identify clear prerequisites, plus the hunch that much of what had been thought to produce democracy should instead be considered its product, has led to new emphasis on the strategic calculations, unfolding processes, and sequential patterns involved in moving from one type of political regime to another. In this context, it may be more useful to substitute the prerequisites search for the notion of ‘points of departure,’ which delineate the structural space in which democratization must take place. See my “Dilemmas of Democratization in Latin America,” Comparative Politics Vol. 23, No.1 (October 1990) and Terry Lynn Karl and Philippe C. Schmitter, “Democratization Around the Globe: Risks and Opportunities,” in Michael T. Klare and Daniel C. Thomas, World Security: Challenges for a New Century (New York: St. Martin’s Press, 1994).
upon the North.

Central America’s main trading partner for both imports and exports is the United States; its leading creditors are US banks; and US official development assistance plays a significantly larger role in Central America than it does in the rest of Latin America.24 This dependence is exacerbated by the fact that Central America’s tiny, highly-opened export economies have left it with virtually no internal market to fall back on during worldwide recessions. At the same time, no other area has been so thoroughly targeted for military intervention; indeed, every twentieth century intervention by US troops in the hemisphere has occurred in the Caribbean Basin.

Proximity to the United States, when coupled with the relative underdevelopment of the region, has resulted in a disproportionately large and decisive foreign role in domestic affairs. Occasional (and generally unsuccessful) efforts of the United States to promote democracy notwithstanding, this has left an unfortunate political legacy. On the one hand, it created solid historical ties between an external power and traditional antidemocratic domestic forces, as well as strong traditions of imposition that are proving difficult to break—even in a post Cold War setting.25 On the other hand, to varying degrees in each country, it sharply restricted the room to manoeuvre of domestic forces, often leaving them unaccustomed to defining their own interests or establishing the leadership credentials so essential in moments of transition.26

A second source of constraint is economic. Because greater affluence and higher rates of well-being have been correlated with the presence of democratic institutions27 and because socioeconomic equality is also highly conducive to democracy,28 the performance of Central

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24 The difference is substantial. In 1989, for example, the United States spent an average of $10 per capita in Latin America in official development assistance, but it spent $87 per capita in Honduras, $82 in Nicaragua, $76 in Costa Rica, $65 in El Salvador, and $21 in Guatemala. In 1990, while official development assistance was only 0.5 percent of Latin America’s GDP, in Honduras it was 9.9 percent of GDP. See United Nations Development Program, 1992, pp. 162–63.

25 These traditions predate the Cold War and are rooted in the early days of the US republic. They are captured by the 1927 statement of Under-Secretary of State Robert Olde: “We do control [their] destinies...and we do so for the simple reason that the national interest absolutely dictates such a course... Until now Central America has always understood that governments which we recognize and support stay in power, while those we do not recognize and support fall.” Cited in Richard Millet, “Central American Paralysis,” Foreign Policy (Summer 1980), p. 101.

26 This was especially true in Nicaragua, the site of the longest US intervention. Literature on the role of the United States in Central America is too extensive to be cited in detail here. An excellent basic source is Walter LaFeber’s Inevitable Revolutions: The United States in Central America (New York: W. Norton and Co., 1994).


28 Francisco Weffort claims that while societies characterized by high inequalities may transition to democracy, such polities may be especially difficult to consolidate under these circumstances. See “New Democracies, Which Democracies?” The Woodrow Wilson Center, Latin America
American economies make their democratic prospects look especially bleak. As a 1993 report by the United Nations Development Program notes, if the gap between the global rich and the global poor is becoming a gaping chasm in general, this backward movement is most pronounced in Latin America, where the number of destitute rose from 120 million in 1980 to nearly 200 million in 1990 (out of a total population of about 400 million). But among subregions on the continent, the greatest regression has taken place in Central America, where an estimated two-thirds of the population lives in conditions of poverty, almost 40% live in extreme poverty and 23.3% cannot satisfy their most minimal needs. Except for Costa Rica, more than half the population in the other four countries lives in extreme poverty.

In virtually every economic category, the facts are even harsher for Central America than for Latin America as a whole (see Tables 1 and 2). While per capita real GDP declined during the 'lost decade' of the 1980s throughout the hemisphere, for example, Central America's decline was greater, and its growth rates in the preceding decade were smaller—despite a substantial emigration of population that should have improved its performance. As investment dropped from approximately 24 to 16% of GDP for all of Latin America during the 1980s, it fell even more

### TABLE 1

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<thead>
<tr>
<th>Selected Indicators of Basic Needs</th>
<th>1990 or Latest Available</th>
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<tbody>
<tr>
<td>Calories (% of Requirements)</td>
<td>Contraceptive Prevalence (% population)</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>125</td>
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<tr>
<td>El Salvador</td>
<td>101</td>
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<tr>
<td>Guatemala</td>
<td>102</td>
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<tr>
<td>Honduras</td>
<td>99</td>
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<td>Nicaragua</td>
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<td>Central America</td>
<td>104</td>
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<tr>
<td>Latin America</td>
<td>115</td>
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29 Cited in William Robinson, op. cit. (n. 21).

### TABLE 2

**Comparative Economic Indicators:**
**Central America and Latin America 1970–1990**

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<td></td>
<td>Central America</td>
<td>Latin America</td>
<td>Central America</td>
<td>Latin America</td>
</tr>
<tr>
<td>Growth in GDP</td>
<td>4.8</td>
<td>5.8</td>
<td>1.0</td>
<td>1.6</td>
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<tr>
<td>(average annual percentage)</td>
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<tr>
<td>Growth in Per Capita GDP</td>
<td>1.9</td>
<td>3.2</td>
<td>-1.6</td>
<td>-0.5</td>
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<tr>
<td>(average annual percentage)</td>
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<tr>
<td>Growth in Per Capita Food Production</td>
<td>0.7</td>
<td>0.9</td>
<td>-0.8(^a)</td>
<td>0.2(^b)</td>
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<tr>
<td>(average annual percentage)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Growth in Exports of Goods and</td>
<td>18.1</td>
<td>20.8</td>
<td>-0.8</td>
<td>0.9</td>
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<tr>
<td>Services (average annual percentage)</td>
<td></td>
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<tr>
<td>(total percentage change over decade)</td>
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<tr>
<th></th>
<th>1980</th>
<th>1990</th>
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<tr>
<td>Debt Service Ratio(^3)</td>
<td>18.2</td>
<td>27.9</td>
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<tr>
<td>(percentage of exports of goods &amp; services)</td>
<td></td>
<td></td>
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<tr>
<td>Poverty (^4)</td>
<td>63.7</td>
<td>35.0</td>
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<tr>
<td>(percentage of all households)</td>
<td></td>
<td></td>
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<tr>
<td>Unemployment(^5)</td>
<td>11.8</td>
<td>7.0(^g)</td>
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<tr>
<td>(percentage of economically active population)</td>
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Notes: (a, b) 1980–1992; (c, d) 1988; (e) 1985; (f) open unemployment; (g) urban unemployment, 1982; (h) open unemployment, 1989; (i) urban unemployment, 1989.

... sharply in every Central American country except Costa Rica.\(^{31}\) Such statistics describe an economic crisis of major proportions that necessarily constrains the decision-making space of fragile new democracies.

This is compounded by the very nature of Central American economies. Unrestricted democracy has never been established in any Latin American country where agriculture was the crucial export sector, the dominant type of agricultural production was labor intensive, and production was primarily domestically owned.\(^{32}\) As studies have consistently demonstrated,

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\(^{31}\) Ibid.

\(^{32}\) Evelyne Huber Stephens, "Capitalist Development and Democracy in South America," *Politics*
these are precisely the characteristics of the Guatemalan, Salvadoran, and Nicaraguan economies, where integration into the international economy took place on the basis of exporting coffee (generally domestically owned) instead of bananas (foreign-owned) and labor was obtained through coercion. In these cases, just as Barrington Moore originally argued, landlords have been the most intransigent actors blocking democratization, believing that the effective enfranchisement of rural lower classes could only threaten their control over a cheap labor supply. They have done so traditionally by building an alliance with both militaries and foreigners that has assured them access to and control over a coercive state. That neither Honduras nor Costa Rica exactly fit this mold—the former because of the predominance of the foreign-owned fruit companies which altered labor relations and the latter due to the creation of a yeoman farmer workforce—has been used to explain their different and more reformist political trajectories.

What matters in this model, when viewed from the perspective of the contemporary challenges of democratization, is the tight intertwining of politics and economics that characterizes most Central American countries. This has several effects which make democratization more difficult and less likely to be successful. On the one hand, it raises the problem of sequencing. Unlike Southern Europe and South America, where regime change from autocracy to democracy and other socioeconomic transformations could be dealt with sequentially, in Central America, by

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and Society Vol. 17, no. 3 (1989).
33 The literature is extensive here. See, for example, John Weeks, The Economies of Central America (New York: Holmes and Meier, 1985); Charles Brockett, Land, Power and Poverty: Agrarian Transformation and Political Conflict in Central America (Boston: Unwin Hyman, 1988); Julio C. Cambranes, Coffee and Peasants in Guatemala (Stockholm: Institute of Latin American Studies, 1985); and Robert Williams, Export Agriculture and the Crisis in Central America (Chapel Hill: University of North Carolina Press, 1986).
36 In Lowell Gudmundson's Costa Rica before Coffee (Baton Rouge: Louisiana State University Press, 1988), he documents how the impact of coffee did not lead to the same process of peasant marginalization or sharply increased inequality that plagued the rest of the region. Instead, because coffee spread to numerous small landholders as a result of Costa Rica's acute labor shortage and abundance of land, the introduction of coffee was highly beneficial and contributed to, rather than undermined, democratization. In Honduras, where the emergence of a strong independent labor movement gradually helped to divide local elites from the foreign companies that owned the banana companies, elites did not face the same imperative to hold down labor costs as their neighbors and, subsequently, could respond more flexibly to the crises of the 1970s. See José Roberto López, La Economía del Banano en Centroamérica (San José, Costa Rica: Colección Universitaria, 1986) and Frank Ellis, Las Transnacionales del Banano en Centroamérica (San José, Costa Rica: Colección Universitaria, 1983).
contrast, these must be dealt with simultaneously; indeed, a change in the polity immediately calls into question the economic model and the role of the military—and vice versa. In this respect, Central America resembles Eastern Europe, not only because such major transformations are all on the agenda at the same time, but also because very little authoritative capacity exists for asserting priorities among them. Simply stated, this simultaneity means that there is a great deal more to do than in the South, and it seems as if it must be done at once.\textsuperscript{37} The close intertwining between political and economic power leaves politics extremely vulnerable to economic fluctuations which may subsequently spell their own demise.\textsuperscript{38}

But if Central America’s extreme dependence and its economic model have produced a point of departure that is even more unfavorable than the rest of Latin America, its political inheritance does little to alleviate this picture. Where the heritage of especially brutal autocratic regimes is combined with the aftermath of war (Nicaragua, El Salvador, and Guatemala), this historical legacy is particularly unfortunate even in a Latin American context. It includes the deaths of close to 200,000 civilians and 100,000 military over the past decade alone,\textsuperscript{39} the displacement of more than 2.5 million refugees, the systematic practice of torture, disappearances, and arbitrary detention,\textsuperscript{40} the destruction of centrist and leftist forces, the radicalization of popular movements, and the proliferation of uncontrolled armed groups and drug traffickers.\textsuperscript{41}

The continuation of the disproportionate power of Central American militaries threatens to become a permanent feature of the political landscape, except in Costa Rica and possibly El

\textsuperscript{37} As Philippe Schmitter and I have noted for Eastern Europe, “many decisions have to be made in the same time frame and their uncontrolled interactions tend to produce unanticipated (and usually unwanted) effects. Even within a given issue area, the absence of historical precedents makes it difficult to assert theoretically what should come first.” See “ Democratization Around the Globe,” op. cit. (n. 23), p. 53.


\textsuperscript{39} See Ruth Leger Sivard, \textit{World Military and Social Expenditures}, 15th ed. (Washington, DC: World Priorities), p. 21. If the time frame is extended, these numbers increase. In Guatemala alone over the past two decades, Amnesty International estimates that more than 100,000 people were murdered and 38,000 disappeared.

\textsuperscript{40} This excludes Costa Rica. See “Human Rights in Latin America,” \textit{Latin American Weekly Report}, 21 February 1991, and more recent reports by Americas Watch and the US Department of State.

\textsuperscript{41} By 1990 Guatemala had become the drug trafficking nerve center in Central America, as South American cartels sought to avoid Drug Enforcement Administration crackdowns in the Caribbean and Mexico. But the problem was so widespread throughout the region that the presidents of all five countries, plus Panama and Belize, held a summit for the sole purpose of discussing joint action to combat trafficking. Pledging to share intelligence and police-training programs, they noted that their own societies show signs of drug contamination for the first time, including money laundering, crack abuse, and corruption. See \textit{Los Angeles Times}, 20 February 1993 and (on Guatemala) \textit{The New York Times}, 16 December 1991.
Salvador. The scale is qualitatively different than elsewhere in the continent. Wars in Nicaragua, El Salvador, and Guatemala resulted in the greatest and most rapid military buildup in the history of the region, especially between 1979 and 1985 (see Tables 3 and 4). This is reflected in the tremendous growth of the armed forces, which quintupled in size from 1970 to 1990—an especially impressive leap when compared to the rest of Latin America. It is also evident in the huge leap in arms imports and real military expenditures. The single greatest impact of this buildup has been the strengthening of military over civilian forces. Even though the armed forces have withdrawn from the direct exercise of political power, they are still the dominant force in Guatemala, Honduras, and Nicaragua.

**TABLE 3**

**Evolution of Military Expenditures and Forces 1979–1992**

<table>
<thead>
<tr>
<th></th>
<th>Percentage Change in Real Military Expenditures</th>
<th>Percentage Change in Number of Armed Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>0%</td>
<td>-7%</td>
</tr>
<tr>
<td>El Salvador</td>
<td>95</td>
<td>100</td>
</tr>
<tr>
<td>Guatemala</td>
<td>-3</td>
<td>34</td>
</tr>
<tr>
<td>Honduras</td>
<td>150</td>
<td>62</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>70</td>
<td>459</td>
</tr>
<tr>
<td>Central America</td>
<td>46</td>
<td>104</td>
</tr>
<tr>
<td>Latin America</td>
<td>45</td>
<td>23</td>
</tr>
</tbody>
</table>


The disproportionate role of the military in all countries but Costa Rica has been accompanied by the militarization of civil society. Running throughout these countries, to varying degrees, is a common thread of fear, which is the product of years of authoritarian rule, war, and state terror. To an extent not seen elsewhere in contemporary South America, even in Argentina, most Central Americans have had to become accustomed to daily living under extraordinarily abnormal conditions, where fear, pain, insecurity, and suspicion predominate. Especially in rural

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42 Between 1970 and 1989, the cumulative real value of arms imports to Central America (measured in constant 1989 dollars) soared 993 percent, compared to a rise of 159 percent in all of Latin America. Arms imports as a share of total imports rose from 0.4 percent to 8.9 percent over the same period in the former, compared to a rise from 0.8 percent to 2.6 percent in the latter. See USACDA (1991, 1982).
areas, this has inculcated a culture of repression and customs of passivity which are the antithesis of democratic citizenship.\textsuperscript{43} Such habits distort the politics of the present.

When combined with the widespread lack of popular trust in the promise of elections—this latter the result of a long history of fraud against the political opposition within a context of nominally democratic procedures\textsuperscript{44}—this legacy restricts the possibilities promised by electoral politics. In the words of Edelberto Torres-Rivas, "It has already been demonstrated that people can vote with fear in their hearts. But under these circumstances, are they able to choose?"\textsuperscript{45}

<table>
<thead>
<tr>
<th>TABLE 4</th>
</tr>
</thead>
</table>

Growth of Armed Forces  
1970–1992

<table>
<thead>
<tr>
<th>Number of Armed Forces</th>
<th>Percentage Change in Number of Armed Forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica\textsuperscript{2}</td>
<td>5</td>
</tr>
<tr>
<td>El Salvador</td>
<td>6</td>
</tr>
<tr>
<td>Guatemala</td>
<td>13</td>
</tr>
<tr>
<td>Honduras</td>
<td>6</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>7</td>
</tr>
<tr>
<td>Central America</td>
<td>37</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,117</td>
</tr>
</tbody>
</table>


\textsuperscript{1} Figures are rounded to the nearest 1,000;
\textsuperscript{2} Figures for armed forces in Costa Rica are paramilitary troops.

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\textsuperscript{43} This is even true in Honduras, which has experienced far less repression than the countries more directly affected by war. In October 1992, the Comité de Derechos Humanos de Honduras (CODEH) denounced the militarization of Honduran society, stating that the power and influence of the military "are so pervasive that the organs of the state are unable to exercise control" over it. See *Central America Update*, 30 October 1992.

\textsuperscript{44} Although Central America has nominally been a liberal democracy since Independence, it also has the dubious honor of having the most constitutions and frustrated constitutional projects in Latin America. See Jorge María García Laguardia, "Constitutional Framework for Political Parties in Central America," in Louis Goodman, William M. LeoGrande, and Johanna Mendelson Forman, eds., *Political Parties and Democracy in Central America* (Boulder: Westview, 1992), p. 81.

\textsuperscript{45} See Edelberto Torres-Rivas, *El sistema político y la transición a la democracia* (San José, Costa Rica: FLACSO). His point was recently demonstrated in the recent elections in El Salvador, where countless peasants were reluctant to register to vote. As registration workers quickly learned, convincing Salvadorans in war-torn areas to give their names, addresses, and photos to local authorities was no easy task, given the history of repression that has plagued that country.
Central America’s Hybrid Regimes: Not Yet Over the Democratic Threshold

Such an inauspicious point of departure lends credence to the view that full democracies are unlikely to arise in Central America in the near future. Given the international, economic, and political realities that define their foundation, it is easy to see why new full democracies are unlikely to arise in contemporary Central America. Indeed, with all of the strikes against the region, it may be more appropriate to ask why democracy is even on the table! Yet clearly Central American politics today are characterized by more contestation and inclusion than prior to the outbreak of conflict. The types of regimes appearing everywhere (except in democratic Costa Rica) are not merely the reconstitution of a previous authoritarian coalition in another guise; rather they represent a hybrid form that has the potential to mobilize mass pressures for institutionalizing contestation and broadening political inclusion in the future.

By hybrid regimes, I refer to a specific functional and territorial political mix, which exists to varying degrees in every country but Costa Rica. On the one hand, Central American polities are characterized by the uneven acquisition of the procedural requisites of democracy. They show gains in the electoral arena, but this occurs without the establishment of civilian control over the military or the rule of law. Elections are generally free and fair, yet important sectors remain politically and economically disenfranchised. Militaries support civilian presidents, but they resist any efforts by civilians to control internal military affairs, dictate security policy, make officers subject to the judgment of civil courts, or diminish their role as the ultimate arbiter of politics. Impunity is condemned, yet judiciaries remain weak, rights are violated, and contracts are broken.

On the other hand, as Jonathan Fox has demonstrated for the case of Mexico, these polities are also distinguished by the uneven distribution of citizenship across the national territory. Depending on the outcome of particular localized struggles, different mixes of authoritarianism, clientalism, and pluralism coexist under the same national regime. Thus, within the same polity, bargaining relations can be based on collective action in one place and the political subordination of clients, reinforced by coercion, in another. This is especially evident in rural municipalities, where local notables can interfere in the electoral process in a manner that systematically biases the outcome, can distribute favors based upon political loyalties, and can actively encourage or discourage mass mobilization.

\[46\] See note 9.
\[47\] In the recent elections in El Salvador, I witnessed all three political styles. In the town of San Gerardo, for example, the ARENA government did not deliver voter cards to a full 71 percent of newly registered voters. Christian Democrats relied upon past ties of clientalism to bring out their supporters. In Chalatenango, FMLN leaders mobilized their base into demonstrations to demand the placement of voter urns within each municipality.
What underlies these hybrid regimes, what makes them fundamentally distinct from their predecessors, and what lends some weight to the notion that a type of democratization is underway are the agrarian social transformations that have occurred since the end of the 1970s. In short, the reactionary alliance between landlords, militaries, and foreign support for authoritarian rule has been definitively altered. If the demise of the landlord class as the dominant political force is a necessary social base for the construction of reformist regimes, then this process is slowly underway in Nicaragua, El Salvador, and Guatemala—even if the extent of elite transformation is still unclear. In Nicaragua, despite efforts to roll back the types of structural changes that have occurred in the countryside, the power of large landowners has been substantially weakened. Not only are conservative forces seriously divided, they are also no longer capable of making an authoritarian alliance with the (now Sandinista) military to regain their former control.

In El Salvador, where remittances have replaced agro-exports as the country's leading source of foreign exchange, the extensive disruption in commercial farming caused by the war has led to diversification and helped to drive home the lesson that political violence from any source is bad for business. Divisions are apparent between traditional landlords, who reject any form of liberalism, and a more modernized business community, which has prevailed in its insistence that elite economic interests can be safeguarded in a democratic system and which supports the promotion of labor-intensive export manufacturing. Despite their shortcomings in both El Salvador and Nicaragua, recent agrarian reforms which redistributed large, productive commercial farms, and new agreements over land transfers which are part of the peace process, have accelerated the gradual political decline of the landlord class.

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48 These divisions were manifested soon after the electoral victory of Violeta Chamorro through the disintegration of the UNO coalition. Ultraconservatives, which include the members of COSEP, the leading business organization, have rejected any compromise with the Sandinistas and have called for the return of all state properties to previous owners. Another wing of business, which centers around the economic think tank CORDENIC, has sought to unite technocrats, some urban business interests, and some of the country's leading families around alternative solutions to the nation's economic crisis. See George R. Vickers and Jack Spence, "Nicaragua: Two Years After the Fall," op. cit. (n.14), p. 537.


50 Land has turned out to be a particularly explosive issue for the ex-contras, whose ranks were swelled by peasants who had not been beneficiaries of the Sandinista agrarian reform or who were opposed to their agrarian policies. In return for disarming and for their electoral support, the Chamorro government promised land to all ex-contras who complied. Yet the demand for land has exceeded its supply, creating a problem for the government, which has tried to disperse the contras while making small concessions along the way. See George R. Vickers and Jack Spence, "Nicaragua: Two Years After the Fall," op. cit. (n. 14), pp. 551–53. In El Salvador, the central compromise in the peace agreement was to permit peasants to remain on land that they had seized from titled landowners and to offer them a chance to buy the land at market value, with government help. Peasants were to be resettled on other lands if landlords did not wish to sell. Conflict over the implementation of this agreement is now one of the chief obstacles blocking progress in the peace accords. For a discussion of this conflict, see Elisabeth Wood, op.cit. (n.
To a lesser extent, there are even some signs of change in Guatemala, where landlords are the most reactionary on the continent, guerrilla forces have been less effective, and the last agrarian reform was forty years ago. Even here, efforts toward tax reform and regional integration, which have been spurred on as a result of Guatemala's proximity to Mexico and spillover effects from NAFTA, have split economic elites.51 Nonetheless, changes have come more slowly than they have elsewhere, and the agro-export model based on labor coercion is the least altered in the region.

Divisions among economic elites have been exacerbated by new strains in the traditional pact of domination between the military and the land-owning class throughout the region. Businessmen have become increasingly resentful of the military's preponderant role in the economy and threatened by corruption as well as human rights violations; officers have also become more resistant to linking their fortunes to a single economic faction; and the armed forces in general have become more reluctant to assume responsibility for failing economies. These trends are apparent in Honduras, where the military's Social Security Institute (IPM) competes with the private sector and ranks among the country's top five economic investment groups,52 and they can be seen in Guatemala, where strong disagreements over military support for tax reform has alienated important sectors of the landowning class.53 They are most evident in El Salvador, where a military-run kidnapping ring which extorted more than $4 million dollars from wealthy businessmen with impunity helped convince elites to sign a peace agreement that consigns the military to a significantly more limited role.54 Current US policy, which opposes military involvement in the economy as "something which undermines the very principle of the free market, helps to reinforce these divisions."55 Such pressures, when combined with a rhetoric about the promotion of democracy, make any attempt to reconstitute traditional alliances difficult.

But it is not merely the elite alliances of the past that have changed. Transformations at

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52 Opposition to military investment increased in mid-1991 when the IPM bid $20 million to acquire a controlling stake in a state-owned cement plant as part of the government's privatization program. See *Notisur*, 16 July 1993.
53 In 1988, efforts by the Cerezo administration to introduce a very limited tax reform evoked protests from some economic elites, who subsequently pressured military officers to intervene on their behalf. Their coup attempt failed, largely because the defense minister, General Hector Gramajo, supported the government. Subsequent coup attempts, which reveal divisions that cut across both military and economic lines, have also failed.
55 In July 1993, the US Deputy Assistant Secretary of State, Jahon Maisto, declared that the United States was completely opposed to military investments, arguing that "No military or political group should be allowed to enjoy an advantage over other economic actors." See *Notisur*, 16 July 1993.
the mass level also make it hard to return to the reactionary despotism of the past. Not only did rural and urban organizing result in powerful guerrilla armies in Nicaragua, El Salvador, Guatemala, and (to a far lesser extent) Honduras, which have been successful in demonstrating the high cost of previous governing arrangements, but it also has led to the proliferation of a number of new organizations and activities across a broad political, functional, and territorial spectrum. In Nicaragua, the Sandinista victory sparked a flourishing of popular organizations, the unionization of over half of the country's workforce, and the formation of new opposition political parties. In El Salvador, there has been a virtual explosion of nongovernmental organizations, trade unions, women's and refugee groups, and peasant cooperatives. In Honduras, the union movement is still viewed as the region's strongest; together with peasant organizations, it has been established as an influential actor on the national political scene. Even Guatemala has witnessed the steady growth of a labor and student movement over the past decade, which has been reinforced by groups defending human and indigenous rights.\textsuperscript{56} Popular sectors throughout the region, often linked to a burgeoning 'international civil society' of human rights, environmental, and other groups, have reached a level of organization that permits them to push, however weakly, for an alternative political and economic agenda.

**Democratizing Hybrid Regimes: Lessons From South America**

If a return to the past seems to be unlikely and a leap into full democracy even more improbable, what lies ahead for Central American polities? Elsewhere in Latin America divisions between and among economic, political, and military elites led them to promote democratization, not to facilitate popular participation but rather to resolve their differences, strengthen their own influence, and channel popular participation. Elite-supported reforms created the possibility for the emergence of restricted democracies, but what ultimately determined whether such hybrids could endure and evolve in a more participatory direction was the strength of civil society, on the one hand, and the effectiveness of political parties, on the other. Where the types of unions, peasant organizations, professional associations, and grassroots movements that are currently proliferating in Central America were capable of pushing the limits of newly-created political space, and where they were capable of linking up to middle-class parties that could help sustain the delicate balance between pressures from below and threat perceptions from above, hybrid regimes gradually became more democratic, e.g., Chile, Venezuela, and Costa Rica. Where these conditions were not present, or where parties were either clientelistic or very weak,

participation remained very restricted, e.g., Brazil, Ecuador, and Colombia.57

The lessons implicit in the South American experience should not be lost in Central America. That traditional rulers are divided, civil society is emerging, and regional pressures against authoritarian rule are strong are signs that an opportunity exists to extend hybrid regimes past their current functional and territorial boundaries. This opportunity is reinforced by the very recent emergence of a more complete party system—one that is presently weak but that could eventually have the capacity of representing a full range of interests from right to left. Traditional restrictions against leftist parties have been dropped from the constitutions of El Salvador, Nicaragua, and Honduras; party registration has become easier; and the left has already won a significant share of power where recent elections have occurred.58 At the same time rightist parties like that of El Salvador’s ARENA, which are distinct from the strictly military parties of the past, have been initially successful in demonstrating their strength, thereby reassuring dominant classes that their interests will be protected. For the first time, party representation is at least legally possible for a political spectrum ranging right to left.

Whether democratic actors will be able to take advantage of this opportunity remains an open question. Presently there are at least two grave immediate threats to Central America’s fragile new political space. The first arises from the institutional biases built into the political rules of the game currently being adopted in the region as well as in the divisions of forces on the left. If landlords and peasants, soldiers and guerrillas, industrialists and workers, or left and right parties are to continue to bargain with each other and to accept future losses as well as gains, the rules governing political compromise must be relatively equitable and at least one party must represent reformism from below. This creates some separation between political and economic power, provides some of the autonomy in the political domain which is so necessary for cushioning periods of economic crisis and for reducing the size of militaries, and guarantees at least the (very modest) level of reform that helped both Honduras and Costa Rica break the vicious economic/political cycle that has held their neighbors captive.

Throughout Latin America, democratization historically has been adversely affected by the lack of fairness of fundamental rules, such as those defining the electoral process, and the systematic exclusion of opposition from either public goods or the spoils of government. For this

58 Central American constitutions have been full of prohibitions against activities of “a communist or anarchist nature,” (Guatemala Constitution, 1936) or individuals who express “opinions contrary to the public order,” (Nicaragua Constitution, 1939). New constitutions adopted throughout the region have removed these limitations on participation. See Jorge Mario García Laguardia, op.cit. (n. 44), pp. 77–87.
reason, both the strong divisions characterizing the Sandinistas and El Salvador's FMLN and the massive irregularities that characterized the recent internationally-supervised Salvadoran elections are especially disturbing. Vote-buying, systematic obstacles to registration, incomplete electoral lists, intimidation, and a prejudiced electoral tribunal may have seemed like 'business as usual' to peasants accustomed to the fraudulent practices of the past. But to former guerrillas, who agreed to put down their weapons in exchange for a fair shot at representation, the 'elections of the century' became one more grievance in a growing list of disappointments. Regardless of who wins future Central American elections in this fragile time, the lesson is clear: If the rules are not fair, the winners generous, and the losers adequately represented, incentives to continue to play the game will decline.

A second threat lies in the manner in which the neoliberal economic model is being implemented in Central America. In the short run, stabilization and structural adjustment programs, with their emphasis on tight budgets, austerity measures, and the shrinking of the state's role in the economy, run directly counter to the policies necessary to support delicate peace agreements in Nicaragua and El Salvador and to encourage such agreements in Guatemala—even though these agreements represent the fundamental precondition for any economic recovery. As financial constraints increasingly block the reintegration of estranged groups into society through land transfers, subsidies, and employment creation, the temptation grows for demobilized guerrillas, ex-soldiers, and former police to seek violent solutions for their dissatisfaction, and for governments to renege on their agreements.59 As a result, Nicaragua already stands at the brink of a renewed civil war or further political disintegration. Even in Honduras and Costa Rica, where agreements of this sort do not yet have to be upheld, stabilization and austerity measures currently being implemented with insufficient regard to social safety nets threaten to shrink the already narrow space for democratization.

The long-run effects of this economic model are equally worrisome for democratization. In the context of the extraordinary inequalities of income and wealth, high unemployment, and sharply declining real wages that mark most of the countries of the region, this model appears to be a modernized version of the 'nontraditional' export promotion policies of the past. As such it could deliver the same results over the long run: the expansion of export agriculture and manufacturing based on land concentration, low wages, and increasing inequalities; the deterioration of the environment as well as the life chances of the poor; the subsequent rise of popular mobilization and elite reaction; political instability and the end of growth. This dismal scenario is compounded by the extreme vulnerability of Central American economies to global recession or downturns in commodity prices—with their demonstrated adverse consequences for

59 See Alvaro de Soto and Graciana del Castillo, op.cit. (n. 16), for a thorough discussion of the problems of harmonizing peace accords with economic stabilization policies.
political stability. If such models are not modified, the basic lesson offered by Central America's past development failures as well as Costa Rica's and East Asia's successes will be disregarded: Policies specifically designed to reduce poverty and income inequality not only stimulate long-term economic growth; they also sustain democracy.61

60 During periods of world economic crisis, Central America has experienced a greater than average number of changes of presidents and a greater than average number of coups. See Marc Lindenberg, "World Economic Cycles and Central American Political Instability," World Politics Vol. XLII, no. 3 (April 1990), p. 408.