



**"THE RICH HAVE ALREADY EATEN..."\*  
ROOTS OF CATASTROPHE IN CENTRAL AMERICA**

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**Working Paper #105 - January 1988**

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\* The main title is a phrase from Father Andrés Girón, a Guatemalan parish priest, who leads the National Association of Campesinos for Land, an organization made up of 75,000 landless Guatemalan peasants. Father Girón is a fearless advocate of agrarian reform (OSGUA Newsletter, No. 4, Feb. 1987).

This enterprise is indebted to many individuals and several institutions, none of whom share the authors' responsibility for the writing, but all of whom contributed in diverse ways to whatever virtues it may have. Thanks go to Oxfam America, who commissioned an earlier version of this work as part of a Central America program assessment and who helped support the subsequent transformation of the document, and in particular to Katherine Fix, John Hammock, Sandy Isaacs, Rolando López, Jethro Pettit, Bob Snow, and Lee Warren. Elsewhere thanks are also due to John Cavanagh, Saul Landau, Jorge Sol, Jacquelynn Craw, Ariane van Buren, Jim Tucker, Medea Benjamin, Kevin Danaher, Peter Marchetti, Peter Utting, Cynthia Hewitt de Alcantara, and Enrique Oteiza, among others. Special thanks to the Helen Kellogg Institute for International Studies at the University of Notre Dame and in particular to Caroline Domingo for her excellent editorial work and to David Ruccio and Alexander Wilde. We are most indebted to the many Central Americans who shared with us their understanding, their grief, and their hope for peace and justice.

### **ABSTRACT**

Central America's profound political and military convulsion is largely the result of a boom and currently severely bust agro-export economy built upon an outmoded social order. Focusing upon food security issues and their implications for the poor majority, this report analyzes major factors contributing to the current crisis within and beyond this small sub-region of Latin America. The major emphasis is upon Nicaragua and El Salvador, but the authors also discuss conditions in neighboring Guatemala, Honduras, Costa Rica, and Panama. Socioeconomic structures and government strategies are critically assessed in the context of growing food insecurity, and particular attention is given to agrarian reform experiences. Since the United States is the determining outside actor, U.S. policies and interests are analyzed in depth as obstacles and potential opportunities for broad-based popular development and food security.

### **RESUMEN**

La profunda convulsión política y militar de América Central se debe en gran parte al crecimiento repentino y al severo fracaso actual de una economía dependiente de la agroexportación y a la vez basada en un orden social anticuado. Enfocando en la seguridad alimentaria y sus implicaciones para la población pobre mayoritaria, este informe analiza los principales factores que contribuyen a la crisis actual de esta pequeña sub-región de Latinoamérica. El énfasis principal se pone en Nicaragua y El Salvador, pero los autores también tratan las condiciones en países vecinos, es decir Guatemala, Honduras, Costa Rica y Panamá. Las estructuras socioeconómicas y las estrategias del gobierno son evaluadas de manera crítica en el contexto de la creciente inseguridad alimentaria, y se pone particular atención a las experiencias de reforma agraria. Puesto que los Estados Unidos es el actor externo determinante, las políticas y los intereses estadounidenses son analizados a fondo como obstáculos y oportunidades para el desarrollo democrático.

## INTRODUCTION

What has been happening in Central America during the 1980s can best be described as a man-made catastrophe. El Salvador, Nicaragua and Guatemala are torn by war and violence. Honduras is virtually occupied militarily by the U.S.-backed contras and U.S. armed forces. There are about a million destitute displaced persons fleeing the violence in these countries. Another million are refugees already in the U.S. or Mexico. Many more would follow them if they could. Some 250,000 people have been killed in the violence since the late 1970s.

The catastrophe is economic as well as political. All seven Central American countries including Costa Rica and Panama<sup>1</sup> are suffering from a deep and prolonged depression that began when markets for their exports of coffee, bananas, sugar, cotton, and beef began to collapse in the mid-1970s. All are heavily in debt and dependent on foreign aid to keep their economies afloat. In fact, El Salvador, Honduras, and Costa Rica are often referred to as "USAID republics." There is massive unemployment with falling real wages and living standards. The poor are the most affected and they are the vast majority. This economic bust had been preceded by three decades of economic boom based on expanding agro-exports in which a very few reaped enormous profits. Peoples' expectations had risen during the boom only to be frustrated when it ended. Rapid economic growth had shaken traditional class relations and political institutions and these began to disintegrate during the bust.

This undeniable political and economic catastrophe is as much a North American tragedy as a Central American one. U.S. policies for more than a century have contributed to maintaining the unjust and repressive socioeconomic structures that have kept most Central Americans poor. Since 1981, U.S. policies have directly exacerbated conflict in the region. A continuation of the present crisis implies high economic and social costs for Central Americans, but for the U.S. as well.

The gravity of the Central American catastrophe is dramatically illustrated by the misery, repression and insecurity in El Salvador which is in the midst of a seven-year civil war with no end in sight. The devastating earthquake centered in San Salvador in October 1986 only worsened the plight of the urban poor and demonstrated the inability of the government to deal with their problems. The image of the government winning the war against the guerrillas was shattered by the successful guerrilla attack on the "impregnable" El Paraiso fort and six other military installations across the country in March 1987. The attack also resulted in the first U.S. publicly acknowledged combat death of one of the 55 U.S. military advisers in El Salvador. (Five other U.S. military personnel--apparently not military advisers--have been killed since 1973.) Widespread poverty and political violence are not new to El Salvador. They were all too evident in the early 1960s, when they recalled the bloody 1932 massacre in which twenty thousand peasants--mostly unarmed and predominantly Indian--were butchered by the Salvadorean army.<sup>2</sup>

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<sup>1</sup> Central America can be defined as the nation states occupying the land bridge between Mexico to the north and Colombia to the south: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama (though the latter differs from the others in several important respects), and tiny Belize (for which the authors had little comparable data or analysis).

<sup>2</sup> See Thomas Anderson, El Salvador, 1932, Editorial Universitaria Centroamericana, Costa Rica, 1982.

The revolutionary violence that seemed imminent and almost inevitable nearly three decades ago has now engulfed much of the country. Noncombatant peasants and the urban poor pay the greatest costs, often with their lives.

U.S.-sponsored reforms (including a significant agrarian reform) and U.S. economic and military aid estimated at over one and a half million dollars daily in early 1986 (about one-fourth of Central Government expenditures) have failed to create a popular consensus in support of the Duarte administration "elected" in 1984. On the contrary, the "low intensity conflict" (the deceptively named post-Vietnam counter-insurgency warfare) being waged against the guerrillas by the Salvadorean army under U.S. tutelage seems likely to prolong the present violence indefinitely. Meanwhile, the economy continues to deteriorate, civil society to atrophy, and the numbers of displaced persons and refugees (now estimated at about half a million persons internally and as many again outside the country--or about one-fifth of the total population) continue to swell.

The situation in Nicaragua is also depressing, although for somewhat different reasons. Inflation in 1986 was running at over 300 percent annually, ten times greater than in El Salvador. Real wages and salaries in both countries had fallen by about one-fifth on average during 1985 and continue to decline, although in Nicaragua this increasing poverty is more equally shared than in El Salvador. The war effort in Nicaragua now claims about half the government budget, as in El Salvador, diverting scarce material and human resources, especially skilled management, from social and economic development programs in health, education, non-military transport, agriculture and industry.

The U.S. economic embargo, together with the sabotage and terrorism perpetrated by U.S.-financed and trained contras, are having particularly negative impacts on the civilian population. One should recall that Nicaragua under the Somoza dictatorship was highly dependent on the U.S. for many of its imports, especially for vital consumer goods such as medicines and crucial inputs for agriculture and industry. While this dependence on U.S. imports was reduced from about 29 percent in 1977 to 16 percent in 1984,<sup>3</sup> the embargo imposed in 1985 has been damaging for the economy and contributes to acute shortages and hardships for much of the population. The Nicaraguan government has estimated that U.S. aggression during the 1981-1984 period was responsible for 12,000 military and civilian casualties, the orphaning of 6,000 children, and direct economic losses of some \$400 million.<sup>4</sup> These costs have probably doubled during 1985 and early 1986. Contra marauding has stimulated an exodus of peasants from some frontier areas and, with widespread shortages of simple tools and consumer goods in most rural zones, there has been an unprecedented migration to Managua and some smaller cities such as Estelí and Matagalpa.

In spite of the increasing difficulties and hardships experienced by most people, the Sandinista government continues to enjoy widespread popular support in both rural and urban areas. The ugly memories of the Somoza past, with which both the contras and the U.S. are identified, are still fresh in most people's minds.

Different observers attribute the current crisis in Central America to different causes. Some blame incompetent corrupt governments and ruthless selfish elites: many Central Americans believe it is primarily caused by liberal ideologies and United States policies while

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<sup>3</sup> CEPAL, "Notas para el Estudio Económico de América Latina y el Caribe 1985--Nicaragua, El Salvador, Costa Rica, Honduras and Guatemala."

<sup>4</sup> "El Costo Económico de la Guerra de Agresión," Envío, Instituto Histórico Centroamericano, Managua, September, 1985.

others blame Marxist ideologies and alleged Cuban-Soviet interventions. Still others believe the region's resources are too scarce and its population growth too rapid to allow escape from poverty. One should, however, keep the broader Central American regional context in view, together with the history of the region since the Spanish conquest. The fact is that the region's natural resources are more than adequate to support a much greater population at a higher standard of living. In most of Central America, one constant since the Spanish conquest has been that peasants and rural workers have never had an effective voice in government. Successive ruling groups have exploited them as vanquished enemies, except for a few brief interludes such as the Arévalo-Arbenz decade after 1944 in Guatemala, a few years in the mid-1970s in Honduras, and after 1979 in Nicaragua. Aside from these exceptions, only in Costa Rica and, to a lesser extent, in Panama, have peasant majorities or the urban poor enjoyed even minimal civil and democratic rights during any part of the twentieth century. Meanwhile, U.S. government policies and business interests have consistently supported corrupt oligarchies, dictators and military cliques in pursuit of what they claimed to be U.S. interests, frequently calling upon help from U.S. gunboats and marines and more recently the CIA.<sup>5</sup>

The current rationale for this U.S. interference is to prevent Soviet-Cuban expansionism in the region. This paper argues that the U.S. would be facing the same revolutionary situation in Central America if the USSR did not exist, as it did in Mexico after 1910.<sup>6</sup> The crisis is a result of powerful social and economic forces; ideology is more a rationalization of present power relationships or attempts to change them than a major cause. U.S. security, trade and other interests, however, would be better served by more self-reliant broadly based development in the region, even if achieved under socialist or "anti-gringo" nationalist ideological banners. Mexico after its revolution is an example; Cuba could have been another, and still could be, with more realistic U.S. policies.

This report focuses particularly on El Salvador and Nicaragua, which the authors recently visited, but it also refers to the crisis in neighboring Central American countries--Guatemala, Honduras, Costa Rica and Panama--with emphasis on food security issues and their origins. One must bear in mind that Central America is a small partially integrated sub-region of Latin America with only 25 million people. These geographically small individual nation states exhibit many similarities and commonalities.

Four related issues are analyzed to help understand the current crisis from the perspective of the poor majority of Central Americans. The first issue is food itself: who has access to food and who has not, how much food is produced and imported, how much does it cost to feed a family, what is the reliability, capacity, and sustainability of national food systems? The state of food security illuminates the poverty and inequality that characterize much of the region, as well as the inadequacies of past development strategies. Second is an analysis of the socioeconomic structures and government policies that provide greater or lesser food security for the population. The third issue is agrarian reform--the often frustrated but necessary reforms of the food system in these predominantly agrarian societies. The fourth section addresses U.S. interests and policies in Central America.

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<sup>5</sup> ICADES/CRIES or Central American Institute for Social Documentation and Research, based in San José, Costa Rica, and the Regional Coordinating Body for Research on Central America and the Caribbean, based in Managua, Nicaragua.

<sup>6</sup> "The explanation for that confrontation (in Central America) lay not with Ronald Reagan's belief that 'the Soviet Union underlies all the unrest that is going on.' It lay with the history of how the class-ridden remains of the Spanish Empire turned into the revolution-ridden remains of the North American system." Walter LaFeber, Inevitable Revolutions, W.W. Norton and Co., New York, 1983.



## I. FOOD SECURITY

In Central America the poor spend at least half their incomes just to feed themselves. Yet most poor Central Americans live in rural areas and are engaged in food production, however miserably and marginally. The answer to the question of who eats and who doesn't provides an open window for scrutinizing the broader problems of Central American social and economic development from the perspective of the less privileged strata. Analysis of food security complements the use of conventional socioeconomic indicators, such as income, health, and literacy, in describing Central American poverty.

Food security can be defined as assured access by all social groups and individuals to food adequate in quantity and quality to meet nutritional needs. A food system offering security should have these five characteristics: 1) capacity to produce, store, and import sufficient food to meet current and expanding basic food needs for all; 2) maximum autonomy and self-determination, reducing vulnerability to international market fluctuations and political pressures (without implying autarky); 3) reliability, such that seasonal, cyclical and other variations in access to food are minimal; 4) sustainability such that the ecological system is protected and improved over time; 5) equity, meaning, as a minimum, dependable access to adequate food for all social groups.<sup>7</sup>

### **Food Availability from Production and Imports**

In Central America, only Costa Rica would have more than sufficient food available to meet daily food calorie requirements (114 percent)--if these supplies were well distributed among all social groups throughout the year--according to United Nations Food and Agriculture Organization (FAO) estimates. In Panama and Nicaragua calorie supplies are about equal to theoretical requirements of 2,200 calories per person per day, while Guatemala (85 percent), Honduras (94 percent) and El Salvador (90 percent)<sup>8</sup> are below the FAO and World Health Organization (WHO) norms. This contrasts with Mexico and Cuba where calorie availability is estimated to be 126 percent of requirements, although they are much more equally distributed in Cuba than in Mexico.

Calorie supplies per person in these countries have apparently either increased or remained virtually the same since 1969. In Nicaragua they increased steadily during the 1970s, subsequently fell to a low of 97 percent of requirements in 1979-1980, and have risen slightly thereafter. In El Salvador they increased from 81 to 94 percent of requirements during the 1970s only to fall again after 1981. In Honduras and Panama they remained more or less at present levels throughout the 1970s and early 1980s. In Costa Rica they improved slowly during the whole period until 1981, after which they fell very slightly. As food production per person actually declined in most of these countries, any improvements in food availability such as in Costa Rica were primarily due to increased food imports.

On the other hand, without exception, protein supplies were estimated to have been well below estimated average requirements in all the Central American countries.

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<sup>7</sup> "Food Systems and Society: Problems of Food Security in Selected Developing Countries," UNRISD (draft), Geneva, 1986.

<sup>8</sup> The Salvadorean government estimated that in 1985 there were only 1806 calories available per person daily or only 83 percent of requirements (but one must take these data with great caution as they may not be comparable to FAO's). "La Pobreza Rural en El Salvador," Misión Inter-regional de las Naciones Unidas, El Salvador, enero 1986 (versión preliminar).



In sum, only in Costa Rica is national food availability theoretically sufficient to meet minimum requirements, if adequately distributed throughout the nation and year, and still leave a small surplus (14 percent) to meet market demands above this level. National food availability is not sufficient to meet minimal requirements in El Salvador, Guatemala or Honduras. These needs could theoretically be met adequately in Nicaragua and Panama.

### **Food Autonomy and Self-Determination**

Food system autonomy and self-determination, like dependency, are primarily qualitative concepts. They imply power relationships and the presence of alternatives as well as the degree of physical dependency on flows of goods, services, and technology between countries. Japan and Switzerland, for example, import a high proportion of their food requirements without being particularly dependent. Great Britain imported about half its food during the 19th century but given that it was the world's leading industrial and naval power at the time, its food system could hardly have been described as a dependent one. Nonetheless, an idea of the degree of food system dependency can be obtained by looking at the importance of food system imports such as food and other agricultural products and of agricultural inputs (fertilizers, pesticides, farm machinery, etc.) in relation to food system exports.

In 1983, the value of food system imports in proportion to that of exports was about 40 percent in El Salvador and Costa Rica, 53 percent in Nicaragua, 80 percent in Panama and about 30 percent in Guatemala and Honduras.<sup>9</sup> If, in addition to basic agricultural requisites, petroleum and other vital inputs are considered, Nicaragua's dependency on food and agricultural imports would have been nearly 90 percent of food system exports.<sup>10</sup> If imports of vital consumer goods required by agricultural producers but not produced domestically were also included, this import dependency would have been over 90 percent in Nicaragua, leaving a rather small margin of foreign exchange from agricultural exports available for investment or other purposes. In the same year Nicaragua's food system imports amounted to over one-fifth of total imports, nearly one-half of total exports and nearly one-third of the total value added in the agricultural sector. They also amounted to between one-fourth and one-third of the value added in agriculture in Honduras, Guatemala and El Salvador, and were over one-half in Panama.

Simply put, El Salvador is awash in international food aid. Food imports for El Salvador increased from 10 percent of total imports in 1971 to 16 percent in 1980, according to Central Bank data, but these were primarily non-commercial food imports. Food aid amounted to 27 percent of the country's corn production, 32 percent of its rice production, half of its edible oil and dairy products and, of course, all of its wheat consumption. It appears that about one-third of the country's cereals are now being provided through food aid.<sup>11</sup>

Nicaragua has diversified its markets greatly since 1980, in part by choice and in part by necessity imposed by the U.S. economic blockade. In 1977 its most important trading partners were the Central American Common Market, the U.S., and the European Common Market. Now they are the European Common Market (plus other European countries, Japan and Canada), Cuba and the Eastern European countries, and the newly industrializing countries of Latin America--especially Mexico, Venezuela, Brazil and Argentina. Although the latter provide important imports, they buy almost none of Nicaragua's exports.<sup>12</sup> While the import dependency

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<sup>9</sup> FAO Production Yearbook, 1984.

<sup>10</sup> "Alimentos, Desarrollo y Transición en Nicaragua," CIERA, 1986 (draft).

<sup>11</sup> Data taken from UN Interagency Mission report, 1986 (op. cit.).

<sup>12</sup> CEPAL op. cit.

of Nicaragua's food system has increased, the diversification of its markets and its greater reliance on many different indigenous and imported technologies could lead to greater autonomy in the future if the war came to a close. On the other hand, in El Salvador, Costa Rica, and Honduras, heavy reliance on foreign aid, primarily from the U.S., for financing their balance of payments and budget deficits seems to be increasing their food systems dependency even more than the data on imports and export indicate.<sup>13</sup>

### **Food Reliability**

During recent years Central American food systems have been extremely unreliable for many large social groups. This is particularly true of El Salvador and Nicaragua which are engulfed in war. A food system's reliability is primarily affected by fluctuations in food production, imports, storage and distribution. These in turn are conditioned by a host of other factors such as climatic variability, relative prices, government policies, import capacity, transport facilities and infrastructure and political instability to mention only a few.

#### Weather

In small countries with embryonic national food systems, climatic variability results in relatively big seasonal swings in national food production. Unlike in large countries, production losses from droughts or floods in one region are not usually compensated by favorable growing conditions in another. In 1982-83, for example, unfavorably climatic conditions contributed to significant falls in corn production in much of Central America and especially in Nicaragua.

#### Government Policies

As will be seen in more detail later, changing government policies affecting prices, credit, marketing and technical assistance also directly affect domestic production. When price and credit policies favored Nicaraguan peasant producers in 1979-80 as compared with earlier years, corn and bean production jumped, only to fall again when shortages of inputs and consumer goods and unfavorable price controls made food production less attractive for many farmers in subsequent years. Currency devaluation in El Salvador in 1986, for example, resulted in a doubling in price of fertilizer, herbicide and pesticide imports, making them too expensive for most food producers.

#### World Markets and Foreign Debt

More serious for the reliability of Central American food systems have been decreases in import capacity accompanying declines in the prices of agro-exports and the growing proportion of exchange earnings required to service their debts. The terms of trade between goods exported and those imported deteriorated for all of Central America: 13 percent for Costa Rica, 19 percent for El Salvador, 27 percent for Guatemala, 24 percent for Honduras, 34 percent for Nicaragua and 18 percent for Panama between 1980 and 1985.<sup>14</sup> Rising coffee prices brought some relief for most Central American countries in 1986 but did not change the overall picture much, and in any case in 1987 coffee prices were falling again.

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<sup>13</sup> For example, foreign financing of Central Government deficits increased from 24 to 49 percent in Costa Rica between 1983 and 1985, from 37 to 63 percent in El Salvador between 1982 and 1984 but dropped to 46 percent in 1985 and from 41 to 56 percent in Honduras from 1982 to 1984. In Guatemala external financing of the deficit remained at about 20 percent while in Nicaragua it dropped from 40 percent to 7 percent from 1982 to 1985 which, in the circumstances, contributed to the 300 percent inflation rate by early 1986. CEPAL, op. cit.

<sup>14</sup> CEPAL, "Preliminary Overview of the Latin American Economy During 1985," Santiago, Dec. 1985.

Meanwhile, service of foreign debt (interest plus amortizations) in 1985 amounted to 57 percent of the value of exports for El Salvador, 41 percent for Costa Rica, 46 percent for Guatemala, 39 percent for Honduras and 20 percent for Nicaragua.<sup>15</sup> Given the combination of declining exports, deteriorating terms of trade, and debt service charges taking from one-fifth to over one-half of export earnings, it is not surprising that import capacity for purchasing food and vital agricultural inputs and consumer goods has decreased sharply since 1980. Nor is it surprising that a large proportion of food imports to these countries, except Nicaragua, are now in the form of some kind of "aid" from the U.S. As will be seen later, this presents another problem for peasant producers.

### Militarization

Militarization of Central America overshadows bad weather and negative world economic trends in its damaging effects upon food security. The size and cost of the region's armies has increased 400 percent since 1977. Regional warfare has killed some 250,000 people, most of them civilians, since the late 1970s, and more than two million Central Americans have been displaced from their homes or have fled their home countries as refugees.<sup>16</sup> Food systems that previously satisfied minimal although far from adequate survival needs have been shattered in conflict zones. This is particularly true in El Salvador and Nicaragua where revolutionary and counter-revolutionary conflicts and U.S. interventions dwarf other damaging effects upon food systems.

### Refugees

There are half a million displaced persons within El Salvador and three-quarters of a million refugees outside the country, according to San Salvador Catholic University research in 1984. Internal refugee estimates were based upon careful research which indicated that about one-fifth were in the capital, San Salvador, while the remainder were dispersed among the country's other 13 departments, the vast majority in departments most affected by the war. There are 246,000 Salvadorean refugees in other Central American countries and Mexico, and between 400,000 and 600,000 Salvadoreans have illegally entered the U.S. since 1982, according to Salvadorean government estimates.<sup>17</sup> In other words, nearly one-fourth of El Salvador's 1984 population was uprooted by war and one out of ten Salvadoreans has recently arrived in the U.S. Moreover, these estimates excluded those Salvadoreans who would have migrated anyway based upon past trends if there had been no civil conflict.<sup>18</sup>

Only about six percent of displaced persons within the country were concentrated in refugee settlements. The rest were dispersed, surviving as best they could on their own or with the help of friends or relatives and national and international governmental and nongovernmental relief organizations. The majority were young (about 50 percent under 18 years and 40 percent under 12 years of age). About half the adults were illiterate (well above the national average) and

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<sup>15</sup> CEPAL, "Notas para el Estudio Económico de América Latina y el Caribe," 1985, (op. cit.). No debt service data were given for Panama but its total debt of US \$5 billion is the greatest of any country in the region and the highest per capita. These CEPAL estimates include short- and long-term public and private debt and include amortization as well as interest charges. They are therefore not directly comparable with similar tables in the 1986 World Development Report of the World Bank.

<sup>16</sup> "Fueling the Fires," Central America Report, 3 October 1986.

<sup>17</sup> New York Times, 26 April 1987.

<sup>18</sup> Segundo Montes, "El Problema de los Desplazados y Refugiados Salvadoreños," Estudios Centroamericanos, ECA, San Salvador, enero-febrero 1986, and "Desplazados y Refugiados," Instituto de Investigaciones, Universidad Centroamericana, San Salvador, 1985.

were small farmers or landless workers. Over one-third of the displaced families had lost one or more family members to the violence and hardships immediately before or during their flight. To this must be added the many families who were wiped out entirely. These refugees were predominantly from the very poorest rural social strata. In contrast, the refugees outside the country tended to be better educated and a higher proportion were of urban origin.

The authors visited the Calle Real refuge of the Social Secretariat of the Catholic Church near San Salvador in mid-1986. There were about 300 refugees most of whom had recently fled the violence in the nearby Guazapa volcano region and other conflictive zones. There were a few adult men but most were women and children. The Secretariat tries to control entrance to protect the refugees. Nonetheless, the army had come in at various times without authorization, and threatened them. The refugees plant almost vertical slopes with corn and beans and there were some melons and vegetables in more level areas. They also help take care of camp maintenance, housekeeping and other chores. There are two or three foreign volunteers and nuns helping with medical care and other services and their presence is important for security. Many of the refugees seemed to be in a state of semi-shock from their recent experiences. A high proportion suffer from malaria, parasites, and stress-related illness. Basic food needs are being provided through the Church.

We talked with some recent arrivals from Guazapa where the army had been conducting a stepped-up campaign to drive out the guerrillas, and where the civilian population is regarded by the army as hostile by definition.<sup>19</sup> It would be highly surprising if they were not hostile after several years of bombings and brutal army incursions.

One refugee in the presence of several others described his experience. During five years he had survived three peasant massacres. In late 1985 the army had bombed his village at all hours of the day and night. Bombs that exploded underground were used to dislodge or kill peasants who had dug shelters. Soldiers entered with dogs searching for hidden food, seeds and other basics, and, of course, the residents themselves. Crops and houses were burned, harvests and seeds destroyed. Many (women and children included) were killed in cold blood, others captured and jailed or at best handed over to the Red Cross who turned them over to the Church. A few escaped only to become destitute refugees also. He remarked, "Our only crime was to live in Guazapa."

Other refugees in this camp and in several other places we visited told of similar experiences. We found extensive and detailed documentation of this grassroots or so-called "low intensity" warfare against the civilian population in order to deprive the guerrillas of peasant support.<sup>20</sup>

This "low intensity" warfare started during the late 1970s when the Carter administration had hoped to bring reform and end repression by following a so-called centrist path, claiming that

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<sup>19</sup> "La Operación Fenix: depoblación y destrucción del Cerro Guazapa," ECA, enero-febrero 1986, op. cit.

<sup>20</sup> One of the best sources is the "Centro Universitario de Documentación e Información" of the ECA which publishes the weekly bulletin Proceso. Jenny Pearce's book Promised Land (Latin America Bureau, London, 1986) has a moving and detailed account of the bombings and war against the peasants in Chalatenango as well as an excellent analysis and account of the origins of the conflict in El Salvador. Raymond Bonner's book Weakness and Dissent (Times Books, New York, 1984) contains the best accounts of U.S. involvement in the conflict and of the effects on the civilian population from 1979 until 1984 when he was forced to leave his post as New York Times correspondent in Central America.

the problem was created by extremists on both the left and right. Under the guise of protecting the country from leftist extremists, this policy actually excluded nearly everyone with a genuine interest in reform. The extreme right retained considerable control of both the State and the military which increased repression, assassinating reformers or forcing them into exile. Contrary to U.S. hopes, support for the guerrillas grew in reaction to State-directed terrorism. Reagan's policies were much more simplistic, reducing the problem to a "struggle against international Communism." In practice this meant increased support to the military. In other instances of this post-Vietnam type of pacification program, the military have tried to win the acquiescence if not the allegiance of rural people by providing medical and dental services, as also occurs in Honduras under the auspices of the U.S. army.

Over one-fourth of El Salvador's population lost its usual base of food security between 1980 and 1985. Half of these displaced persons have left the country as refugees and now depend on other food systems. Non-refugee Salvadoreans aside, the Salvadorean government estimates that the refugees remit to their families \$350 million to \$600 million annually from the U.S.--the country's most important source of foreign exchange. This is greater than U.S. economic aid and in net terms probably greater than agro-exports. In a curious reversal, the Duarte government has asked the U.S. to give temporary refuge to Salvadoreans living in the U.S. as their return home would be disastrous to the economy. The other half who are displaced within the country are receiving a substantial part of their food from relief agencies. For these refugees and displaced persons the Salvadorean food system is anything but reliable.

The food security situation in Guatemala has been devastating for the more than one million persons displaced within the country as a result of deadly military campaigns launched against the civilian population in the early 1980s. In addition more than 100,000 Guatemalans fled to neighboring Mexico. It is estimated that between 50,000 and 75,000 people--mainly Indians--were killed and 440 Indian villages were razed.<sup>21</sup> The relocation of peasant communities and their reorganization into "model villages" around so-called "Development Poles" have had the effect of creating strategic hamlets. Civil patrols control peasant access to agricultural land, to work and food. Indeed, the selective and controlled provision of food--"Beans and Rifles" was the name of one government campaign--became a major weapon in the government's long term counter-insurgency program.

In Nicaragua, there were an estimated 120,000 displaced persons in 1984 as a direct result of contra attacks and sabotage. The U.S.-imposed blockade contributed to a breakdown in supply lines and markets in many rural areas, exacerbating the impact of the war. The number of displaced persons in 1987 has probably reached 250,000. In addition, there are some 29,000 refugees who have fled the country, mostly to Honduras. Some of these are Caribbean coast indigenous peoples who were forced to leave military zones by the Nicaraguan army during the initial period of contra infiltration. (Since then the government has recognized that it had made errors in its approach to native people's issues, and a government commission and representatives of the main ethnic groups on the Atlantic coast are currently negotiating agreements for relative regional autonomy.) Many Indians and other Atlantic coastal residents, however, were intimidated or bribed to leave by the contras as part of their strategy developed with CIA advisers. Some refugees are former National Guard members and other Somoza sympathizers.

Near Matagalpa, Nicaragua we interviewed several peasant farmers from Jinotega who had recently been displaced by the war. They had been so badly brutalized and terrorized that they were reluctant at first to talk about their experience with the contras and did so only after

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<sup>21</sup> Contraingurgencia y desarrollo rural en Guatemala: 1965-1985. Centro de Estudios e Investigaciones Para Guatemala, Mexico, 1986.

discussing their new housing (built with the aid of young German and Spanish volunteer workers), and their new life as market gardeners instead of cattlemen. One man had watched as the contras murdered his two militiamen nephews. He was then "recruited" as a contra fighter--he said he went with them as he was not yet willing to commit suicide--only to slip away later at the first opportunity. Another refugee had four young children with him, one a boy about 10 years old, not his own. The child's father, a militiaman, had been killed while attempting to defend the cooperative. His mother's throat had been cut before his eyes and her body mutilated.

A significant portion of the displaced rural residents from northern and north-central Nicaragua where contra operations have been most serious ended up in Managua and other cities. This put additional strains on these urban food systems while draining several rural areas of workers to cultivate food crops. The indirect effects of the war and embargo have been more important in their negative effects, however. They contributed to serious shortages of vital imported agricultural inputs such as machetes, files, nails, herbicides and fertilizers and of basic consumer goods required by peasants, such as boots. Marketing channels have been disrupted as merchants are afraid to enter conflict zones and transport has become costly and uncertain. The best managers, mechanics, and other workers were required for the war effort, thus contributing to bottlenecks of all sorts. With half the government's budget directed to the war and no increase of foreign credits, the government was left with little alternative but to finance huge government deficits by printing money. This partly explains the 300 percent inflation rate that makes realistic financial planning and pricing impossible. Real wages and salaries fell some 20 percent in 1985 alone.<sup>22</sup>

In sum, food reliability for poor Central Americans has undoubtedly diminished over the course of the last five years. While natural disasters have contributed to the problems, the absence of reliable food sources for the poor majority is largely a result of the neo-colonial social order and attempts to preserve it (or, in Nicaragua, attempts to restore it). These conditions are most severe in El Salvador and Guatemala, particularly in areas effected by war, but they are also found in other parts of the region. Unfortunately the long-term prospect for food security--the preservation and enhancing of natural ecosystems--is not bright either, though much remains to be learned and even more remains to be done.

### **Sustainability of Food Production**

The longer-term sustainability of food systems depends crucially on conserving soils and other aspects of natural ecosystems. These have been deteriorating rapidly for several generations in many parts of Central America. Indiscriminate exploitation of tropical timber resources proceeded rapidly in all the Central American countries during the agro-export boom of the 1950s and 1960s. With the best lands being incorporated for agro-exports, peasants were increasingly forced to cultivate steep hillsides and poor soils, often in frontier areas totally unsuitable for annual crops and sometimes unsuitable even for pastures.

The U.S. soil conservationist William Vogt warned in 1946 that El Salvador was headed for an agricultural disaster because of soil exhaustion and erosion in areas dedicated to peasant production of basic grains. Corn yields declined for most of the following two decades but then increased sharply as peasants recognized the need to use fertilizers in order to survive and price-cost relationships made it possible for them to do so.<sup>23</sup> The U.N. interagency mission report in

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<sup>22</sup> CEPAL, op. cit.

<sup>23</sup> Alastair White, *El Salvador*, UCA, San Salvador, 1983 (p. 151).

1986 emphasized problems of soil erosion, poor pasture management and deforestation, especially in the north eastern departments.<sup>24</sup>

In Nicaragua, agro-export expansion during the 1950s, 1960s and early 1970s had much the same effects as in El Salvador, although as the country is much less densely populated the ecological crisis was not as acute.<sup>25</sup> Fertilizer consumption per unit of cultivated land in Nicaragua is only about one-third of that of El Salvador,<sup>26</sup> and most of this is used for agro-export rather than peasant food production. Large areas of steep forest lands have been cleared of forest for corn and beans, and pastures, which in many regions are burned annually to make grazing easier. This burning and grazing of forest land prevents forest regeneration, thus greatly increasing erosion. Tropical rain-forests on the Atlantic coast have been exploited by foreign timber companies with no measures to protect future productivity. The situation in Guatemala, Honduras, Costa Rica and Panama is similar. (In fact, an interagency U.N. mission to Panama stated that studies prepared by national and foreign experts indicate that Panama has the most acute soil erosion problems in all Latin America.)<sup>27</sup>

Agro-export expansion has often been accompanied by the introduction of capital-intensive modern technologies that were developed under very different ecological conditions. Heavy tractors and land clearing equipment, deep plowing, high applications of chemical pesticides and fertilizers, intensive irrigation and the like have accelerated ecological deterioration in many areas where soils are relatively shallow or easily compacted or eroded or where irrigation water has a high salt content. These problems have been relatively little studied in Central America but research in Mexico and other parts of Latin America with somewhat similar ecological conditions indicate their importance.<sup>28</sup>

Heavy pesticide applications in cotton growing areas to control insects that damage cotton have often so upset local ecosystems that it has become practically impossible to grow food crops in these areas. Natural predators controlling harmful insect species have been eliminated by the pesticides, which can not be used to protect food crops because they are poisonous for humans. Moreover, in El Salvador during the 1960s and 1970s, airplane spraying of insecticides was used not only to eliminate insect pests from cotton fields but also to eliminate peasant squatters from idle land claimed by owners of large holdings.<sup>29</sup>

Ironically, the world economic depression and the war in Nicaragua and El Salvador seem to be reducing the rate of ecological degradation, at least temporarily. Agro-exports are stagnant or declining, and forest exploitation is slowed. There is little foreign exchange or incentive for investment in new expensive technology. Peasants are being displaced by conflict

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<sup>24</sup> UN Interagency Mission, op. cit.

<sup>25</sup> CIERA, op. cit.

<sup>26</sup> FAO, State of Food and Agriculture, 1985.

<sup>27</sup> See: Informe de la Misión Especial de Programación a la República de Guatemala, Fondo Internacional de Desarrollo Agrícola (FIDA), Rome, Nov. 1984; Informe de la Misión Especial de Honduras, FIDA, Rome, July 1979; Misión Interagencial sobre El Seguimiento de la Conferencia Mundial Sobre Reforma Agraria y Desarrollo Rural, Examen y Análisis de las Políticas y Estrategias para el Desarrollo Rural en Panamá, FAO, Rome, 1986 (versión preliminar).

<sup>28</sup> See: "Proyecto Integrado del Golfo: Impacto del Desarrollo Petrolero en el Sistema Alimentario en la Región de Tabasco," SAS, Mexico, D.F. Annex to UNRISD, Food Systems and Society, op. cit.

<sup>29</sup> Alastair White, op. cit.

more to the cities and abroad than to marginal agricultural areas. Many frontier zones menaced by the contras in Nicaragua and war zones in El Salvador are semi-abandoned giving natural vegetation and soils an opportunity to recuperate.

In summary, the long-term sustainability of Central American food systems has been seriously compromised by the ways in which agro-export production has advanced during the last several decades. The most profound food security problems, however, are caused by the highly unequal access to food and land by different social groups.

### **Equity in Access to Food**

Latin American food systems seem to exhibit less equality of access to food than those of much poorer countries in Africa and Asia.<sup>30</sup> This is particularly true in Central America and especially in El Salvador, Guatemala, Honduras, and pre-revolutionary Nicaragua. The processes generating this extreme concentration of wealth for a few and impoverishment for the majority will be examined later. Here we merely present a few indications of the highly unequal access to food among social groups in the region.

The very poor in Central America are estimated to dedicate from 50 percent to 70 percent of their incomes (including the estimated values of home-grown food and food acquired as gifts) to food, while the well-off spend less than 10 percent.<sup>31</sup> There are numerous estimates in each country of what the minimum costs of a nutritionally adequate diet would be for typical poor families in urban and rural areas. Therefore, if one could have reasonably accurate estimates of how total disposable income in a country is distributed among different social groups, one could determine the numbers of poor people with inadequate income to meet minimal food needs. Income distribution data, however, are notoriously unreliable and uncomparable.<sup>32</sup> The World Bank's data on income distribution in El Salvador are very different from those estimated by the national food and agricultural commission cited in the footnote above. The Bank's data, for example, show the richest ten percent with less than half as much disposable income as that estimated by the commission and the lowest 50 percent with more than three times as much. Moreover, the World Bank Development Report shows El Salvador with a more equal income distribution than Costa Rica, which seems highly incongruous and dubious to anyone familiar with both countries.<sup>33</sup> Income distribution data from other Central American countries are similarly

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<sup>30</sup> UNRISD Food Systems and Society, op. cit.

<sup>31</sup> For example, in El Salvador, the National Food and Nutrition Plan, 1985-1989, estimated that in 1984 half the population (423,000 families) were extremely poor with average family incomes amounting to only about U.S. \$90 and annually used 70 percent of this for food. Nearly another fifth who were considered poor (family incomes of some U.S. \$350 annually) spent half for food. The fifth considered middle class with incomes averaging U.S. \$800 annually spent one-third for food and the ten percent considered well-off spent only 8 percent for food of incomes averaging \$5,200 annually. Cited by UN Interagency Mission, 1986, p. 73, op. cit. INCAP cites estimates that in Costa Rica 57 percent of agricultural workers and 28 percent of urban workers spent over 60 percent of their incomes for food. ("Cambios en las Condiciones de Vida de Beneficiarios de la Reforma Agraria en Honduras, con Referencia Especial al Impacto en el Estado Nutricional de Niños Preescolares," by Victor Valverde, Bernard Pillet, Robert E. Klein, Alberto Pradilla. Instituto de Nutrición de Centroamérica y Panamá.)

<sup>32</sup> See Donald McGranahan, International Comparability of Statistics on Income Distribution, UNRISD/79.6 and also Measurement and Analysis of Socioeconomic Development, UNRISD/85.5.

<sup>33</sup> World Development Report 1986, Table 24, World Bank, Washington, D.C. 1986.



inconsistent and unreliable. All coincide, however, in emphasizing high levels of extreme poverty with from one-fifth to one-half the population unable to cover by purchase or self-provisioning their minimal nutritional requirements.<sup>34</sup>

For example, Central Bank data for Nicaragua just before the revolution in 1978-79 showed half the population with less than 17 percent of total disposable income which means they would have too little to meet minimum needs. The next highest 30 percent had one-fourth the income. In contrast the richest 5 percent had 30 percent of total income.<sup>35</sup> Given the difficulties and contradictions of income distribution data, let us look at some direct nutritional indicators, although in general their accuracy is not much better.

A United States Agency for International Development (USAID) study in El Salvador found rural nutritional conditions significantly worse than those of urban areas in 1977.<sup>36</sup> Low-income groups were apparently consuming only about 1350 calories per person daily (70 percent of energy requirements) while the high-income strata were consuming nearly three times as many calories daily. Over 10 percent of pre-school children were under 75 percent of normal weight for their ages, according to national food and agricultural commission estimates in 1978. According to this study of pre-school Salvadoreans, nearly 43 percent were moderately undernourished, 10 percent were seriously undernourished and nearly one percent were in critical condition. Rural nutrition was consistently worse than urban nutrition and closely correlated with landlessness and near landlessness. Over half the rural population was estimated as being landless and 35 percent more as having insufficient land to provide an acceptable income. Undernutrition is particularly serious among the families displaced by civil conflict. Over two-thirds of the displaced children were undernourished (20 percent in acute form) as compared with about one-third of non-displaced children (3 percent in acute form).<sup>37</sup>

The unemployed in developing countries are a particularly vulnerable group, without effective social security and unemployment compensation systems. Open unemployment in El Salvador increased from 7 percent of the work force in 1979 to 30 percent in 1985.<sup>38</sup> These data are only partial and primarily urban, as underemployment in rural areas is chronically high in all poor countries and its quantification quite arbitrary. In El Salvador only 37 percent of the rural work force is estimated to have full-time employment on their own lands or as wage workers. About 40 percent have seasonal employment during less than six months of the year.<sup>39</sup>

The situation in pre-revolutionary Nicaragua was in many ways similar to that of El Salvador although more abundant land and greater average per capita food availability attenuated the adverse nutritional effects of highly unequal income distribution. Average calorie availability for the lower-income half of the population was only 80 percent of requirements while

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<sup>34</sup> FIDA, (op. cit.) cites government data for Guatemala showing one-third of the population in extreme poverty (36 percent of the rural population and 28 percent of urban families) and another 32 percent relatively poor in 1980. For Honduras, data reported by FIDA show a similar proportion of extremely poor but a somewhat higher proportion than in Guatemala (42 percent) of relatively poor. The FAO Interagency Mission to Panama (op. cit.) estimated 20 percent of the population to be extremely poor and another 18 percent relatively poor.

<sup>35</sup> CIERA, op. cit.

<sup>36</sup> UN Interagency Mission 1986, op. cit.

<sup>37</sup> UN Interagency Mission (op.cit.) citing a USAID study.

<sup>38</sup> CEPAL op. cit.

<sup>39</sup> UN Interagency Mission, op. cit.

it was on average above requirements for the rest of the population, reaching 180 percent of requirements for the richest 5 percent.<sup>40</sup> USAID studies estimated that 56 percent of all children were undernourished and 15 percent suffered serious undernutrition. Reforms since the revolution have resulted in substantial improvements in this situation although it remains critical in many rural areas, especially those most affected by the war.

In Guatemala, child nutrition was deficient for three-quarters of all children and critically so for 60 percent of them. In one rural area (*Altiplano Occidental*) child undernutrition reached 85 percent. It was twice as great for Indians as for Ladinos (of mixed European and Indian descent) and in all regions concentrated among landless workers and peasants with smallholdings.<sup>41</sup> Honduras' nutrition situation is similar to those of El Salvador and Guatemala.<sup>42</sup> In the early 1980s 70 percent of rural Hondurans were affected by malnutrition according to estimates.<sup>43</sup>

In conclusion, there can be little question concerning the highly unequal access to food of different social groups in all Central American countries. El Salvador, Guatemala, Honduras and pre-revolutionary Nicaragua exhibited the most extreme patterns of inequality but they were also serious in Panama and Costa Rica. Substantial progress in reducing inequalities has been achieved in Nicaragua since 1980, but many problems remain.

### **Other Social Indicators**

These conclusions about inequality in access to food are consistent with other social indicators such as literacy, school attendance, life expectancy, infant mortality, medical services and the like. The social indicators most sensitive to extreme poverty, however, suggest that Panama and Costa Rica, which in 1985 had average life expectancies at birth of 71 and 73 years and infant mortality rates under 25 per thousand, enjoy significantly better social conditions than the other four countries. In all the latter in 1984 life expectancy was under 65 years, and infant mortality rates ranged between 65 and 70 per thousand. In 1983, Panama, Costa Rica, Nicaragua and Honduras were estimated to have practically all school-aged children enrolled in primary school, which if true represented impressive progress since 1965 for Nicaragua and Honduras. Primary school enrollment in Guatemala was estimated at 73 percent--considerably better than in 1965. In El Salvador, however, school enrollment had actually fallen from 80 percent in 1965 to 69 percent in 1983. Over 1,000 rural schools in El Salvador have been

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<sup>40</sup> FAO-CIERA, 1974, cited in Solon Barraclough, A Preliminary Analysis of the Nicaraguan Food System, UNRISD/83.1.

<sup>41</sup> FIDA, Misión Especial de Programación, Guatemala, 1985, op. cit.

<sup>42</sup> FIDA, Misión Especial-Honduras, 1970. op. cit. Other sources probably based on the same original studies are consistent with those cited above. Even in Panama and Costa Rica, which were relatively wealthier, healthier and better educated, malnutrition was prevalent among poorer groups. An ILO report, for example, cited studies indicating that in 1975 two-thirds of Panamanian children under 5 showed some degree of malnutrition (an apparent increase from about 60 percent in 1967) and that this was much more serious in rural than in urban areas. See PREALC "La Evolución de la Pobreza Rural en Panama," (documento de trabajo PREALC/222) ILO, Santiago, Chile, 1983. Hunger and malnutrition especially among the rural poor in Honduras, Guatemala and El Salvador were far worse than in these three southern countries of the sub-region. Child malnutrition in these countries was estimated at 75 percent by the Interamerican Development Bank in 1978.

<sup>43</sup> J. Mark Ruhl, "The Honduran Agrarian Reform Under Suazo Córdova, 1982-85; An Assessment," Inter-American Economic Affairs, Vol 39, No. 2, Autumn, 1985.

destroyed or abandoned because of continuing violence.<sup>44</sup> In Nicaragua, the government estimated that by the end of 1985, forty-eight schools had been destroyed by the contras and 502 abandoned in areas of contra incursions.

## II. SOCIOECONOMIC STRUCTURES AND GOVERNMENT POLICY

Poverty is one of the principal causes of the present unrest in Central America, according to both the "Kissinger Commission's" report<sup>45</sup> and the report by the Policy Alternatives for the Caribbean and Central America (PACCA).<sup>46</sup> The reports demonstrate that serious misery exists throughout the sub-region, especially in rural areas. However, the assumption that poverty in itself is one of the principal causes of revolutionary unrest is an over-simplification. (Although it is not as fallacious as the notion that the unrest is caused by foreign-inspired and supported subversion.) Poverty as such has been endemic in Central America for centuries. What was new after the 1940s was the rapid economic growth based primarily on agro-exports that benefitted elites and some others but has often left large groups as badly off, or in some cases worse, than before. Rapid unequal growth shook traditional social, economic and political systems and the deep recession that followed is shattering them.

The modern agro-export growth process began in the late 19th century with coffee and in the early 20th century with bananas, but accelerated rapidly after the 1940s when the export of sugar, cotton, and beef also became highly profitable. Economic growth rates in the region between 1950 and 1976 were among the highest in Latin America, and in each Central American country this growth has been primarily based on agro-export expansion. In 1980 from one-half to two-thirds of all Central American countries' exports (except Panama's) were accounted for by bananas, coffee, sugar, cotton, and beef.<sup>47</sup> Gross domestic product increased by more than 5 percent annually in these countries during most of the post-World War II period, while annual population growth was around 3 percent. From 1950 to the mid-1970s agro-exports grew by about 8 percent annually. Agricultural production for domestic food consumption, however, barely kept pace with population growth.

What is most striking about the national economic structures in Central America is their basic similarity, in spite of considerable differences in country size and population. (Again, Panama is the exception because of its high dependence on services related to the canal zone.)<sup>48</sup> Also, it appears that average product per person in agriculture is far below that in other

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<sup>44</sup> 771 schools in rural El Salvador had been destroyed or closed by mid-1985 because of the conflict. About 51 percent of the Salvadorean population over 10 years of age was estimated by the Ministry of Education to be functionally illiterate in 1984. (UN Interagency, op. cit.) In Nicaragua the 1979-1980 literacy campaign raised adult literacy levels to nearly 100 percent, but there has probably been some reversion due to disuse intensified by the war.

<sup>45</sup> Report of the National Bipartisan Commission on Central America, January 11, 1984.

<sup>46</sup> Changing Course: Blueprint for Peace in Central America and the Caribbean, PACCA, Institute for Policy Studies, Washington, D.C., 1984.

<sup>47</sup> Victor Bulmer-Thomas, "Central American Integration," in George Irvin and Xabier Gorostiaga, Towards an Alternative for Central America and the Caribbean, Allen and Unwin, Boston, 1985.

<sup>48</sup> At a highly abstract level, a national food system can be envisioned in terms of its economic, social, political, and environmental subsystems. The economic structure is envisioned in terms of the composition of output and the technical coefficients of the input-output matrix (labor and other inputs per unit of output, etc.). The social structure includes its demographic, social class, and ethnic composition, and the qualitative nature of interclass and intergroup relationships. The

economic activities, with the partial exception of Costa Rica. These data support the other indicators cited earlier showing the concentration of extreme poverty in rural areas. To understand the profound changes which the data in Table 1 imply, one should recall that only four decades ago these were predominantly agrarian societies with no cities of even 100,000 inhabitants.

Central American independence from Spain and Mexico came during the 1820s without changing the colonial order dominated by a small minority of "white" elites. The vast majority of the population, however, were Indian peasants and laborers and a rapidly growing group of Ladinos. The United Provinces of Central America--Costa Rica, Nicaragua, El Salvador and Guatemala--began independence together under the ideals of Central American unification, only to fall apart in 1838. (Panama was still part of Colombia at the time.) Most communally owned lands were converted to individually owned private properties in the late 19th century by "liberal" governments to make them available for large agro-export producers. (In Honduras this happened much later.) Indian and Ladino peasants who lost their lands provided labor for coffee (and later bananas) which dominated the export-oriented economies for decades. To keep labor under control, private and later public armies were organized, and thus the repressive political economy of coffee was created. Income distribution was so unequal that the poor majority did not constitute much of a market for economic growth based on domestic industries. There was little working class immigration from Europe and industrialization never really got started. As in other agrarian societies, control of land became the primary issue.<sup>49</sup>

### **Agro-Export Boom**

As noted above, the rapid growth of agro-industry after 1950 in Central America took place in societies which had been largely dominated by authoritarian landed oligarchies since the Spanish conquest. It displaced self-provisioning peasants from their lands on traditional haciendas or in smallholding communities to make room for industrial crops. Some migrated to frontier areas or the towns but many others were forced to become full- or part-time agricultural wage laborers as they were no longer able to meet their subsistence needs and pay their debts from the yields of their poor small parcels. Overall, the tendency was for the agro-industrial sector increasingly to use seasonal labor since their need for labor fluctuated greatly during the year and it was cheaper to hire part-time workers at low wages only when needed than to employ year-round laborers. This "semi-proletariat" of seasonal workers grew much more rapidly than either the permanent work force in agro-industry or the numbers of small peasant producers.<sup>50</sup>

Traditional

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political structure involves the nature of the state and the social forces (organized interest groups and their broader social class support) influencing public policy. A national food system can be analyzed in terms of interactions among these three subsystems, together with subnational socio-economic and environmental systems and with world markets and other supranational systems. Food Systems and Society, op. cit. and R. García, Food Systems and Society: Conceptual and Methodological Challenge, UNRISD/83.5.

<sup>49</sup> Peter H. Smith, "The Origins of Crisis" in Morris J. Blachman, William M. LeoGrande and Kenneth Sharpe (eds.), Confronting Revolution: Security Through Diplomacy in Central America, New York, 1986.

<sup>50</sup> FIDA and U.N. Interagency Mission reports, op. cit. Also see Rubén Katzman, Notas Sobre Las Transformaciones Sectoriales del Empleo en América Latina: E/CEPAL/Sem 10/R 3, 30 de agosto 1983, CEPAL, Santiago, Chile and PREALC, "La Evolución de la Pobreza en Panamá" (documento de trabajo, PREALC/222) ILO, Santiago, Chile, 1983.



coffee growers and ranchers were often shunted aside by new entrepreneurial groups (some were from the same old families, but some of these were immigrants, army officers, tradesmen, and the like with family origins outside the old oligarchy). Their new riches came from exporting, processing and producing cotton, sugar, beef, and bananas, and from importing inputs for these agro-industries; or from importing consumer goods for the well-to-do and the expanding middle classes. Most profitable of all was often the financing of agro-industrial activities. U.S. transnationals such as United Fruit Company had large direct investments in Guatemala and Honduras and had tremendous political clout with these governments. In El Salvador and Nicaragua the transnationals' role and influence were more indirect, but still powerful.

Agro-export growth was accompanied by demographic expansion and rapidly growing urban centers. This also accelerated the formation of new social groups. In rural areas, workers with no access to land under any type of tenure became more numerous than small peasants in El Salvador and nearly as numerous in Nicaragua. Some were permanent workers in agro-export crops and agro-industries, but most depended upon uncertain seasonal jobs in agro-exports. The same was true of small peasant producers with insufficient land for survival. The agro-export sector attracted heavy investments and adopted capital-intensive imported technologies that were usually highly labor saving. Peasant agriculture on the other hand remained with rudimentary labor-intensive technologies and relatively stagnant yields per hectare (one hectare equals 2.47 acres). A "bimodal" agriculture evolved with most rural people living in peasant communities with very little land per person and a "modern" large estate sector with only a few owners but accounting nonetheless for most of the value of marketed production.<sup>51</sup>

### **Rising Expectations**

Profound economic, demographic and occupational changes accompanied the expansion of agro-exports. Through taxes on exports, governments acquired more resources and some of these were used to improve infrastructure and social services. During these post-war decades, especially in the cities but also even in poor rural areas, average literacy levels increased, child mortality diminished and life expectancy increased. Also, exposure to the attractions of consumerism and other aspects of the modern industrial order became almost universal through migration, market penetration, army service, better roads, radios, the press, television and movies, and by many other means. There were no similar changes in class relations, however. On the contrary, concentration of ownership of land and other wealth increased, and rising expectations were kept in check by growing repression.

In the late 1970s the region was presented with a classical pre-revolutionary situation.<sup>52</sup> There had been three decades of economic growth and changes in the sources and qualities of livelihoods. Greater polarization of income distribution had been accompanied by improving real incomes for the majority, if the indirect "benefits" of social services and infrastructure are considered. However, the sharp recession of the 1980s reversed this trend and caused falling real incomes for most groups, especially those who were already poor.<sup>53</sup> All this occurred within

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<sup>51</sup> Barraclough, op. cit.

<sup>52</sup> See Crane Brinton, The Anatomy of Revolution, 1938, first edition; revised and expanded edition, Vintage Books 1965. See also Theda Skocpol States and Social Revolutions, Cambridge University Press, 1979.

<sup>53</sup> The extent of the recent economic recession in Central America is suggested by CEPAL data showing the evolution of gross national product per capita from 1980 to 1985. This was negative for the six countries although much less so for Panama than the others. In Costa Rica GDP per capita declined -14 percent from 1980 to 1985; El Salvador -24 percent; Guatemala -18 percent; Honduras -13 percent; Nicaragua -12 percent; and Panama -1 percent. In fact, this indicator was

a structure of relatively rigid social class relations inherited from the Spanish empire and authoritarian and often corrupt governments in which poorer social groups had little or no representation or influence. One must examine the region's history since the conquest in more detail than is possible here in order to appreciate why these anachronistic social and political structures had persisted so tenaciously until the late 20th century.<sup>54</sup> Consistent support by imperialist powers of local oligarchies in maintaining the status quo--first by Spain, then by Great Britain, and subsequently by the U.S.--help explain this lag in social and political change.

As was seen above, during the 1960s and 1970s the traditional oligarchies had to share more power with the military and the new rich who were often closely associated with U.S. and other foreign investors, importers, exporters, and government officials. While these new rich had usually maneuvered, bribed, and forced their way into key positions of economic and political power, most of the emerging middle class of professionals, technicians, bureaucrats, middle-sized landowners, and tradesmen had not been as fortunate. Some became fanatical defenders of the old sociopolitical structure to which they owed their status. Others hoped to reform the inherited archaic political structures along more democratic lines which they could more easily influence. Many others, often those more marginalized from the centers of wealth and power, became convinced that the old militarized and corrupt hierarchies had to be overthrown before their countries could really enter the modern world. The latter especially sought alliances with dispossessed peasants, unemployed or resentful workers and marginalized ethnic groups.

### **Agro-Export Bust**

When agro-export prices fell drastically in the late 1970s unrest grew, especially in Nicaragua, El Salvador, and Guatemala.<sup>55</sup> Strikes and demonstrations were violently repressed. Thousands were killed, tortured and jailed. Each repressive action by government, police, military and paramilitary forces left more embittered comrades and relatives of the dead, exiled, tortured, and imprisoned. Small guerrilla movements had been endemic in the region since the early 1930s after the assassination of Sandino in Nicaragua and the bloody 1932 peasant and worker repression in El Salvador, and after the 1954 CIA-backed military coup undoing the Arévalo and Arbenz reforms in Guatemala. These spiralling rounds of discontent and bloody repression provided ever-growing support for these old guerrilla movements as well as fomenting many new ones. At the same time generalized repression was giving them ever greater legitimacy in the eyes of much of the population as viable alternatives to the existing political system.

The peasants and rural workers who constituted Central America's majority had little or no access to the new wealth. Credit, technical assistance, markets, infrastructure, new consumer

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negative for every country in Latin America and the Caribbean with the exception of Cuba (+34 percent). ECLAC, Preliminary Overview of the Latin American Economy, 1985, op. cit.

<sup>54</sup> This story is told in part by Alastair White, op. cit. and Walter LaFeber, op. cit. LaFeber shows that since the late 19th century U.S. policies have been one of the main factors retarding changes in the region's social and political structures.

<sup>55</sup> Between 1980 and 1985 the terms of trade fell by 13 percent for Costa Rica, by 19 percent for El Salvador, by 27 percent for Guatemala, by 24 percent for Honduras, by 34 percent for Nicaragua and by 18 percent for Panama. In other words, on average for the region, the prices of imports increased by about one-fourth in relation to those fetched by its exports. This situation was aggravated by burdensome foreign debt service payments that in 1985 amounted to 41 percent of the value of exports for Costa Rica, 52 percent for El Salvador, 46 percent for Guatemala, 39 percent for Honduras, 20 percent for Nicaragua and over 50 percent for Panama. CEPAL op.cit.

goods and services were directed towards servicing agro-exports and those who controlled them. Most of the wealth remained in the expanding cities and some was sent to the U.S. or Europe.<sup>56</sup> Food prices were kept relatively low for urban consumers, and social services were far better for the urban than the rural poor. In reality, however, urban upper-middle classes benefitted far more from these than the poor. Inhabitants of swelling urban "informal" sectors faced miserable housing conditions and precarious livelihoods, but they were still better off than most rural workers and peasants.

### **National Political and Economic Policies**

The composition and clientele of government investments are good indicators of the nature of the state and of its social orientation. They tend to reflect the strength of special interest groups and the social class interests that dominate government. Analysis of public investments is also a good antidote to political rhetoric about priorities. Unfortunately, these data are not easily found. Expenditures on the military and police are usually highly classified in authoritarian states and are frequently disguised in numerous ways. Budgets for social services such as health and education or for economic sectors such as agriculture or industry say little about who are the actual beneficiaries. More often than not these are primarily the state bureaucracies themselves, large producers, politically favored contractors and the urban upper and middle classes. Moreover, the relative distribution of government expenditures depends partly on which functions are assumed by government and which are left to the "private" sector. For these reasons highly aggregated data such as those given by the World Bank and other agencies are often not very helpful. According to these, the Central American governments were spending from one to two-fifths of their budgets on education and other social services in 1983, with the exception of Costa Rica which dedicated over half its budget to social ends. In terms of percentage of GNP however, Nicaragua, Costa Rica, and Panama were dedicating close to 15 percent to social services in 1983, more than triple the portion of GNP used for these purposes in Honduras, El Salvador or Guatemala.

In both Nicaragua and El Salvador public investments in agriculture and rural development during the 1960s and '70s were primarily directed to providing infrastructure, capacity and services to promote agro-exports, and for the police and military required to maintain these repressive development models.<sup>57</sup> The principal beneficiaries of these investments were, naturally, the large agro-export producers, processors, traders, and financiers. In El Salvador, for example, only 846 large farms (.03 percent of the total) accounted for one-third of agricultural GNP and over half the value of marketed farm production, while 57 agro-industries (30 percent of the total) accounted for over three-fourths the value of agro-industrial production. There was also considerable investment in protected export substitution industries being developed during the 1960s under the auspices of the Central American Common Market. Investment in social services and social infrastructure in 1977 were estimated as being less than two percent of total investment in Nicaragua and probably a similar proportion in El Salvador. There were almost no investments in peasant-oriented agricultural research and extension or in roads and other infrastructure designed to increase the viability of small-scale peasant farming.

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<sup>56</sup> In Nicaragua from 1960 to 1985 the urban population had increased at an annual rate of 4.5 percent and amounted to 57 percent of the population in 1985. Comparable data for the other countries were, Panama 4.2 percent and 57 percent, Costa Rica 4.6 percent and 50 percent, El Salvador 3.2 percent and 42 percent, Honduras 5.7 percent and 40 percent, Guatemala 2.7 percent and 33 percent. Interamerican Development Bank, Economic and Social Progress in Latin America, Washington, D.C., 1986.

<sup>57</sup> CIERA, op. cit., and U.N. Interagency Mission, op. cit.



Following the Sandinista revolution in Nicaragua, investments in social infrastructure jumped to 30 percent of total investments in 1981 but fell to 14 percent in 1985 in the face of growing economic difficulties and the war. Annual investments in agriculture were double pre-war levels in real terms in 1982 and triple in 1984. Much of this was in large capital-intensive projects but unlike during the Somoza years a substantial portion of credit and other government spending was to support peasant agriculture, including that in previously neglected frontier and Atlantic coast regions. Importation of capital goods for agriculture increased rapidly from about 4 percent of the value of agricultural production in 1978 to 45 percent in 1982. During this same period investment in imported agricultural capital goods in both Costa Rica and Guatemala had fallen from about 36 percent of agricultural GNP to only 12 percent. In Nicaragua, however, a high proportion of those agricultural investments requiring foreign exchange have been concentrated in the relatively small state farm sector. In 1985, peasant cooperatives and medium-size private commercial farmers found it extremely difficult to obtain foreign exchange to finance new investments that depended on imported machinery and materials, as most of the scarce foreign exchange earmarked for this purpose was used by the state farms. In 1986 peasant producers and private communal farmers received a somewhat higher priority in the allocation of scarce foreign exchange.

In El Salvador, following initiation of the agrarian reform in 1980, significant public funds were directed to the agrarian reform "cooperatives" established on 476 expropriated large estates. Only about 10 percent of the credits they received from the agricultural development bank, however, was for medium- or long-term investment, the rest being for short-term operating costs. At the same time, the agricultural bank began to provide operating credit to a few more peasant farmers producing basic grains. Nonetheless, analysis of the 1985-1989 agricultural development plan does not indicate that the government gives a high priority to peasant agriculture. The plan suggests that only about 2 percent of physical investment and 20 percent of financial investment (mostly short-term credit) is planned for peasants. Most of the rest is destined for large-scale agro-export producers. Planned investment in agriculture as a whole is considerably higher than it has been in recent years. Fulfillment of past investment plans has been less than 50 percent, however, so one must take these projections with a grain of salt.

Public policies and investments in the other Central American countries were all notable for their neglect of peasant producers of basic foods and the needs of low income consumers.

### **Central American Common Market**

In the 1950s and early 1960s many Central American progressive leaders placed a great deal of hope in the Central American Common Market as a stimulant to national development and regional integration.<sup>58</sup> There was considerable government and private (both domestic and foreign) investment in import-substituting industries to produce goods that could be traded within the Common Market but that were protected by tariffs from foreign competition. Industrial production grew rapidly for a few years and then stabilized at about its present proportion of GNP. Employment in manufacturing also increased but much less rapidly than the value of production as the new industries tended to use imported labor saving technologies. Also most of these industries depended heavily on costly imported intermediate goods (chemicals for plastics, machine tools, partly finished metal products, etc.). They did not bring in much foreign exchange from world markets as they were not usually very competitive. Worse still, the Central American Common Market did not have an effective political mechanism for dividing benefits equitably among the member countries.

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<sup>58</sup> Carlos Castillo, Growth and Integration in Central America, Praeger, New York, 1966.

The resentment felt by many Hondurans about being a captive market for manufactured goods from El Salvador contributed to the outbreak of the 1969 "Soccer War." Moreover, internal economic polarization was not mitigated by the Common Market and in some countries it accentuated the concentration of wealth. Although judged to be one of the relatively successful market integration experiences involving underdeveloped countries, it stagnated during the 1970s and 1980s.<sup>59</sup>

In conclusion, Central America had experienced rapid economic growth and major changes in economic and demographic structures during the three decades prior to 1980. Relations among social groups and the nature of the state and its policies, however, remained relatively rigid, especially in Nicaragua, El Salvador, Guatemala and Honduras. They were better adapted for the region's 19th century economy than for that of the 1980s. When the severe and prolonged world depression commenced in the 1970s, all the ingredients were present for revolution. As these governments had become increasingly dependent on and dominated by the U.S. since the late 19th century, it was unavoidable that revolution, when it came, would be anti-American, as well as anti-government and anti-oligarchy.

Examination of Central American agrarian structures and of the U.S. role in supporting dictators opposed to agrarian reform shows why such anti-gringo revolutionary movements were virtually inevitable. This is the subject of the next section.

### III. AGRARIAN REFORM

During the 1950s and 1960s, agrarian reform inevitably became a key issue for reformist and revolutionary movements, and for governments attempting to forestall them. Well over half the Central American population was still rural, the worst poverty was concentrated in rural areas and the livelihoods of peasants and farm workers were becoming increasingly problematic. Profound agrarian reform is a necessary if not a sufficient condition for more democratic development and for greater national and regional integration. It is really not an agricultural problem but a central issue for the whole society, which involves the kind of development that can take place and the nature of the state. It is a question of which social groups and classes benefit, who pays for economic growth, and who participates in political and economic decision making. This is not to play down the importance of industrial and urban reform, but in Central America the agrarian question has to be resolved before much real progress can be made in the rest of society.

Agrarian reform is primarily a political concept useful for describing rapid, profound changes in land tenure and the associated changes in power relationships in the direction of greater participation by smallholders, tenants, squatters and landless laborers in decision-making at all levels of society. It is especially concerned with those decisions affecting agricultural production, marketing, credit, and the distribution of benefits. It implies a large-scale change in agrarian structure, resulting in significantly greater access to land, essential inputs, and consumer

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<sup>59</sup> See Richard Feinberg and Robert A. Pastor, "Far from Hopeless" in Central America, Anatomy of Conflict, edited by R. S. Leiken, Pergamon Press, New York, 1984. Also Walter LaFeber, op. cit.; Nicolas Mariscal, Integración Económica y Poder Político, UCA, San Salvador, 1983 and Alfredo Guerra-Borges, "Hechos, Experiencias y Opciones de la Integración Económica Centroamericana," Conferencia Sobre Integración Económica Centroamericana, CRIES-ASERCCA, Managua, November, 1986.

goods, services, and markets by poor campesino groups at the expense of landlords, their allies and associates.<sup>60</sup>

Land tenure can be defined as a bundle of rights and obligations associated with the ownership or usufruct of land. Tenure systems in any society can be analyzed as power relationships among groups and individuals. In agrarian societies, they reflect the entire social structure. Changes in property titles, size of holdings, tenancy arrangements, and labor contracts are at best partial indicators of changes in land tenure. They are meaningful only when analyzed within the context of specific social systems and their agrarian structures.

Land tenure patterns in the late 1970s in Central America help explain the revolutionary crisis that engulfed Nicaragua and El Salvador and Guatemala in 1979, and that may very well involve Honduras and possibly other countries shortly. The pattern of land tenure and the accompanying rural social organization reflect two broad patterns; one in the northern tier countries of Guatemala and El Salvador, and the other in the southern tier countries of Nicaragua, Honduras and Costa Rica. Nicaragua's pattern was more similar to that of Costa Rica and in some respects to Honduras than to El Salvador and Guatemala, where medium- and family-sized farms were much less important and population density far greater.<sup>61</sup>

## **Guatemala**

Guatemala is a highly stratified and ethnically divided society with an Indian majority ruthlessly dominated and exploited by a "white" elite whose power was traditionally based on the control of land. Mixed Indian and European ancestry Ladinos have an intermediate position and often identify their interests with those of the ruling class. Guatemala has the most unequal land distribution in all of Latin America, according to a 1982 USAID sponsored report which details the contrasting atomization of smallholdings among peasants and the conglomeration of large holdings among a small minority of wealthy: 88 percent of all farms were too small to provide for the needs of a family, while less than 3 percent of all farms controlled 65 percent of the farm land.<sup>62</sup> In 1979 there was an estimated agricultural labor force of about one million workers and a rural labor force of 1.3 million--some 800,000 rural families. According to the 1979 census there were 605,000 farm units. About 60 percent of these were less than 1.4 hectares each and 21 percent from 1.4 to 3.5 hectares (one hectare equals 2.47 acres).

Smallholders have reached or exceeded the limit of subdividing their farm lands and are thus adding to the ranks of the landless. Per capita cultivable land has steadily diminished from 1.71 hectares in 1950 to 1.11 in 1964 and to .79 in 1980. The heavily populated northwest highlands in 1979 included only 16 percent of the farm area but nearly 40 percent of the farm population. The number of farms in this region had increased by 70 percent since 1950, while farm area had grown by only 12 percent, indicating the heavy population pressure in Indian communities.<sup>63</sup> For the entire country, the number of farm units had also increased by 70

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<sup>60</sup> Erich Jacoby, Man and Land, Tonbridge Printers Ltd. Tonbridge: Kent: 1971. Also S.L. Barraclough, Agrarian Structure in Latin America, Lexington Books, Lexington, MA, 1973; and S.L. Barraclough, Seven Hypotheses Concerning Comparative Studies of Agrarian Reform, Eighth International Economic History Congress, Budapest, Hungary, August 1982.

<sup>61</sup> Barraclough and Marchetti, "Agrarian Transformation and Food Security in the Caribbean Basin," in Irvin and Gorostiaga, op. cit.

<sup>62</sup> Land and Labor in Guatemala: An Assessment. USAID, Washington, D.C., 1983.

<sup>63</sup> FIDA, "Informe de la Misión Especial de Progamación a la República de Guatemala," Roma, 1984.

percent between 1950 and 1979, and the area in farms increased by only 13 percent. The large farms increased their area and smallholdings proliferated. Landless families were estimated as 15 percent of all those in agriculture in 1950, but jumped to an estimated 25 percent by 1979. It is easy to imagine this proportion of landless workers doubling in the next decade or two, as it did in El Salvador during the 1960s and 1970s, as further widespread subdivision of small farms as occurred during the last three decades does not seem feasible.

While the current land tenure situation is one of extreme injustice, it is often forgotten that from 1952-1954 Guatemala had the most important and successful agrarian reform experience in Central America prior to 1979. Basic reforms extending legal and political rights to Ladinos and Indians didn't occur until 1944 when the Ubico dictatorship was overthrown. Before 1944, for example, the Indian communities and the haciendas were required to provide forced labor for coffee, cotton, banana and other commercial plantations. In addition, each male worker had to contribute at least two weeks labor without pay for road maintenance and construction. The Arévalo government repealed many of these colonial laws and practices. In 1952, the Arbenz administration moved a step further to provide peasants with access to land.

The Arbenz agrarian reform was mild and peaceful compared with the earlier one in Mexico. It emphasized land transfers to individual smallholders from both private and publicly held large estates, such as the government-held formerly German-owned coffee farms. Owners were compensated on the basis of their tax declarations, in part in agrarian bonds. The government initiated an exceptionally effective credit program for reform beneficiaries. In numbers, about 1,000 estates comprising over one million hectares were affected and some 100,000 landless and landpoor peasants benefitted.<sup>64</sup> The reform was accompanied by marked increases in food and export crop production by agrarian reform beneficiaries, who represented two-fifths of the landpoor and landless rural population at the time. In contrast to the post-Arbenz years, there was little violence or corruption. The positive effects for the poor majority of peasants and upon national production were known to the U.S. government at the time.<sup>65</sup>

The agrarian reform naturally angered the large landowners. They had a powerful ally in the U.S.-based United Fruit Company, which owned large areas of idle land being expropriated. United Fruit lobbied the U.S. government, alleging a communist threat posed by the Arbenz government. U.S. government spokesmen claimed that the Arbenz administration had been taken over by international communism. Through the CIA, the United States financed an invasion from Honduras and promoted a military coup from within Guatemala which overthrew the democratically elected government. Arbenz was forced to resign and leave the country. Land distributed to over 100,000 peasants and farm workers was returned to its former owners. Many peasants had to flee to escape imprisonment because without land they could not repay the small loans they had received from the government credit program to produce their crops. (A decade later, a U.S. military officer recounted that after a year in the country helping to prepare the coup, he advised his superiors that it would be successful but, in his opinion, disastrous for Guatemala and future U.S. relations in the region. He promptly found himself on the front line in Korea.)

The folly and hypocrisy of the U.S. intervention is now widely recognized. Alan Riding, the New York Times correspondent in Mexico, cited a U.S. official in Guatemala in 1980 who,

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<sup>64</sup> Tenencia de la Tierra y Desarrollo Socio-Económico del Sector Agrícola: Guatemala, Comité Interamericano de Desarrollo Agrícola, Unión Panamericana, Washington, D.C., 1965.

<sup>65</sup> Professor Piero Gleijeses has written a comprehensive scholarly analysis of the Arévalo-Arbenz period in Guatemala. He had access to U.S. government documents under the Freedom of Information Act which confirm these observations. Piero Gleijeses, "The United States and the Guatemalan Revolution (1949-1954)," (draft).

upon observing the insurgency and brutal repression, said "What we'd give to have Arbenz now."<sup>66</sup> There never was any real fear of a communist take-over, even among the U.S. officials most involved in planning and supporting the coup, according to authors with access to classified documents of the period.<sup>67</sup> Today's tragic situation in Guatemala, where entire Indian villages have been exterminated by the army, and an estimated 100,000 Indian peasants have sought refuge in Mexico, is one consequence of the 1954 U.S.-backed counter-revolution.<sup>68</sup>

The government of Guatemala, like all other Central American governments, carried out a token agrarian reform after 1962 under the "Alliance for Progress." In Guatemala this consisted mostly of resettling peasants in frontier areas. Over the course of 27 years, from 1955 to 1982, some 50,000 families were settled on about 650,000 hectares--an average of nearly 2,000 families per year.<sup>69</sup> Credit and other fiscal incentives usually helped large producers and bureaucrats but few peasants. These projects, moreover, were often rife with corruption and incapable of changing agrarian structures. The impact of this program on the agrarian problem was negligible, considering that the natural increase of the peasant population during the same period was equivalent to ten times the number that were resettled. (In contrast, the Arbenz reform in 1953-1954 had benefitted 40 percent of the landless and near landless in only two years.)

In 1986 peasants were again emboldened to renew pressure for land reform: 16,000 peasants marched on Guatemala City demanding land. But so far the "elected" Christian Democratic government has only offered to sell the peasants one state plantation. The new civilian President felt it necessary to reassure the military and large landowners before taking office by stating "there can be no agrarian reform from a democratic government." As a military official explained to the New York Times, the civilian government is itself a project of the military.<sup>70</sup>

By contrast, the government of relatively land-rich Honduras has been less Draconian towards its people. Nevertheless, polarization has increased greatly as the country has been turned into the major U.S. military outpost in the region.

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<sup>66</sup> Walter LaFeber, op.cit.

<sup>67</sup> S. Schlesinger and S. Kinzer, Bitter Fruit: The Untold Story of the American Coup in Guatemala, New York, Anchor Books, 1982; see also Piero Gleijeses, (draft) op. cit.

<sup>68</sup> These horrors have been documented in dozens of reports, articles and books in Latin America and elsewhere. See, for example, Contrainsurgencia y Desarrollo Rural en Guatemala: 1965-1985, Centro de Estudios e Investigaciones para Guatemala, Mexico, 1986; La Contrainsurgencia y Los Refugiados Guatemaltecos, Grupo de Apoyo a Refugiados Guatemaltecos, 1983, Mexico; S. Davis and J. Hodson, Witnesses to Political Violence in Guatemala, Oxfam America, Boston, 1982.

<sup>69</sup> According to a USAID study cited in Alfredo Guerra Borges, "La Cuestión Agraria, Cuestión Clave de la Crisis Social en Guatemala," Perspectivas, Vol. 4, Agosto 1984, Universidad de San Carlos, Guatemala.

<sup>70</sup> Piero Gleijeses, Guatemala: The Struggle for Democracy, Latin American Series, No. 1, University College, Cork, 1986; OSGUA Newsletter, Issue no. 4, Feb. 1987; Inforpress Centroamericana, 19 June 1986, No. 694; "Help or Hindrance? United States Economic Aid in Central America," Institute for Food and Development Policy, (draft) 1987, San Francisco; Inforpress Centro Americana, Informe Especial, 19 June 1986.

## Honduras

In Honduras in the 1950s and 1960s peasant organizations and plantation workers' unions were better organized and more militant than in neighboring countries. Most Honduran peasants held on to their communal lands nearly a century longer than in El Salvador and Nicaragua before giving way to large estates. A successful banana workers' strike in the 1950s had resulted in better wages and working conditions on United Fruit plantations. Peasant land invasions were frequent in the early 1960s. In 1962 a land reform law was adopted, encouraged by the "Alliance for Progress." This legislation could have led to serious reform, but it did not. While some land invasions were legally consolidated, there was little impact on agrarian structures, which remained highly polarized between rich and poor.

Land was relatively abundant in Honduras. Before World War II, coffee estates did not take over or absorb as much peasant land as they had in every other Central American country. After 1950, new forms of agro-export production profoundly altered established land tenure patterns, displacing large numbers of peasant producers. This gave rise to frequent conflicts between peasant farmers defending their lands and agro-exporters seeking to take them over for cotton, sugar, banana, beef, and coffee production. Rural landlessness was estimated at 63,000 peasant families by 1965, or more than one-quarter of the rural population. As the agrarian structure polarized between rich and poor, some 700 large ranches and plantations came to control one-third of the agricultural land, while 120,000 smallholders (two-thirds of the rural population) occupied only 12 percent of the land.

Opposition from the large landowners and the two large U.S. banana companies had been too strong to permit serious agrarian reform in the 1960s, despite peasant land invasions and protests. Standard Fruit reluctantly agreed to live with the law but United Fruit cancelled its plans for expansion. As a result, application of the law was so bland that it resulted in only minimal structural changes. In 1971, the activist head of the agrarian reform institute, Rigoberto Sandoval, was forced to resign under pressure from the large landowners.<sup>71</sup>

After 1972 a more progressive military government replaced its blatantly pro-landlord predecessor following a police massacre of peasant squatters. Many peasants were given usufruct to lands they occupied, mostly (about 70 percent) on government owned lands. In 1975, a more comprehensive agrarian reform law was enacted which placed limits on the size of holdings and specified efficiency criteria for estates. It would have distributed 600,000 hectares to peasant families, but less than one-fourth of this goal was actually achieved by 1985. Half the rural agricultural families remained landless (more than 100,000) or landpoor (over 70,000). Land tenure was so minimally reformed that by 1979 the reformed sector, (constituting about 9 percent of the rural population and farmland) actually began to shrink because desertions outnumbered new arrivals.

The promised agrarian reform of the early 1980s delivered 58,000 hectares to 13,000 peasant families between 1982 and 1984, a significant increase over the slow pace in the late 1970s. The net effect was marginal, however, as the rural population increased by 24,000 landless and landpoor peasant families over the same period. Currently there are an estimated 150,000 landless rural Honduran families. Nonetheless, the U.S. has shifted its support to a land titling program for those peasants who already occupy land as squatters or tenants. This is less

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<sup>71</sup> These data were taken from J. Mark Ruhl, *op. cit.*; FIDA, *Misión Especial de Programación Especial, Honduras, op. cit.*; NACLA, Nov.-Dec., 1981, *op. cit.*; LaFeber, *op. cit.*; FAO, *Interagency Mission to Panama, op. cit.* and CIERA, *op. cit.*, and personal observations and conversations.

conflictive with wealthy estate owners than addressing the more pressing demands of the landless peasantry.<sup>72</sup>

## **Panama**

Agrarian reform in Panama consisted primarily of land titling as most peasants had no legal ownership of their holdings. Some 20,000 titles were granted over a 20 year period. Also about 8,000 peasants were resettled in cooperative farms on estates purchased or otherwise acquired by the government.<sup>73</sup> Panama's principal source of income was servicing the Canal Zone, not agro-exports, making agrarian problems less urgent. Even so, the efforts of Torrijos' mildly reformist military government to establish group farming alarmed many U.S. officials.

## **Costa Rica**

In Costa Rica in 1977, there were 85,000 farms covering a total of 3.1 million hectares. Farms of less than 6 hectares made up 43 percent of the total with only 2 percent of the land. Family-sized units of 5 to 20 hectares were 26 percent of the total with 8 percent of the land. Medium-size units (20-200 hectares) were 30 percent of the farms with 56 percent of the land; there were 783 estates (3 percent) of over 500 hectares with 34 percent of the land.<sup>74</sup>

Since the early 1950s in Costa Rica there had been peasant resettlement programs and these were stepped up under the "Alliance for Progress," but no real change in land tenure structure resulted. Costa Rica's relatively democratic government permitted peasant and farm workers to form unions and supported some of their demands for higher wages and better working conditions. When the Figueres administration initiated these democratic reforms, however, they were regarded as dangerously communistic by several U.S. State Department officers and U.S. businessmen. Peasant and farm worker incomes had gradually improved until the collapse of export prices in the late 1970s.

Agro-export expansion is eroding Costa Rica's small- and medium-holder foundation in several important respects. Currently 41 percent of the cultivated land and 80 percent of the agricultural income depend upon export crops. As a consequence the number of landowners has been reduced, especially among the small farmers, many of whom are unable to compete with the plantations. There is also increasing landlessness, exacerbated by plantation mechanization: at least two-thirds of the economically active population in agriculture have no land. Though a far cry from the agrarian crisis in the northern tier countries, Costa Rica's agrarian structure has become more inequitable and less food secure for a growing number of persons.<sup>75</sup>

The most far-reaching Central American agrarian reforms since 1979 have been in Nicaragua and El Salvador. These are examined below.

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<sup>72</sup> J. Mark Ruhl, op.cit.

<sup>73</sup> FAO, Interagency Mission to Panama, op. cit.

<sup>74</sup> José Salazar, "Una Política Agraria Inovada, El Caso de Costa Rica," ITCO, San José, 1977.

<sup>75</sup> "Costa Rica" by Morris J. Blachman and Ronald G. Hellman in Confronting Revolution: Security through Diplomacy in Central America, Morris J. Blachman, William M. Leogrande and Kenneth Sharpe (eds.), Pantheon Books, 1986, New York.

## Nicaragua

In Nicaragua land reform under Somoza had consisted of limited resettlement projects in frontier areas. In 1978 some 3,000 farms of over 350 hectares each (2 percent of total farms but their owners and family labor consisted less than one percent of the agriculture labor force) occupied nearly half the agricultural land. Another 30,000 medium-sized producers (35-350 hectares) occupied 38 percent of the farm area and these medium farmers and their families made up 9 percent of the farm labor force. One-third of the farms were family size (7-35 hectares), occupied 12 percent of the area, and represented 23 percent of the labor force. Operators and family members of micro farms or minifundia (under 7 hectares) occupied 2 percent of the land, made up 36 percent of the farm labor force, and constituted 45 percent of the farm units. Many of these farmers were also seasonal workers (mostly on large estates). Permanent salaried workers made up 14 percent of the farm labor force and landless seasonal workers 17 percent.<sup>76</sup> A salient feature of this structure was the relative importance of medium-sized producers and the relative abundance of land in comparison with El Salvador or Guatemala.

### First Years after the Revolution

The Sandinistas were committed in principle to agrarian reform but had no concrete plans when they emerged victorious in mid-1979. In fact, they had little idea of how much land Somoza and his colleagues held. For example, in early 1980 many government officials believed that by confiscating the Somoza properties when the Somoza family and associates fled the country, they had nationalized half the country's agricultural area. In reality, Somoza interests had held only about one-fifth of the productive agricultural land (in terms of value). There were more profits to be made in agro-export processing, financing, and marketing than in primary production. Consequently, the Somoza clique had concentrated their investments in these areas. The new government therefore automatically acquired a controlling interest in agro-export processing, marketing, and financing when Somoza fled.

Immediately after the revolution, some 45,000 landless workers benefitted directly through new employment and participation in state-owned farms (APPs) or through access to land for their own cultivation on these state-owned units. A 1980 decree, popular with the landless and smallholders, obliged owners of idle lands to allow peasants to cultivate them at very low rents. This measure benefitted many of the poorest strata of agricultural producers. Farm workers and small producers were encouraged to form unions and cooperatives. The Federation of Farm Workers (ATC) and later the Small Farmers and Ranchers Organization (UNAG) became influential in formulating and executing agrarian policy. Credit, technical assistance, and marketing were redirected to meet the needs of the rural majority. Major emphasis was placed on getting food and other basic goods and services to low-income groups, both urban and rural.

The revolution had culminated in massive urban uprisings in Managua and other cities. During years of guerrilla war, however, the Sandinistas had counted upon campesino support, especially in frontier regions where displaced campesinos from the agro-export areas had established small- and medium-sized farms producing basic grains and cattle. Many of these larger peasant farmers had several dozen or more cattle and controlled from 40 to 200 hectares of mostly poor lands. They had been disaffected by the Somoza regime and strongly supported the revolution. Workers and small peasants in the richer agro-export regions had also contributed to the struggle. As they had been constantly repressed and their organization prohibited by

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<sup>76</sup> Solon L. Barraclough, Preliminary Analysis of the Nicaraguan Food System, op.cit., and "Informe del Primer Seminario Sobre Estrategia Alimentaria," CIERA, PAN, CIDA, Managua, Nicaragua, 1983.



landlords and police, they were not well prepared to pressure the new government for land immediately after the revolution.

The Sandinista government, therefore, was confronted with the urgent demands of the urban poor and the rural wage laborers in agro-exports to improve wages and access to food and social services. The demand for land was more latent in the richer areas of commercial agriculture. The imperative to earn foreign exchange made it seem highly risky to subdivide commercial farms with their large farm infrastructure or even turn them into worker's cooperatives. Moreover, the new government wanted to maintain "national unity" within the broad coalition that brought it to power and hence did not want to frighten large private producers by rapidly expropriating land. The initial emphasis on social investments and services, food distribution, and wages, and on concentrating public productive investments and scarce technicians in the state farm sector should be seen in this context. The 20 percent of total agricultural land confiscated from the Somoza group was not distributed to peasants. The wages and social conditions of the workers on these farms were considerably improved, however. About one-fifth of the 45,000 workers living on the confiscated estates were seasonal workers with use of small plots to supplement their part-time employment, and they were encouraged to maintain and often to enlarge their subsistence areas.

There was a fear among the technicians and leaders of the new government that, if there were a massive land distribution to peasants in agro-export areas, seasonal labor would no longer be available to harvest coffee, cotton and sugarcane. The expropriation of peasant lands to make it necessary for peasants to work seasonally had been the strategy of the large agro-export producers in Latin America since the 19th century. Communal lands had been expropriated by Central American export growers in part to make good lands available for their crops but also to force the campesinos to work the plantations.<sup>77</sup>

Many Nicaraguan government leaders continued to assume that returning land to the peasants would reverse this process and cause the peasants to withdraw their seasonal labor. This assumption was based on premises that were no longer valid.<sup>78</sup> They underestimated how dependent the peasants had become in regions of commercial farming on cash income. They required cash to purchase the basic goods and services that either were no longer produced in rural communities or never had been, but were now considered basic necessities (such as Maggi cubes, sugar, vegetable oil, shoes, machetes, etc.). Moreover, the assumption greatly overestimated the possibilities of peasants earning cash incomes from the sale of surplus corn and beans as an alternative to wages if they had access to land. The real problem, that was not adequately foreseen (and that had also been central in Chile in 1971-1973), was for the economy to make available basic inputs and consumer goods required by peasants and wage workers in return for their farm product sales or their wages.

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<sup>77</sup> This is well documented in many historical studies. See for example Alistair White, op.cit., for the case of El Salvador.

<sup>78</sup> The classic example of peasants withdrawing their products from the market to improve subsistence following land reform was in Bolivia 1953-1954. The situation was entirely different, however: the Bolivian peasant had never entered the money economy as his products had literally been expropriated and sold by the landlords. Laborers' withdrawal of their services in Cuba after the revolution was more related to the fact that initially they could earn higher wages elsewhere. (Later, the highly efficient and egalitarian rationing system--and the disappearance of alternative markets--left no incentive to work as part-time agricultural workers.) Similar fallacious assumptions have been advanced to explain the behavior of post-colonial African peasants. These are refuted by Nelson Fasfir, "Are African Peasants Self-Sufficient?," Development and Change, The Hague, April 1986.

The new government's strategy formulated in 1981 was to promote food security for all groups through an agrarian transformation implying far-reaching changes in social relations, market structures and technologies. It recognized that if the post-reform system did not produce both for domestic needs and export it would eventually collapse. At the same time, the poorer social groups of the population, whose support was crucial for the success of the revolution and on whom the government had to rely for political support in the future, should eat better and enjoy greater access to urban services and consumer goods. This in turn required that the inputs, goods, and services needed by agricultural producers be available to them on attractive terms in return for their produce.

An agrarian reform decree was not promulgated until mid-1981 and was moderate. It protected efficient medium and large producers who met minimum wage and social standards for their workers, but aimed at expropriating traditionally organized and extensively cultivated large estates. All properties over 350 hectares on the Pacific coast and 700 hectares elsewhere could be expropriated, but below this ceiling expropriation could only be applied to inefficient large estates and those with "pre-capitalist" forms of tenure and labor relations (use of land in return for labor at nominal wages, subtenancies, etc.). The government and beneficiaries could also acquire land through negotiated purchases. The reform was relatively slow in transferring the control of land from large estates to poor peasants and farm workers. The legislation provided for assignation of lands to peasant cooperatives, individuals, and Indian communities. The 1981 decree had doubled the amount of land that could be affected through the agrarian reform program--about the same amount had already been confiscated from Somoza--bringing the potential total to about 40 percent of all agricultural land.

Over the course of nine years, the 1981 plan called for placing 45 percent of the agricultural land and half the labor force in the hands of small producers and their cooperatives, 25 percent of the land and 20 percent of the labor force in state farms, and 30 percent of the land and agricultural labor force in large- and medium-sized private farms. The government also commenced a program of granting titles to peasants occupying land without legal ownership.

By the end of 1983, nearly 300,000 hectares had been distributed under the new law (mostly to peasant cooperatives) and about 20,000 families had benefitted. Another 5,000 families had received land titles to 155,000 hectares of land they already occupied. (See Table 2.)

The Small Farmers and Ranchers Organization (UNAG) organized in 1981, grew rapidly in size and influence. As it especially represented small producer interests and aspirations, it pressed for accelerated land redistribution, improved prices and services for small farmers and more priority for peasant agriculture. Many of UNAG's most dynamic leaders came from among the early Sandinista supporters in frontier regions. They were frequently producers (of peasant origin) of basic grain and livestock. Many with medium-sized holdings were also merchants selling local peasant communities' farm surpluses and supplying them with basic inputs and consumer goods.

An institutional network emerged through which the government could transmit its policies to a wide spectrum of the population. Also, those sectors of the population that had previously had little or no say in government could influence policy and its implementation. As explained earlier, there were two broad-based agricultural organizations, the ATC and UNAG. The CST (Sandinista Workers Union) represented the non-agricultural workers in industry, construction, government, etc., and the local civil defense committees represented interests of low-income consumers. In addition, there were popular organizations representing women and

various other mostly low-income interest groups and, of course, the Sandinista party itself (FSLN).

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In spite of the devastation incurred during the civil war (gross national product had fallen by nearly one-third at the culmination of the revolution) and the subsequent U.S.-promoted and supported sabotage, counter-revolutionary incursions and economic blockade, the initial years of agrarian reform had been successful when evaluated in 1984. In 1983-84 production of basic foods (mostly corn, beans, rice and edible oils) and of export crops, with the exception of beef and cotton, surpassed pre-revolutionary levels. Nutrition of the poorer urban strata and at least half the rural inhabitants had improved. Yields and labor productivity for most crops were maintained or tended to increase, especially in the areas most affected by the agrarian reform.<sup>157</sup>

#### Quickening Pace of Agrarian Reform, 1984-1986

The popular organizations described above had a crucial role in speeding up agrarian reform after 1983. Opponents saw this development as the beginning of a totalitarian state, at worst Stalinist and at best similar to a Mexican-type one party state. Others saw it as a major step towards genuine democracy. It could theoretically move in either direction depending upon the dynamics of the revolution and external constraints. The evidence thus far, especially in agrarian reform implementation, is that on balance it has induced the government to become increasingly sensitive to aspirations and problems of peasants, workers, and other popular support groups.

Pressures were mounting from three sources during 1983 and 1984 for the government to step up the pace of the reform. Firstly, in areas where the contras had penetrated or were likely to do so, they naturally found support among large landowners who had been hostile to the revolution and agrarian reform. More serious from the government's standpoint was that many peasants, unable to sell their crops or obtain needed supplies and not receiving many direct benefits from the revolution, were often indifferent. One of the main organizations in close touch with isolated peasant communities was the Catholic Church whose top hierarchy in Managua was hostile to the Sandinistas. Parish priests, however, were generally dedicated to the welfare of their poor parishioners and had frequently supported the Sandinistas when they were opposing Somoza. Both UNAG leaders and progressive Church groups were convinced that providing land and titles quickly to peasants in these areas would increase their support for the government. Also, it would be necessary to bring in basic supplies and to provide better outlets for their produce.

Secondly, thousands of displaced peasants from war zones had to be resettled. This also required stepping up the reform.

Thirdly, peasant pressures for land were increasing in many Pacific coastal agro-export producing areas. This was in part a result of the growing consciousness that this was a once in a lifetime opportunity. The demand for land was also stimulated by the economic depression, accompanied by lower real wages and frequent scarcities of food and basic consumer goods in rural communities. With their own land they could at least be assured of corn and beans for subsistence to supplement part-time wage earnings.

The only way these demands could be met would be to include more land in the reform program. Assigning land already in state farms to peasants was one source. Purchasing land from private owners was another. These two sources of land could cover only part of the peasants' demand, however. It would still be necessary to expropriate land which had been exempted under the 1981 law (because of size or efficient use). Also, a more drastic law would encourage private land transfers for the reform. In 1985, the 1981 law was modified to permit expropriation where necessary of private estates without size restriction.

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<sup>157</sup> "Alimentos, Desarrollo y Transición en Nicaragua," CIERA, 1986.

The pace of agrarian reform had already accelerated sharply in 1984, especially granting titles to peasant occupants of lands in frontier zones who had no legal proof of ownership (see Table 2). Between 1981 and the end of 1986 nearly one million hectares of land had been redistributed to some 63,000 families and another 36,000 families had received titles to more than another million hectares. This made a total of 99,000 land reform beneficiaries excluding the some 23,000 families of workers on the state farms created by confiscating Somoza properties. Actually the state farms had been in part redistributed to peasants by 1986. About 40 percent of the confiscated Somoza lands, all of which had become state farms, had been redistributed to individuals or to cooperatives. At the same time, more emphasis was placed on organizing peasant cooperatives and providing them with services and incentives.

At the end of 1986 the country's agrarian structure had profoundly changed. In the six years 1981-1986, 700,000 hectares of land had been assigned to producers' cooperatives with about 25,000 members (see Table 3). Another 66,000 smallholders who had individual titles to their land had also organized cooperatives (mostly credit and service cooperatives) that included an additional 550,000 hectares (some of it redistributed by reform and some not), bringing the total cooperative sector to some 91,000 peasant families (one-third of the farm labor force) with 1.3 million hectares (nearly one-fourth of the country's agricultural land).<sup>158</sup> The state farm sector controlled 13 percent of the land and had about 10 percent of the farm labor force. Private owners with over 145 hectares had about one-fifth of all farm land in 1986, down from over half in 1978. Medium-sized farmers (35 to 145 hectares) continued to control 30 percent of the land. Including their families they account for about 10 percent of the agriculture population and provide employment to a great many landless workers. Smallholders who had less than 35 hectares and who are not in either credit and service or production cooperatives had about 12 percent of the land and made up about 23 percent of the farm population. Landless laborers still amounted to about one-fourth of the work force but nearly 40 percent of them had secure year-round employment on the state farms. Also most agricultural laborers belonged to the rural workers union (ATC) and received legal protection that was absent before the revolution.

Land redistributed through the reform and assigned to individuals or to cooperatives amounted to about 14 hectares per family. On the other hand, peasants receiving titles to the land they occupied received on average about twice as much per family. This was largely because the value of land in the interior, where most titling occurred, was much lower than that in the Pacific side of the country. Taking land quality into account the differences are greatly reduced. This contrasts sharply with El Salvador where Phase I cooperative members (roughly comparable with the Nicaraguan state farm sector) had some five times more land per family (about 8 hectares) than those receiving titles under Phase III (only 1.6 hectares each).

There are still over 50,000 farm families in Nicaragua requiring land, according to government estimates. These include landless laborers, peasants whose holdings are too small to be viable and peasants who have been displaced by the war. (As noted in the footnote to Table 3, data on the total number of families and work force in agriculture are only approximations. There has been no census since 1971 and that census had many deficiencies.)

### Agrarian Transformation

Beyond agrarian reform, there are complex problems of the evolving agrarian transformation and related issues of following an alternative development strategy giving priority to popular needs and aspirations. Fundamental issues of the terms of popular participation,

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<sup>158</sup> Not all of these cooperatives really functioned as cooperatives should, however. Much remained to be done in improving their quality through training and appropriate policies. (See Envío, Instituto Histórico Centroamericano, Managua, June 1987.)

capital accumulation, institutionalization, insertion in the world economy, and ecological sustainability must be resolved in one way or another.<sup>159</sup> How they are resolved has far more influence on the agrarian reform than the size and kinds of farm organization and numbers of families benefitted. We want to emphasize four points about the Nicaraguan reform, however, that are especially relevant to the Central American situation.

First, Nicaragua has the most abundant land resources in relation to population of any Central American country. With over 200,000 farm families and over 5 million hectares in farms, the problem is qualitatively different from that of El Salvador with twice as many farm families (424,000) and only one-third as much land in farms (1.5 million hectares). From a strictly technical point of view, providing every family in Nicaragua with adequate access to land is relatively simple in comparison with the situation in El Salvador or Guatemala. Despite land scarcity per family in these latter two countries, agrarian reforms there are necessary and feasible. China and Taiwan provide good examples of successful reforms in countries with heavy population pressures on the land.

Second, the "political will" to carry out genuine reform is generated primarily by the perceived interests of, and organized pressures from, the social groups and classes upon which a government depends for its support and survival, more than by ideological commitment. The agrarian reform might not have gone much beyond the confiscation of Somoza properties and a few other large estates if there had not been a successful popular revolution, if peasants had not organized in UNAG and used it to press for land and other needs, and if farm workers, urban low-income consumers and workers had not organized their unions and confederations. The U.S.-sponsored contra war and the embargo have had the unintended effect of accelerating the reform by increasing the government's need to rally broad-based popular support in the face of mounting hardships and invasions. This meant meeting the mass-based organizations' immediate demands to the extent possible. Granting improved access to land was one demand that could be met in spite of growing economic difficulties and the lack of foreign exchange.

Third, once the political will for reform is present, the greatest obstacles are to be found in inherited underdeveloped and dependent socioeconomic structures, not the lack of solutions to technical problems. Without question, in retrospect many errors were made in price and subsidy policies, investment priorities, etc. In our opinion, too many resources were dedicated to large-scale capital-intensive projects and too few to stimulating and supporting peasant production. But these are minor problems compared to the difficulties of attempting to provide for the essential needs of the entire population while at the same time investing to improve future productivity. This had to be done during a severe depression in export markets, a burdensome war effort and in a situation where there was almost no foreign exchange. There was extremely limited national technological and industrial capacity, except for the servicing of agro-exports. The best and most finely-tuned economic and technical policies imaginable might have helped, but probably not a great deal. Compared to other Central American countries, Nicaragua has not done badly in economic performance in general or in agriculture in particular, even while carrying out a substantial agrarian reform and a war.

Fourth, economic aid and loans from Western Europe and Canada, other Latin American countries and from "Eastern" bloc countries have played a crucial role in keeping the economy functioning during this critical period of contra invasion and U.S. embargo.

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<sup>159</sup> Barraclough and Marchetti, op. cit.; CIERA, op. cit.

## El Salvador

The pattern of land tenure and accompanying rural social organization in El Salvador was similar to that in Guatemala where medium- and family-size farms were much less important and population densities were far greater than the southern tier countries--Honduras, Nicaragua and Costa Rica. In El Salvador, in 1980, some 400 large owners held one-fourth of the farm land (much of the best) and another 12,000 medium-sized owners held 55 percent. In other words, 3 percent of the farm families controlled 80 percent of the land. About 35 percent of the farm families occupied microfarms (over one-third as tenants) and only about 5 percent controlled family-sized holdings. Nearly 60 percent of the farm families were landless laborers, more than double the proportion of landless only 20 years earlier.<sup>160</sup>

This situation had been aggravated by the expulsion of about 100,000 Salvadorean emigrants from Honduras in 1969 after the so-called "Soccer War." This made state owned lands in Honduras on which the Salvadoreans had settled available to Honduran peasants and eased pressures from peasants on large landowners there (one of the causes of the war) but it further swelled the landless rural population in El Salvador and fuelled agrarian discontent.<sup>161</sup>

In El Salvador, agrarian reform had a very different history from that of Nicaragua. As mentioned earlier, the attempt by Salvadorean peasants and farm workers in the early 1930s to organize and demand better wages, tenure rights, and working conditions had been ruthlessly suppressed by the army with the slaughter of some 20,000 mostly unarmed peasants. (Credible estimates of the number killed vary from as little as 10,000 to as many as 40,000.<sup>162</sup>) In 1961 the senior author (Solon Barraclough) talked with a retired Salvadorean army colonel who, as a young aide-de-camp to General (President) Hernández Martínez during this 1932 massacre, had been profoundly shocked by the experience. Subsequently he had to flee to Mexico for advocating agrarian reform in army circles. He said, "If there is not a real agrarian reform soon my country will become a blood bath." Hernández Martínez remained dictator of El Salvador until 1944. The army remained in control indefinitely, in concert with the old oligarchy, supported by many of the new rich and by the U.S. government and multinationals.

In the 1960s and early '70s there was a reformist electoral challenge to the military-oligarchic order. Christian Democratic presidential candidate José Napoleón Duarte and his Social Democrat vice-presidential running mate Guillermo Ungo ran on a platform of land reform and democracy. When election results favored them, the military intervened and installed its own candidate, perpetrating another electoral fraud. Popular organizations reacted with sit-ins, strikes and demonstrations. Labor, peasants, students, professional organizations, and especially Christian Communities deeply influenced by the theology of liberation, participated extensively in these non-violent protest actions. Others, giving up hope of bringing about change by peaceful means, resorted to armed insurgency. (There were three major guerrilla groups whose initially limited activities began to grow in the 1970s.)

In 1979 a military coup had been instigated by young progressive officers and the resulting joint civilian-military junta had promised profound reforms. These progressive officers, however, were soon shunted aside by conservative elements. The U.S. government, upon which the Salvadorean government depended for economic and military aid, urged sweeping agrarian

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<sup>160</sup> U.N. Interagency Mission, op. cit.

<sup>161</sup> William H. Durham, Scarcity and Survival in Central America: Ecological Origins of the Soccer War. Stanford University Press, Stanford, 1979; LaFeber, op. cit., also see NACLA Report on the Americas, Vol. XV, Nov-Dec 1981.

<sup>162</sup> See, for example, Thomas Anderson, op. cit.



reform in part because it was so clearly necessary for future development and in part because it hoped that this would take away peasant support from the emerging guerrilla and popular movements. USAID provided technical assistance in drafting the legislation.<sup>163</sup>

### Three Phase Agrarian Reform

Announced by decrees in 1980, the reform was planned in three phases, though Phase II was never implemented and probably never can be. Phases I and II involved large and medium estates respectively, and Phase III concerned smallholdings. Phase I expropriated all estates over 500 hectares and Phase II would have expropriated those from 100 to 500 hectares. The expropriated estates would be turned into cooperatives belonging to their permanent employees and permanent laborers living on the estates who usually had usufruct rights to plots for subsistence crops. Phase I owners could retain up to 150 hectares (or 170 hectares if they made improvements). The cooperatives would be jointly managed by members and government technicians, "until the new landholders have acquired the necessary skills." Landlords would be compensated at the tax declared value of their lands, improvements, and capital, partly in cash but mostly with bonds. The cooperative members would have to pay for the land over a corresponding period, usually at the same price, but at higher interest rates than the bondholders were paid. In contrast with these estate measures, Phase III or "Land-to-the-Tiller" was designed to give titles to peasants with rented plots of up to 7 hectares each.

The army and agrarian reform agency, Instituto Salvadoreño de Transformación Agraria (ISTA), immediately began to take possession of estates affected under Phase I. While there is still some confusion regarding exact numbers of farms affected, persons incorporated into cooperatives and areas involved, divergent sources agree on the general magnitude. Over 400 properties (including a few already held by ISTA or sold to it subsequently) with an area of 270,000 hectares were assigned to cooperatives with some 27,000 members. Agrarian reform cooperative membership in early 1986 was officially 31,500, as some new members had been incorporated. Phase I lands accounted for over one-third of national cotton and sugar production and about 14 percent of coffee production, according to estimates. There was an average of about 8 hectares per cooperative member, over twice as much land per family as the national average.<sup>164</sup>

In the land to the tiller phase, 63,700 peasant renters became owners of the 97,200 hectares they worked. In other words, Phase III beneficiaries received an average of about 1.5 hectares each, usually of much poorer quality land than that in Phase I. (These data must be treated with caution. According to credible sources possibly one-third of the Title III beneficiaries have never taken possession because of rural violence.) These beneficiaries cultivate primarily corn and beans and are estimated to account for over one-fifth of national corn production. As will be explained later, implementation of Phase II was indefinitely postponed.

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<sup>163</sup> Among the best accounts of these developments is Raymond Bonner's, *op. cit.*

<sup>164</sup> These and subsequent data on the reform are abundant but often confusing. These data were taken primarily from Misión Interagencial de Naciones Unidas, 1986, *op. cit.*, but were checked with various other sources to detect any major contradictions and additional information. These included Segundo Perfil de Beneficiarios del Decreto 207, PERA, San Salvador, July 1985; Agrarian Reform in El Salvador, Chechi and Co., Washington D.C., 1983; Evaluación del Proyecto del Crédito para la Reforma Agraria, Chechi and Co., Washington, D.C. August 1985; "La Cabida y los Derechos y Deberes de los Socios de las Cooperativas de la Reforma Agraria Salvadoreña," (draft), PERA, San Salvador, Oct., 1985; Oxfam America (El Salvador), *op. cit.*; Bonner, *op. cit.*; Jenny Pearce, *op. cit.*; and various unpublished documents provided by university and co-operative sources in El Salvador.

Initially, the reform was accompanied by considerable violence and repression. The government was far from united in its support of the reform and was virtually forced to accept it by U.S. pressures. Many peasants involved were assassinated by right wing "death squads" (usually government security forces). Some were also victims of guerrilla attacks. Beneficiary selection was often blatantly political. Cooperatives often had to assume food, lodging, and other costs for police and army units stationed on their lands while some others had to pay "war taxes" to bands who claimed to be representing the guerrillas. When the right wing ARENA party gained the 1982 legislative "elections," government support of the reform became even more contradictory and unenthusiastic. In retrospect, one wonders how it was implemented at all without strong organized peasant support. The answer seems to be primarily in U.S. determination, manifested in its continuing economic support and assistance for the reform and the use of strong pressure on the government and army, which was possible because of its huge military and economic aid programs. To this must be added the dedication of some Salvadorean officials and other progressives in government, not a few of whom were also assassinated by right wing death squads.

In any case, it was a top down operation with little peasant participation. The official 1985 agrarian reform evaluation unit (PERA) found that in Phase I:

"The beneficiaries of Decree 154 don't feel themselves to be owners but rather wage workers, thinking and working like salaried union members. Most of the cooperatives are managed by the co-manager and a small group of technicians and leaders. Members regard their third of an hectare subsistence plots as the most important advantage of being a cooperative member."

This was hardly surprising when one recalls that former bookkeepers, administrators, and foremen on the estates often became leaders of the cooperatives. They were often the only ones who had any managerial experience and who were literate. There were many rumors of corruption involving technicians and cooperative leaders.

More important was that the co-op members were really wage laborers. No cooperative has yet made a profit to be divided among the membership. The debt burden was far too high for that to happen. Moreover, the co-ops usually did not have sufficient working capital to carry on normal marketing operations. And since only permanent laborers had become cooperative members, the ratio of part-time workers to cooperative members was the same as it had been to full-time workers on the estate, often eight or more to one during busy season.

Peasant, union, and cooperative leaders complained to us about their debt burdens, the low prices of their products and high price of inputs, and their inability to obtain sufficient credit. These peasants were mostly from independent cooperatives not directly created by the reform, but some of the leaders also represented or had close contact with "official" agrarian reform cooperatives. In any case, the independent cooperatives faced problems similar to those of the cooperatives created by the agrarian reform. The Chechi Co. evaluation cited in footnote 86 confirmed that the debt problem was if anything worse for the official agrarian reform cooperatives.

The financial side of the agrarian reform had been planned by U.S. advisers as a real estate transaction. The state paid the owners over a 20 to 25 year period and the beneficiaries repaid the state. Higher interest rates to the beneficiaries would compensate the State for paying the ex-owners a hefty down payment--no loss, no gain. There were several problems, however. Land prices had become highly inflated in the 1970s and owners hearing about possible agrarian reform, and having to pay negligible property tax, had declared high values on their tax

declarations. Values placed on machinery and livestock were often exorbitant. We visited an independent cooperative where the former owner had charged the cooperative three or four times the real worth of several tractors, a worn-out harvester, and other machinery, all with the government bank's approval. After expensive repairs, one tractor would operate but the rest were beyond repair and left to rust in the hacienda yard. The cooperative could not even make enough to repay its operating credit, to say nothing of interest and amortization on the debt and, falling behind schedule, was cut off from credit.

Only one-third of the reform cooperatives will ever be able to repay their debts, assuming normal prices and weather, according to official analyses. With a world depression and the collapse of export prices, the doubling of most input costs (because of a 100 percent devaluation), and a war going on, one suspects that almost none of the cooperatives could ever amortize their agrarian debts. We examined the books and operations of one non-reform cooperative. There was no way it could even pay current interest charges to say nothing of its debt.

There has been no major agrarian reform in history where the beneficiaries were able to repay as in a commercial real estate transaction. Inflation is the one hope for the beneficiaries, if the government does not cancel their debts or drastically reduce them. The law is ambiguous about whether agrarian debts would be adjusted for inflation, and we were told that an internal debate is already going on about this. With enough inflation and no readjustment, the agrarian debt would disappear, as it did in Japan following the U.S.-backed reform in 1946.

#### Who Benefits?

The 63,000 beneficiaries of the land to the tiller program have half as much land per family as other smallholders in El Salvador. Neither smallholder group, for the most part, receives credit, technical assistance or marketing aid. Many of the former owners may be as poor as the beneficiaries, as this phase mostly transferred land titles among smallholders, not from large estates to workers and employees. Without major changes in Salvadorean society, there is not much hope for them and the other 100,000 smallholders and 220,000 landless laborer families who did not benefit in the reform. Most Salvadorean farmers, that is 90 percent, are smallholders or landless laborers, according to rough estimates of land tenure occupational structure since the reform. Prospects are not bright for the owner of one hectare of eroded worn-out land, with no capital and no alternative employment. Aside from a much less generous and less participative reform in El Salvador, one basic problem is the same as in Nicaragua. How does a poor, dependent, underdeveloped small country meet everyone's essential immediate needs while at the same time investing wisely and sufficiently to assure continuous improvement? At least in Nicaragua one senses a genuine widely shared effort in this direction.

After the reform, medium and large commercial farms still controlled 54 percent of the land. In 1981 it was estimated that Phase II of the reform would have affected about 1,700 farms with 343,000 hectares. Allowing for reserves, much less of this area would have been available for distribution to peasant cooperatives. The 1982 constitutional limit exempting all properties under 245 hectares from expropriation would now exclude most of this land. Even if Phase II were implemented now, there would be no farms affected, according to a government specialist. Those that are not protected by the constitutional limit, as well as most of those that are, have been legally sub-divided as a precaution. Even assuming Phase II had been implemented in full in 1980 along with Phase I, it would have reduced landlessness or near landlessness only from some 90 percent to about 80 percent of the farm population (see Table 4). It might have reduced the landed oligarchy's political power, however, thus permitting emergence of an alternative development style and contributing to end the civil war.

## Comparing the Nicaragua and El Salvador Agrarian Reforms

As long as the Salvadorean Phase I cooperatives are co-managed by the government (and are heavily in debt), they are much more comparable to the state farms than to the cooperative sector in Nicaragua. Cooperatives in El Salvador include 19 percent of the farm land compared with 13 percent of farm land in state farms in Nicaragua, but in El Salvador they have a much smaller proportion of the population. The land titling exercise under Phase III in El Salvador is technically comparable with the land titling in Nicaragua. By 1985, it had affected a smaller proportion of farm families (although a greater absolute number) than in Nicaragua, and the land granted per family was less than one-tenth as much. There has been no component of the Salvadorean reform that can be directly compared with the Nicaraguan cooperative sector. (The few dozen independent cooperatives in El Salvador sponsored by progressive Church supported groups constitute an exception but have less than one percent of the agricultural land.)

In global terms, the Nicaraguan reform (including land titling and state enterprises) has affected about half the farm area and benefitted over half the farm families. In El Salvador the comparable figures were one-fourth the farm area and 22 percent of the farm families.

The two reforms are most different qualitatively. There has been widespread and active peasant participation through the ATC and UNAG in all aspects of the Nicaraguan reform from planning to implementation and subsequently in administration, management and marketing. This is especially true of the cooperatives but even the state farms seem to be more participatory than the Phase I cooperatives in El Salvador. The main difference, however, is in the overall political and socioeconomic context. Until 1986 at least, the peasants and farm workers have been major actors influencing national development strategy and objectives in Nicaragua. The traditional oligarchy and the new Somoza rich are gone or powerless. In El Salvador the large landowners are still highly influential in running the country with the army and the U.S. (Compensation provisions for expropriated owners are formally similar in the two countries--the Somoza properties were confiscated with no compensation, however. A big difference is that peasant beneficiaries are not expected to pay for their lands in Nicaragua, in contrast to those in El Salvador.)

Reformist and progressive social forces in El Salvador, however, are numerous and many have increasing influence. Some are attempting to move the Duarte government in the direction of a development strategy oriented towards meeting popular needs, reducing corruption, curbing human rights abuses by the security forces and making reforms. They face the determined opposition of the army and many of the retrograde rich (as well as that of the Reagan administration in spite of its rhetoric to the contrary). Others have thrown in their lot with the guerrillas. Our impression, however, was that a large part of these popular-based social forces are dedicated to finding a way out of the present bloody impasse through a negotiated settlement. Many Church supported or encouraged organizations seem to be playing an increasingly active role. One hopes they can succeed.

In the long run agrarian structures in Central America will inevitably change regardless of what policies current governments pursue. Such policies are, however, crucially important for influencing the terms of participation in their societies of the small producers and farm workers who make up the vast majorities of the rural populations. Without question, past "agrarian reforms" in Central America have been deceptions for most of these rural poor. Either such reforms were subverted or the government promulgating them was overthrown by a military coup. Real reform in the sense described earlier is indispensable, however, if the poor are to enjoy a minimum of human dignity, rights, and satisfaction of their basic needs. Agrarian transformation and reform is a prerequisite for democratic national development geared to meet popular needs

and aspirations. As this paper has demonstrated, economic growth in the past has primarily benefitted a small group of wealthy elites, their stooges, and their foreign allies.

The question is not one of choosing among land tenure reform, fiscal incentives, resettlement and other measures, but of mobilizing all these mechanisms and many more to support effective agrarian reforms. Such reforms, however, require genuine political participation by these same potential beneficiaries. They cannot just be handed down from above or from abroad. Such participation is now being achieved in Nicaragua, and could possibly be obtained through more conventional democratic processes in Costa Rica. It is difficult to imagine how effective peasant and worker organization and participation could be achieved in El Salvador or Guatemala and possibly Honduras without major social and political transformations first taking place in the whole society. In societies such as these, formal elections are often meaningless exercises.

#### **IV. THE EXTERNAL CONTEXT AND U.S. INTERESTS**

Central America is suffering the consequences of a severe depression in the world economy. There are several reasons to think that this is not an ordinary cyclical recession such as has occurred regularly in world trade and output every 5 to 14 years during the last century, but a period of major depression and readjustment in the world economic system such as that of the 1930s and the 1880s.<sup>165</sup> If this is so, while there will be cyclical ups and downs in world trade and commodity prices, these will be more down than up, and the economic prospects for Central America will not brighten much until towards the end of the present century.

Even if the present downturn in trade and export prices is only the result of an unusually severe cyclical recession and world trade does resume its longer-term expansionary trend of the 1960s, the economic prospects for the majority of Central Americans will still be poor. Economic growth within these countries' existing systems results in increased polarization, pauperization and proletarianization, as was shown earlier. Health and education systems may continue to improve slowly and outright starvation diminish, since an improved economy would permit governments to devote more funds to social services without taxing heavily their wealthier support groups. But the unemployed, the seasonal landless workers, smallholders, and displaced peasants would not enjoy improved food security.<sup>166</sup> There should be no illusion: renewed world prosperity would not, by itself, be sufficient to reduce the region's major social problems.

#### **Economic Depression and Big Ticket Aid**

Central America's economic depression has coincided with dramatic increases in U.S. military spending and to a lesser extent economic assistance beginning in 1979 (see Table 5). U.S. military aid jumped 59-fold from \$10 million in 1979 to \$596 million in 1986. Economic assistance increased by a factor of three and a half from \$88 million to \$297 million. The share of U.S. military versus economic assistance went from 10 percent of the total aid budget in 1979 to 66 percent in 1986. In other words, the ratio of "security" to economic assistance was dramatically reversed from one security dollar to nine economic assistance dollars in 1979, to sixty-six security dollars to thirty-four economic dollars in 1986. The U.S. has spent more than

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<sup>165</sup> Michel Beaud, *Histoire du Capitalisme*, Editions Seuil, Paris, 1981.

<sup>166</sup> This was dramatically demonstrated by the SAS (Sistemas Alimentarios y Sociedad) analysis done with UNRISD in the Tabasco and Bajío regions of Mexico. The nutritional status of many rural groups declined in periods of most rapid economic growth. See *Food Systems and Society*, op. cit.

\$5.2 billion on military and economic aid to El Salvador, Honduras, Guatemala, and Costa Rica during the 1980 to 1987 period.<sup>167</sup> Additional military contributions from the U.S. to Panama and other related expenditure

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<sup>167</sup> "Help or Hindrance," op. cit.

categories such as maneuvers in Honduras, undoubtedly raise the military aid ante considerably above these levels. However, this massive increase in aid has not reversed the deteriorating economic nor, for that matter, security trends for the majority of Central, Latin, or North Americans.

Tremendous corruption is one inevitable consequence of this style of large-scale and rapidly escalating foreign spending. As we said before, El Salvador receives huge amounts of food aid. Trafficking in food is openly carried out to the economic benefit of important political figures. There is so much food aid arriving in El Salvador that thousands of tons of corn have been left to rot on the docks, according to knowledgeable officials. As a result of this aid, urban food availability is not seriously impaired by war, but rural areas continue to suffer for lack of food. With nearly one million dollars arriving each day in remittances from Salvadoreans living outside the country, it is not surprising to learn that the postal service is home for several corruption rings. The Ministry of Health is generously bankrolled by the United States, yet there is a chronic shortage of medicine almost everywhere and drug prices are high.

Military and economic assistance in El Salvador are plagued by inflationary economic pressures and/or corruption. House rents in comfortable sections of San Salvador, where many of the military own real estate, are payable in dollars--national currency is not accepted--at rates from \$1,000 to \$3,000 a month. New movie theaters, ice cream shops, brisk sales of Japanese imported cars and other tangible signs of consumption-oriented wealth in San Salvador are the result of a foreign aid dominated service economy run by cronies. Stronger and richer than ever, the military institutions have grown rapidly. The officer corps in El Salvador numbered 2,500 in 1986, up from 400 in 1979 and, while data are scant from the hermetic Army, it is said that few officers are ever killed. Instead, for many officers war is business ("lucrando y luchando") in El Salvador, where a battalion-level military operation brings in thousands of "extra" dollars a day to the commanding officer, according to informed sources.

Corruption is also associated with U.S. aid to the Nicaraguan contras. The General Accounting Office of the United States government has been unable to trace millions of dollars of official aid to the contras, even before the revelations of the Iran-Contra scandal showed that still more unaccountable millions were provided to the contras. There are serious and frequent charges of drug trafficking using planes, money, and other U.S. resources associated with the aid to the contras.

In the context of the military and economic crises, aid-engendered corruption has contributed to an unraveling of the old social order and the emergence of a new anarchic and embryonic order of terror playing with desperation. The military in El Salvador have begun to prey in a systematic way on the oligarchy whom they were created to defend. The kidnapping for ransom of the wealthy and the theft and resale of their expensive imported cars by a well-known group of military officers in San Salvador was widely reported and went unpunished by the government, which lamely claimed a lack of evidence. There is an enormous sense of frustration in many quarters from business sectors to peasants that there is no prospect for peace, security, or employment and livelihood. There is a sense of depression and a building resentment of the growing dependence on the United States.

In contrast, there is general agreement that corruption in the use of Western European, Canadian, Latin American, and Eastern European aid to the Sandinista government in Nicaragua has been minimal. A recent evaluation shows that most of this aid is making a valuable contribution to the country's development efforts.<sup>168</sup>

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<sup>168</sup> "The Contribution of Western Aid to Development and Survival in Nicaragua," (draft) TNI, 1987.

## U.S. Role

Many Central American scholars and statesmen have long maintained that one of the region's major problems has been the United States--the region's economic dependence upon its huge northern neighbor--and U.S. interventions to support governments that are fundamentally dedicated to exploiting their own people.<sup>169</sup> The U.S. itself was born as a revolutionary nation in the 18th century, but the U.S. role in Central America has been one of bolstering inequality and poverty by consistently supporting the status quo.<sup>170</sup> When the facts are objectively analyzed, the "Good Neighbor" policy of the 1930s, the "Alliance for Progress" of the 1960s and the "Caribbean Basin Initiative" of the 1980s, in spite of their rhetoric, have been more continuations of this historic trend than reversals of it.

Central America is in the "U.S. backyard," in the sense that it is geographically close. (Anyone who has driven much on the region's often almost impassable roads, however, can be skeptical about President Reagan's statement that Nicaragua is only a day's drive from Texas.) This proximity, like the even greater proximity of Mexico and Cuba, never led to any real concern for the welfare of the poor majorities in these countries by successive U.S. administrations. The U.S. intervened twice militarily during the Mexican revolution. It would probably have attempted to restore the status quo through armed force if, at the critical moments of 1914-1918 and 1934-1940, it had not had leaders of more than ordinary vision. Also, it had other major preoccupations with World War I from 1914-1918 and it had been caught up in the great depression and the imminence of World War II when the Cárdenas administration nationalized U.S. petroleum companies in the 1930s.<sup>171</sup> Only the complex geopolitical balance in Europe and Asia prevented direct U.S. military intervention in Cuba after 1959. The long history of several dozens of U.S. direct and indirect military interventions in Central America since the late 19th century to support repressive military regimes is now well known and need not be repeated here.

## Spurious U.S. Interests

Given the reality summarized above, several questions arise. What did successive U.S. administrations consider to be vital U.S. interests in the region? Were they correct? If they were, was U.S. intervention the best response in terms of its own definition of the problem?

Certainly, U.S. economic interests in Central America in terms of its private investments, its markets or its access to vital raw materials and investments have been overwhelmingly important for each Central American country. In 1980, for example, from one-fourth to one-half of Central America's trade was with the U.S.<sup>172</sup> For the U.S. economy and its foreign trade, however, these interests are negligible. There are no commodities or strategic metals in the region that could not easily be obtained elsewhere. Twenty-five million people, most of them

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<sup>169</sup> One of the best of these earlier denunciations was by ex-President of Guatemala, Juan José Arévalo, *The Shark and the Sardines*, New York, 1961.

<sup>170</sup> LaFeber's book, *op. cit.*, is one of the best analyses of this. Also see Robert Anderson, "By What Right?," *Report on the Americas*, NACLA, Vol. XVII, Nov./Dec. 1983; and William Appleman Williams, *Empire as a Way of Life*, Oxford University Press, New York, 1980.

<sup>171</sup> It should be recalled that some U.S. spokesmen branded the 1917 Mexican Constitution "Bolshevik" and called for military intervention. Fortunately saner heads guided the Wilson administration.

<sup>172</sup> Jenny Pearce, *Under the Eagle*, Latin America Bureau, London, 1982.



desperately poor, hardly offer much of a foreign market for U.S. goods. Central America could disappear and the U.S. economy would hardly notice the difference.

The importance of the region for military strategic reasons is not convincing in this epoch of modern warfare. Of course, U.S. military planners have a legitimate obligation to oppose foreign military installations in Central America, or national ones that are at the disposal of foreign powers. Every responsible Central American leader, revolutionary or otherwise, recognizes this and is prepared to provide the necessary guarantees. The Contadora negotiations have taken this reality into account and Nicaragua has offered to eliminate all sophisticated weapons if assured of an end to U.S. support for the contras, but to no avail.

Even if revolutionary movements were to engulf and unify all of Central America, the notion that a population only one-tenth that of the U.S. with a GNP much less than one-hundredth as large, and very dependent upon the U.S. economy, could be a serious threat to the U.S. or to the Panama Canal is so absurd that one has difficulty in believing that this is a real concern of any responsible U.S. official.

In any case, why would Central Americans want to threaten the U.S. militarily or aid others in doing so, knowing full well beforehand that this would bring immediate military destruction and economic disaster? The limits were clearly established during the Cuban missile crisis. There is no reason to think that even revolutionary governments in Central America would look any more favorably on a military presence of another foreign government than on the continued presence of the U.S. unless, of course, they were--like Cuba in the 1960s and Nicaragua today--under direct attack from the U.S. Even if a Central American government did invite a foreign military presence, its arrival could be easily forestalled, as respected U.S. military and political analysts have pointed out.<sup>173</sup>

### **Causes of U.S. Interventions**

If there are no compelling military or economic reasons for intervention of the kind that the U.S. is now making in Nicaragua, El Salvador and Honduras, one must seek more prosaic explanations. Original sin, special interests, and the sociology of bureaucracies seem to play important roles.

First, in the U.S. as in other countries, foreign policy is made by a small elite group. Many of these elite are committed to elitism and abhor popular movements or participation. Their perceptions of reality, their personal ambitions and values, and their social class orientations obviously play a role. But the problem appears systemic and beyond individuals. How else can one account for the lucid critical analyses of U.S. policy in Central America by former officials who were responsible for helping to carry it out and presumably also for helping to shape it? Former Ambassador to El Salvador, Robert White, and Robert Pastor who was responsible under President Carter for Latin America on the National Security Council and former Assistant Secretary of State for Interamerican Affairs, Viron Vaky provide prominent examples of this.<sup>174</sup>

Secondly, the U.S. ideals of the right to self-determination by all peoples and the right to revolution in the face of oppression and injustice, expressed in the U.S. Declaration of Independence and eloquently defended by Thomas Jefferson and other founding fathers, ran into internal contradictions from the day the U.S. was established as an independent state.

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<sup>173</sup> Joseph Cirincione and Leslie C. Hunter, "Military Threats, Actual and Potential," in Leiken, op. cit.

<sup>174</sup> See Bonner, op. cit. and Leiken, op. cit.

Jefferson's own policies of westward expansion ran roughshod over the rights of the Indians. Later the U.S. swallowed half of Mexico. It was only natural, when the U.S. was a fledgling but expanding republic, that every device would be used to defend the interests of U.S. businessmen and even of U.S. adventurers in Latin America, where trade was dominated by Spain, Great Britain and other European imperial powers. The situation should be fundamentally different now that the U.S. is the world's leading industrial and military power. It is not logical to identify U.S. interests with those of the few U.S. corporations, investors and bureaucrats in Central America but U.S. policies towards the region continue much as when they were first formulated nearly two centuries ago.

Unfortunately, the vast majority of common people in Central American countries have no way of making their own interests felt by U.S. policy makers. This is especially true because their own governments seldom take their views into account. On the other hand, even a minor affiliate of a U.S. corporation or other U.S. private or public bureaucracy can mobilize its networks to put strong pressures on Washington legislators and officials. A good example was the influence of United Fruit, mentioned earlier, in mobilizing the U.S. government to overthrow the reformist Arbenz administration in Guatemala. At the same time, most other U.S. organizations and nearly all individual U.S. voters have little concern for and usually no knowledge of what is going on in Central America and no idea of what the issues really are.

Thirdly, interventionist activism is highly profitable for many people, both for local collaborators and for bureaucrats, contractors, profiteers, arms dealers and the like in the U.S. Careers are advanced, promotions made easier, lucrative contracts are forthcoming and profits accrue for many. Those who pay the cost in dollars or blood have little influence in either place.

Fourthly, the spurious arguments of the U.S. administration that the Nicaraguan government is supplying arms on an important scale to Salvadorean guerrillas, and meanwhile cruelly repressing its own people, have been so thoroughly discredited that they should be discarded out of hand. Nicaragua has no common land frontier with El Salvador, and the Honduran border and the Gulf of Fonseca are under the surveillance of the U.S. army, air force, and navy with the world's most costly and sophisticated detection equipment. Since the American military supply operative Eugene Hasenfus was captured in the wreckage of a downed U.S. aircraft, however, the counter charge of Salvadorean complicity in U.S. provision of weapons to contras in Nicaragua has been undeniable. As for repressing its own people, how does one explain the impressive electoral victory of the Sandinistas in 1984 in what most foreign observers, especially from Western Europe but also from the U.S., agreed was an unusually free and honest election? Would a government without popular support have taken the risk of issuing guns and ammunition to peoples' militia throughout the country?

### **What Are Legitimate U.S. Interests?**

What should be considered legitimate U.S. interests in the region?<sup>175</sup> The obvious ones are democracy, human rights, peace, and development. These are rhetorically espoused by all parties but, as in religious wars when all sides are fighting for God, atrocities are committed in the name of these ideals. President Reagan calls the U.S.-financed ex-Somoza National Guard units trying to overthrow the legally elected government of Nicaragua by sowing havoc among civilians, "freedom fighters." These include many peasants pressed into service against their will (or for money because they have no other source of livelihood). The Secretary of State of a nation founded through victory in a bitter and bloody revolutionary struggle (led by George Washington,

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<sup>175</sup> One of the best discussions of these are to be found in From Gunboats to Diplomacy, Richard Newfarmer, editor, Papers Presented to the Democratic Policy Committee of the U.S. Senate, Washington, D.C., 1982.

Thomas Jefferson, John Adams, and others), told the U.S. Congress that the U.S. would not tolerate "people shooting their way into power."

### End the War

Certainly, it should be in the U.S. interests for the present civil conflicts to come to an early end. War is profitable for some businessmen but it is bad for business in general, at least where the war is taking place. Worse still, it is leading to increasing militarization throughout the region. The continuous conflict provides a few U.S. politicians with an opportunity to show television audiences their determined opposition to "communism" and helps create the sense of immediate crisis required to convince some U.S. voters that it is necessary to continue to dedicate half the nation's budget to "defense." The interests of the industrial-military complex, however, are not necessarily the U.S.'s interests. Nor is it in the U.S. interest to continue to back conflicts in Central America when most European allies and the overwhelming current of European public opinion are strongly opposed to the U.S. administration's intervention.<sup>176</sup>

Continuation of armed conflict in Nicaragua and El Salvador carries a terrible human cost, but more for others than for U.S. citizens. This is "total war at the grass roots," a war of attrition primarily directed against the civilian population. Only secondarily is it combat between soldiers. There is a real danger of the conflict spreading. Most frightening is the danger that if the Salvadorean army or the Nicaraguan contras seem to be losing, the U.S. may escalate its interventions. For the time being, however, the "low intensity" doctrine is less costly politically for the U.S. administration than direct military involvement would be.<sup>177</sup>

In theory, this kind of sophisticated support to governments trying to defeat popular-based guerrilla movements or to guerrilla movements trying to unseat a popular government minimizes costs, both on the ground and in Washington. It is designed to erode popular support for the Nicaraguan government by causing increasing economic difficulties for the peasants and other social groups. U.S.-supported contras carry out sabotage and terrorist attacks such as the assassination of local government officials and local leaders, in order to provoke indiscriminate retaliations and other unpopular measures. The policy also tries to win the hearts and minds of the civilians with whom there is contact once the pro-government leaders have been eliminated, by purchasing their produce and delivering supplies or cash.

When supporting a government in power, like that of El Salvador, "low intensity" strategy and tactics are similar but in reverse. The policy aims at discrediting the guerrillas among the people. In areas of guerrilla control this includes enticing or driving out peasants sympathetic to them. At the same time, it offers the provision of food, health care, and other measures to win popular support. To this end, civilian and military departments coordinate their efforts closely.

Several thoughtful Salvadorean University and Church leaders have expressed their fear that this kind of prolonged "dirty" conflict would lead to a tragic situation like that of present-day Lebanon. Their fears are justified. Low intensity warfare has been going on in Lebanon since the mid-1950s, supported directly by Syria, Iran, Israel and various other outsiders and indirectly by the great powers.

The present conflict could end quickly in Nicaragua if the U.S. withdrew support from the contras and resumed normal diplomatic and economic relations. In El Salvador, without

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<sup>176</sup> Western European Response to the Crisis in Central America, Transnational Institute (TNI), Amsterdam, 1984.

<sup>177</sup> See NACLA, Low Intensity Conflict in Central America, April/May 1986.

continued high levels of U.S. military and economic aid, there would probably soon be a negotiated settlement. Given the present involvement of the U.S. administration, it does not seem probable that its support for the conflict in either country is likely to end soon, however.

#### Latin American Interests in Central America

The most reasonable hope was that the U.S. could save face by acceptance of the Contadora group's mediation. Apparently the Reagan administration has decided to reject this opportunity. Perhaps this was inevitable given the nature of the U.S. system. Acceptance of Contadora would have given Panama, Colombia, Mexico, Venezuela, and other Latin American countries more influence in the region. Central American trade with Mexico, Venezuela and also Brazil, Colombia and Argentina was increasing during the oil boom, often at the expense of that of some U.S. companies. With the collapse of oil prices, Mexico and Venezuela have lost much independence vis-à-vis the U.S. It seems unlikely that some of the special interest groups most influential in the Reagan administration would voluntarily build up their competitors' position in Central America, even though U.S. capital and trade have a dominant position in these competing Latin American economies also.

If the U.S. continues to reject the Contadora initiative, the Reagan administration has only three alternatives. One is to support direct negotiations between the conflicting parties. A second is to continue to support the present tragic "low intensity war" while preparing for other military options. The third is to resort to direct military intervention. A negotiated settlement could only occur in El Salvador if internal political pressures in the U.S. made it imperative, and if they did, Contadora might appear preferable. In Nicaragua, the Sandinistas would probably never negotiate with an opposition that includes Somoza's National Guard. The second option, continuation of the present stalemate, seems most likely, although it will become increasingly costly for all concerned. We suspect (and fervently hope) that neither the Pentagon nor the administration wants to take the risks implied by direct military intervention. U.S. public opinion continues to be hostile even to the low intensity war. The defense budget is ultimately hostage if U.S. government opinion manipulation should fail to convince the public in the event that U.S. forces became involved and U.S. casualties mounted.

#### International Law

Another U.S. interest should be to strengthen a system of international law at a time when the U.S. is still the leading world power. This would necessarily involve some important concessions before weaker nations would accept a code of international law that basically supports the status quo, as all legal systems tend to do. The present U.S. administration's disregard for the World Court's almost unanimous ruling in favor of Nicaragua, and its obvious contempt for United Nations' resolutions, leave little doubt that international law is not a U.S. priority. In fact the U.S. even ignores the Inter American system it created, when the Organization of American States (OAS) shows any signs of independent initiative not cleared with the U.S. first. Even conservative lawyers, such as Senator Barry Goldwater, have expressed their dismay at the blatant illegality of laying mines in Nicaraguan harbors.

#### Slowing Refugee Flow

Slowing the flow of destitute Central American refugees to the U.S. might be considered another legitimate U.S. interest. There are already about a million from El Salvador and Guatemala and the flow continues. This implies tight immigration barriers and enforcement mechanisms comparable to the Berlin Wall. The alternative would be improved conditions in Central America. A hermetically sealed border barring all refugees from entering is not congruent with U.S. traditions and ideals nor is it consistent with free trade and U.S. opposition to "protectionism of all kinds." Even if it were acceptable, the physical building and operation of a hermetic barrier stretching from the Gulf of Mexico to the Pacific Ocean is not feasible. In any case, if the U.S. were sincere in its espousal of "economic liberalism," there would be no barriers

to the movement of people, goods, services, or capital between the U.S. and Central America.<sup>178</sup>

Slowing outmigration by making conditions more attractive for the poor in Central America, however, means not only stopping the conflict but also promoting another kind of development than the one that has been taking place. A development model that continues to marginalize and pauperize a major segment of the population, especially the peasants, will only increase outmigration, most of it directed eventually toward the U.S. Repressive dictatorships will only accelerate emigration.

It was seen earlier that in El Salvador, of some 430,000 rural families two-thirds do not enjoy minimum food security. The agrarian reform has benefitted only 22 percent of the agricultural population and two-thirds of those benefitted only marginally. There is not enough land in any case to provide on average more than 3.4 hectares per family even if all lands were evenly distributed. There are not now sufficient indigenous natural resources, industrial capacity or technology to provide necessary inputs and consumer goods for these rural poor. Labor-intensive industrialization, in addition to a much more profound and equitable agrarian reform together with increased export earnings, provide the only viable alternative. But this requires political will based on massive popular mobilization and a different kind of development strategy. Moreover, without regional integration, the potential limits for Salvadorean economic growth are strictly circumscribed. It would be in the U.S. interests to encourage, not stifle, attempts to move in this direction.

The situation in each country differs, but the basic issues are similar to those just outlined on El Salvador.

#### More Trade

Encouraging greater trade should also be in the U.S. interests. But this implies much greater Central American production and higher income for the poor majorities. Otherwise there is no mass market and no foreign exchange to pay for imports. Again, another development style is a prerequisite. U.S. trade with Mexico is now much more important than it would be if there had been no social revolution, incomplete as it was, even though it was often carried out under nationalist and "anti-gringo" slogans. We have found no Cuban nor Nicaraguan economic planners who would not in general prefer to buy Western goods and technologies rather than Eastern European ones if they only had the foreign exchange and there was no U.S. blockade. Trade with the industrialized market economies is the only game in town worth playing for most underdeveloped countries, if they are only given a chance to play.<sup>179</sup> Like peasants who have become dependent on the market economy, small poor countries dependent on foreign trade will never withdraw completely from world markets voluntarily. The costs to their economies would be too high. They will have to change profoundly the ways they have traditionally been linked to the U.S. and other world markets, however, if they are to achieve a more autonomous style of development based on the logic of meeting the basic needs of their poorer majorities. Again, close regional cooperation and growing integration with the rest of Latin America appears to offer a longer term alternative to dependency on the U.S. and Europe.

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<sup>178</sup> Joseph Schumpeter, among others, insisted over half a century ago that the neo-classical "liberal" capitalist development model necessarily implies not only free movement of goods, services and capital among nations but also of workers and their families. Otherwise the model won't function the way the theory promises. Joseph Schumpeter, Imperialism, Meridian Books, 1955.

<sup>179</sup> Richard Feinberg, The Intemperate Zone, W.W. Norton, New York, 1983.

If it is in the U.S. interest to expand trade, why impose blockades on small countries such as Nicaragua and Cuba that have "revolutionary" regimes while trading and even heavily subsidizing grain exports to their supposed master, the USSR? The U.S. has trade and sometimes aid relations with many "Marxist" countries, including China, much of Eastern Europe and Africa. During the last two decades Cuban economic growth has been rapid, comparable with that of Brazil, and income distribution much more equitable.<sup>180</sup> Its imports have increased dramatically, but not from the U.S. The U.S.-orchestrated economic destabilization contributed to the Chilean military coup with the result that the democratically elected government was replaced by the Pinochet dictatorship, which is now a major U.S. problem. The Nicaraguan and Cuban governments would gladly trade with the U.S. and purchase its technology to any extent possible. (The hypocrisy of the official U.S. position is all too clear from President Reagan's argument against restrictions on South African trade and investments because these would hurt the poor. And what about the blockades of Nicaragua and Cuba and the destabilization in Chile? Whom did they hurt if not the poor?)

#### Democratic and Stable Governments

The U.S. policies described above are related to the false assumption that revolutionary governments, in Latin America at least, will probably lead to totalitarian "communist" dictatorships of a Stalinist type. It is difficult for a Chilean jailed or exiled by the Pinochet regime to comprehend Mrs. Jeanne Kirkpatrick's distinction between governments that are only authoritarian (sometimes good like Somoza's and Pinochet's) and ones that she calls totalitarian (always bad, in her opinion, like Castro's). He or she would also wonder why censoring or closing the opposition "La Prensa" in Managua that was advocating overthrowing the legitimate government during a war is completely unacceptable to the U.S., but closing or censoring opposition publications in Chile and assassinating their editors is only "regrettable".

One suspects that saner heads in the the present U.S. administration must see all these contradictions. They must also appreciate that sooner or later the U.S. has to accept that its hegemony in Central America is not absolute. They must realize that in a multipolar world economy and political system, other countries and economic blocs will continue to cut into a market dominated by the U.S. during the post-World War II decades.

Totalitarian governments like Stalin's or Hitler's did not arise simply because unscrupulous monsters or dedicated fanatics seized power, but because of particular historical circumstances. Much of the explanation seems to be related to the "siege mentality" accompanying real or perceived foreign political and military aggression and economic strangulation. These factors contributed to the rise of Stalinism in the USSR, and the Nazi regime in Germany.<sup>181</sup> If totalitarian regimes do arise in Central America, U.S. policy in dealing with revolutions will be a major contributing factor. There is a suspicion that some U.S. policy makers must know this very well, but they may want to demonstrate that totalitarianism is the inevitable fate of any nationalist revolutionary movement trying to escape from the U.S. system. They may also fear that the example of successful lower-class mobilization without leading to dictatorship might be destabilizing in other countries too.

#### **Bi-Polar World**

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<sup>180</sup> Claes Brundenius, Economic Growth, Basic Needs and Income Distribution in Revolutionary Cuba, Research Policy Institute, University of Lund, Sweden, 1981; Medea Benjamin, Joseph Collins and Michael Scott, No Free Lunch: Food and Revolution in Cuba Today, Grove Press, New York, 1986.

<sup>181</sup> Michel Beaud, Le Socialisme à l'Epreuve de l'Histoire, Editions Seuil, Paris, 1982.

In any case, the fiction that there are two entirely different economic and political systems--capitalism versus communism--struggling for world power does not withstand critical analysis. Future historians, if civilization survives the present nuclear age so that someone is still around to write history, will probably see more similarities than differences. All nations are now part of a world capitalist system even though their internal organization may not be a capitalist one based on private property.<sup>182</sup> No one knows just what a socialist "mode of production" would look like if it ever evolved. It probably won't much resemble what are now referred to as "state collectivist," "socialist," "communist," "Marxist," or "state planned" economies. The "state collectivism" system that has evolved thus far in the USSR in several ways strikingly resembles "capitalism" during the early stages of industrialization in many "developed capitalist" countries.<sup>183</sup>

Instead of blindly opposing social revolution based upon mobilization of the lower classes, real U.S. interests might be better served if foreign policy makers were more sympathetic to efforts of Third World revolutionaries to find "non-capitalist paths to development."<sup>184</sup> The "new realism" school of U.S. foreign policy analysis predicts that these "non-capitalist" revolutionary paths would ultimately not be all that different from capitalist ones. They certainly need not imply cutting off economic relations with the U.S., although the terms of these relations would have to be reappraised. They could help lead to a style of development with more social justice, more participatory democracy, more human rights, and less dependency than the styles followed under Somoza or the similar military-oligarchy alliances the U.S. has supported in El Salvador, Guatemala, and Honduras.

In conclusion, for the Central American governments and the U.S. to continue their present course of non-compromise with revolutionary movements is to condemn the region to continued and intensified strife. It implies more bloody repression of any peasants and workers who attempt to improve their lot, as well as of their sympathizers and allies among other social classes. It forecloses any possibility of genuine popular-based national development. In the final analysis, it makes more probable a U.S. military intervention, costly not only for the U.S. but also for the common people of the countries invaded. A likely consequence of intervention is the eventual emergence of governments that are both violently anti-U.S. and that are highly dependent upon other foreign powers for economic, political and military support.

Naturally, many of the revolutionary leaders in these countries profess Marxist sympathies. How could it be otherwise? For generations every would-be reformer, regardless of his or her motives, has been branded as "communist" by conservatives. The repression and exploitation that they are attempting to terminate has been carried out in the name of "democracy" and economic liberalism, with generous U.S. military and financial support for the oppressors. What course their revolutions take in the future depends mostly on the internal dynamics of interacting social forces and on the external limits, shocks, and opportunities. It is difficult to imagine mobilized and organized peasants, small commercial farmers, and small-scale merchants, workers and many middle-class groups, as in Nicaragua, opting for some form of "state collectivism" unless, of course, they are forced to do so by the contras and the U.S. in order for the revolution to survive. But even if they did, would it really hurt U.S. interests? We doubt it.

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<sup>182</sup> Immanuel Wallerstein, The Capitalist World Economy, Cambridge University Press, London, 1979.

<sup>183</sup> Beaud, *ibid.*

<sup>184</sup> Clive Thomas, The Rise of the Authoritarian State in Peripheral Societies, Monthly Review Press, New York, 1984.

The U.S. strategy should be to offer opportunities for trade and participatory development, not to crush revolutions. The Caribbean Development Initiative will surely fail if it is used as a means to channel military resources and aid to outmoded governments and economic models that hurt the poor. It could, however, become a program to support post-revolutionary reconstruction. It would have to be open to all attempting genuine socioeconomic reforms primarily benefitting poorer social groups. Only under such conditions is there hope that this U.S. initiative could have really major positive effects in Central America.

**TABLE 1**

**CENTRAL AMERICAN ECONOMIC STRUCTURE 1984**

Population 1984 (millions)	GDP 1984		Percent Distribution of GDP					
	Total Millions US \$	Per capita Thousands US \$	Agriculture		Industry		Services	
			GDP	Labor Force	GDP	Labor Force	GDP	Labor Force
Costa Rica 2.5	3,560	1.2	21	31	30	23	49	46
El Salvador 5.4	4,070	.7	21	56	21	14	58	30
Guatemala 7.7	9,400	1.2	28*	57	18*	17	51*	26
Honduras 4.2	2,840	.7	27	61	26	16	47	23
Nicaragua 3.2	2,830	.9	24	46	30	16	46	38
Panama 2.1	4,540	2.0	9	32	19	18	72	50

SOURCE: World Development Report, 1986, World Bank.

\*CEPAL, op. cit. Cuadro 4. These data are for 1985 and in any event are not directly comparable with those of the World Bank (which were not included in this report) because of conceptual differences.



TABLE 2

## THE AGRARIAN REFORM PROCESS IN NICARAGUA 1981-1986

(Thousands of Hectares and Thousands of Beneficiaries)

	1981	-	1983	1984	-	1986	Total		
	Area	Families		Area	Families			Area	Families
<hr/>									
Land									
Redistribution:	293.6	19.1	649.8	43.6	943.4	63.0			
Co-operatives*	(260.0)	(17.2)	(440.5)	(29.6)					
	(708.5)	(47.3)							
Individuals	(25.6)	(1.9)	(209.3)	(14.0)	(234.9)				
	(15.7)								
Land									
Titles Granted:	154.9	5.1	940.2	30.6	1,095.1	35.7			
Former small-									
scale occupants	(140.0)	(4.3)	(883.8)	(27.4)					
	(1,023.8)	(31.7)							
Indian Communities	(14.9)	(0.8)	(56.4)	(3.2)	(71.3)				
	(4.0)								
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Totals	448.5	24.2	1,590.0	74.2	2,038.6	98.7			
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SOURCE: Based upon MIDINRA data.

\* Land assigned to co-operatives with property titles held by the co-operative. 23.8) (31.7)

Indian Communities	(14.9)	(0.8)	(56.4)	(3.2)	(71.3)
	(4.0)				

**TABLE 3**  
**NICARAGUA: ESTIMATED CHANGES IN LAND TENURE STRUCTURE**  
**1978-1986**

(Thousands of hectares and families)

	1978				1986			
	Area	%	Families	%	Area	%	Families	%
Co-operatives <sup>1</sup>	-	-	-	-	708	13	25	10
State farms	-	-	-	-	761	13	23	10
Individual holdings:	5,691	100	156	69	4,222	74	152	64
>141 has.	(2,983)	(52)	(10)	(5)	(1,278)	(22)	(6)	(3)
35-141 has.	(1,714)	(30)	(25)	(11)	(1,714)	(30)	(25)	(10)
<3.5 has. not in coops.	(935)	(17)	(115)	(50)	(690)	(12)	(55)	(23)
<3.5 has. in credit & service coops. <sup>2</sup>	(60)	(1)	(6)	(3)	(550)	(10)	(66)	(28)
Landless Workers <sup>3</sup>	-	-	60	31	-	-	36	16
Total <sup>4</sup>	5,691	100	216	100	5,691	100	236	100

SOURCE: Area figures based upon Midinra data; number of families estimated by the authors.

1 Cooperatives holding title to land; these are mostly production co-ops practicing some form of group farming and are relatively small averaging only about 20 families and 600 has. each.

2 Most of these credit and service co-ops were created since the revolution and are provided technical assistance and some other services through the Ministry of Agricultural Development and Agrarian Reform. About one-fourth were formed with the aid of the church and other non-governmental groups. A few of these co-ops also practice some group farming.

3 Permanent and seasonal landless workers not on state farms.

4 The number of families in 1978 is based on CIERA estimates of the agriculture labor force prepared for FIDA and on the assumption of two active workers per family. The number of families in 1986 was assumed to have increased in proportion to the estimated increase in rural population from 1978 to 1986. The assumption of two workers per family may be too high but it is the same as was made for El Salvador, and hence comparable. To the extent there were fewer workers per family, or that the agricultural population was larger than estimated, the number of

families would be greater. There are some estimates of 250,000 families in 1985, but we believe that this may be too high. Any additional families in 1986 would be found in the categories of individual holdings with less than 3.5 hectares and landless workers. The area in farms is assumed to have been the same in 1986 as in 1978.

**TABLE 4**

**EI SALVADOR: AGRICULTURAL LAND AND POPULATION DISTRIBUTION  
BY TENURE CATEGORY, 1985**

Tenure Category	Thousands of Rural Families	Percent	Thousands of Hectares	Percent	Hectares per Family
Small producers unaffected by reform	103.0	23.9	296.0	20.4	2.9
Small producers receiving title under Phase III	67.7	14.7	97.2	6.7	1.4
Landless laborers	220.0	51.3	-	-	-
Commercial medium and large private farms	12.0	2.8	786.1	54.2	66.0
Phase I co-ops	31.5	7.3	271.1	18.7	8.6
<b>Total</b>	<b>434.2</b>	<b>100.0</b>	<b>1,450.4</b>	<b>100.0</b>	<b>3.4</b>

SOURCE: Based on data from "Misión Interagencial de las Naciones Unidas," op. cit., 1986.

TABLE 5

COMPARISON OF U.S. MILITARY AND ECONOMIC ASSISTANCE  
1979, 1986, AND 1987 IN MILLIONS OF DOLLARS

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Country:	1979		1986		1987	
	Military	Economic	Military	Economic	Military	Economic
Costa Rica	0	17	123	30	153	37
El Salvador	0	11	298	138	376	98
Guatemala	0	24	53	61	81	67
Nicaragua	8	8	0	0	0	0
Honduras	2	28	122	68	179	74
Total	10	88	596	297	789	276

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SOURCE: PACCA, 1984, for 1979; Congressional Research Service for 1986 (actual figures); The Congressional Presentation for Security Assistance Programs: Fiscal Year 1987, Volume 2, for 1987.

