

CENTRAL AMERICA IN THE TWENTY-FIRST CENTURY:
THE PROSPECTS FOR DEMOCRACY

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Note to the Reader: This is a very first draft, written between teaching commitments and several stints to El Salvador to monitor their March/April elections. Because I still have not had the opportunity to finish, much less reflect upon on my own argument (not to mention proof-read it!), this paper should not be cited without permission of the author.

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THE PROSPECTS FOR A DEMOCRATIC REGION

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

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

These are remarkable achievements in little more than a decade, most especially because they have occurred in some of the continent's poorest countries, in the midst of civil strife, and with a less-than-expected impact from the ending of the Cold War.² They have reinforced claims that "democracies as delicate as seedlings are struggling to take root across Central America"³ and have led to hopeful forecasts about the prospects for these new "seedlings."⁴ But despite these signs of progress, some observers of Central America are more skeptical about the prognosis for democracy in the region. During the 1980s scholars argued that the mere presence of elections could not be

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

³ Nathaniel Sheppard, "Fragile New Order Emerges in Central America," Toronto Star, August 9, 1993.

⁴ In recognition of this new reality, for example, in 1990 the United States and the governments of Central America called for a Partnership for Democracy and Development, which would enable the region to continue its progress. As the U.S. State Department declared: "An unprecedented and historic opportunity now exists for Central America to break out of its old patterns and move forward toward the goals set...by its democratically elected governments: democratization, peace and demilitarization, respect for human rights, economic development, a Central American economic community, and more open market economies." See United States Department of State Fact Sheet on Partnership for Democracy and Development, November 1990.

used as the yardstick of democracy⁵ and warned about the "fallacy of electoralism," that is, the faith that the mere holding of elections could channel political action into peaceful contests among elites and accord public legitimacy to the winners of these contests.⁶ While elections might mark a major step forward in a broader process of the expansion of civic rights, political equality, participation, contestation, accountability and governability, they might also signal a brief period of liberalization followed by the closing of political space, a pattern which has repeatedly plagued the countries of the region.

What are the prospects for democratization in Central

⁵ There was some disagreement over how to assess elections in Central America in the 1980s. On the one hand, Edward S. Herman and Frank Brodhead noted that "demonstration" elections held primarily to win international legitimacy could not be considered indicators of enhanced political participation and democratization. See Demonstration Elections: U.S. Sponsored Elections in the Dominican Republic, Vietnam and El Salvador (Boston: 1984). Suzanne Jonas and Nancy Stein argued that such polities were incapable of carrying out sweeping social change on the scale of the bourgeois revolutions of the past. See their edited volume, Democracy in Latin America (New York: Bergin and Garvey Publishers, 1990). On the other hand, Edelberto Torres Rivas, while labeling them "low intensity democracies," claimed that they presented certain new opportunities. See El tamaño de nuestra democracia (San Salvador: ISTMO editores, 1992). My own work argued that elections could assume real significance even under conditions of authoritarian rule or civil war. Although convoked by authoritarians and not intended to do so, such elections could shape and redefine political moments by narrowing the options available to actors on the extremes of the political spectrum, provoking changes in the strategies of all political actors, and defining new political rules of the game that encouraged liberalization. Still, such changes fell short of a minimum democratic threshold. See Terry Lynn Karl, "Imposing Consent? Electoralism vs. Democratization in El Salvador," in Paul Drake and Eduardo Silva, eds., Elections in Latin America (San Diego: University of California, 1986).

⁶ Ibid., p. 34.

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

First, the probability of regression to the 'reactionary despotic' regimes⁷ of the past is low, although it is important to note that this varies among countries. In Costa Rica and Honduras, where patterns of compromise have historical roots, and in Nicaragua and El Salvador, where social forces have been most profoundly transformed and where objective conditions make compromise more essential, such regressions are unlikely. This is not the case for Guatemala, where political/military stalemates have never been established, ethnic conflict profoundly complicates negotiations between opposing sides, and compromise has not become part of the dominant political style.

Second, the likelihood that fragile democratic processes will deepen, consolidate, and be able to deliver long-deferred public goods to their populations is also low. Democracies are built in phases and over time; in Central America, where

⁷ The phrase is Enrique Balyora-Herp's. See his "Reactionary Despotism in Central America," Journal of Latin American Studies (Vol. 15, part 2, November 1983).

conditions are especially unfavorable, any progress will have to be measured in small increments of empowerment of the previously disempowered, coupled with gradual curbs on the authority of traditional rulers. More plausible in the medium term, therefore, is the establishment of hybrid regimes which mix authoritarian and democratic practices across functional and territorial domains. This mix will be especially evident at the local rural level, where redoubts of authoritarian clientalism and/or coercion coexist with greater pluralism at the national level.⁸ Aptly referred to elsewhere in Latin America as "democraduras," a label which captures their persistently authoritarian qualities,⁹ these hybrid regimes are not 'facade' democracies. In Central America, they represent a very real advance from the past and a significant step in the long-range process of building democracy.

Finally, whether these hybrids have the capacity to govern their territories at all, and whether democratic actors can eventually push them in a more open and participatory direction will depend on a mix of domestic and international factors whose relative weight differs from elsewhere in Latin America. On the one hand, both governability and further democratization will be

⁸ The existence of this type of hybrid mix in Mexico has been suggested most convincingly by Jonathan Fox, "The Difficult Transition From Clientalism to Citizenship: Lessons from Mexico," World Politics (Vol. 46, No.2, January 1994).

⁹ For a discussion of this term, see Guillermo O'Donnell and Philippe Schmitter, Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Transitions (Baltimore and London: Johns Hopkins University Press, 1985).

determined by the extent and direction of organized pressure from below, the presence of reformers in government, and the degree of elite competition and flexibility. In this respect, Central America is similar to the rest of Latin America. On the other hand, they will be profoundly affected by the level and the direction of international influence. As we shall see, this international component is far more critical on the isthmus than elsewhere in the continent -- a feature that does not bode well for democratization.

Optimism or Pessimism?: An Overview of the Region

In assessing the current state of Central American democracy, those who paint an optimistic picture have considerable evidence on their side. Progress is most notable in the countries that experienced direct warfare over the past decade. In Nicaragua, a peaceful transition of power from governing to opposition forces occurred in 1990 -- for the first time since the founding of the republic more than 150 years ago! This historic moment accompanied the end of the U.S.-sponsored war against the government of Nicaragua and the demobilization of the contras. It was marked by the establishment of an elaborate set of institutions, which included a new electoral code and party law and the separation of party and army.¹⁰ In El

¹⁰ For a detailed discussion of the events leading to the 1990 elections, including the 1984 elections, the writing of the new electoral code and party law, and the negotiations regarding the

Salvador, a similar transfer of power from one party to another took place in 1989 -- for the first time since 1931. The subsequent United Nations-sponsored peace accords between the government and the Farabundo Marti National Liberation Front (FMLN) were so wide-ranging that they have been called a "negotiated revolution."¹¹ They eventually led to internationally supervised elections in March 1994, in which the left won a substantial quota of legislative power for the first time in history.

In Guatemala, where power has traditionally shifted through military coups or "facade" elections, a new constitution was formulated in 1984, then followed by successive elections in which the presidency was transferred from the center-right Christian Democratic Party (DCG) to the right-wing Movement of Solidarity Action (MAS) -- the first peaceful transfer of power since 1951. The May 1993 ascension of Human Rights Ombudsman Ramiro de Leon Carpio to the presidency and the subsequent March 1994 announcement of a U.N.-mediated human rights accord between the government and leading elements of the armed opposition, appear to reinforce the claims that Latin America's longest and

contras, see Shelley McConnell, "From Bullets to Ballots: Nicaragua's Revolutionary Transition to Democracy," (Stanford University, Ph.D. Dissertation, 1994).

¹¹ For a closer look at these accords, see Terry Lynn Karl, "El Salvador's Negotiated Revolution," Foreign Affairs (Vol. 71, No. 2, Spring 1992).

bloodiest civil war may soon be coming to an end.¹²

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

Several assumptions support this optimistic vision of the region: first, that social forces have been irrevocably transformed, meaning that the traditional alliance between agrarian oligarchs, militaries and foreigners has virtually

¹² See NotiSur, January 14, 1994 and Central America Update, February 5, 1994.

¹³ The National Congress voted on September 29, 1993 to legally recognize the Partido Unificación Democrática (PUD), a coalition of political groups that emerged following the demobilization of Honduras's small guerrilla force. NotiSur, October 1, 1993. On other political reforms in Honduras, see Jose Rafael Del-Cid, "Logros y perspectivas del proceso de democratización en Honduras," in his edited volume, Honduras: Crisis económica y proceso de democratización política (Tegucigalpa: Centro de Documentación de Honduras, 1990).

disappeared at the same time that popular forces have finally been capable of making their organizational mark on politics; second, that a situation of stalemate has been established in which neither side can prevail, thus creating the conditions for the type of historic compromise generally undergirding political democracy; third, that competing forces recognize this unprecedented opportunity for a new modus vivendi by consciously designing new 'rules of the game' to shift the terrain of struggle from military to political arenas characterized by competitive elections and peaceful mobilization; and fourth, that international actors, and especially the United States, will alter their traditional stance in support of the status quo and instead provide an environment supportive of democratization and profound structural transformation, especially through assistance in the social and economic reconstruction of Central America.¹⁴ Together, these assumptions provide an analytical framework which suggest that Central America polities will not regress back to authoritarian rule and instead will continue their processes of democratization.

But a closer look tempers such optimism and raises questions about the validity of these assumptions. Seen through the eyes of

¹⁴ I first put forward an analysis of this sort, based on these assumptions, which referred only to El Salvador and not to the other countries of the region, in "After La Palma: The Prospects for Democratization in El Salvador," World Policy Journal (No. 2, spring 1985). Subsequently this type of analysis has been applied by policymakers and some scholars to other countries of the region as well. As we shall see below, with the possible exception of Nicaragua, this is erroneous in my view.

most Central Americans, the realities of the region are grim. Nicaragua today is virtually ungovernable. It suffers from legislative paralysis, fragmented political parties, repeated outbreaks of armed violence between government and "recontra" forces that threaten its fragile political balance, and an economic crisis that has left the majority of its people worse off than they have ever been -- even during the Somoza dictatorship and the worst years of the war. Although its devastated economy remains far from recovery, international assistance has been much less than originally anticipated.¹⁵

In neighboring El Salvador, which has been considered the most hopeful case in the region, the peace settlement is being undermined by half-hearted compliance, especially in the areas of judicial and electoral reform, the construction of a new civilian police, and the regulation of conflicts over land.¹⁶ At the same time, it is being subverted from without by international pressures for economic stabilization which undercut the financial

¹⁵ See George Vickers and Jack Spence, "Nicaragua: Two Years After the Fall," World Policy Journal (Vol.9, #3, Summer 1992); and Mark A. Uhlig, "Nicaragua's Permanent Crisis: Ruling from Above and Below," Survival (Vol. XXXIII, no. 5, October 1991).

¹⁶ For detailed discussions of the status of the peace accords, see the excellent reports by Hemisphere Initiatives, especially "Justice Impugned: The Salvadoran Peace Accords and the Problem of Impunity," (Cambridge, Massachusetts: June 1993), and "A Negotiated Revolution: A Two Year Progress Report on the Salvadoran Peace Accords" (Cambridge, Massachusetts, March 1994. These are written by Jack Spence, George Vickers and other members of Hemisphere Initiatives. Also see the Washington Office on Latin America, "Reluctant Reforms: The Cristiani Government and the International Community in the Process of Salvadoran Post-War Reconstruction," (Washington, D.C.: June 1993).

commitments necessary to sustain the accords¹⁷ and from within by the resurgence of the type of death squad violence that initially plunged this tiny country into civil war.¹⁸

If anything, prospects look even worse in Guatemala. It recently suffered a failed coup d'etat attempt (the "Serranazo") which occurred in the context of a dramatic rise in human rights violations, a series of drug-related scandals in the cabinet and congress, an institutional crisis in all branches of government, a sharp increase in its concentration of wealth and its dismal poverty statistics, and a breakdown in peace negotiations with the URNG (Unidad Revolucionaria Nacional Guatemalteca).¹⁹

In Honduras, only minimal inroads have been made against military impunity, while elected governments have presided over a sharp increase in economic difficulties, riots and protests, and

¹⁷ Alvaro de Soto and Graciana del Castillo, "Obstacles to Peacebuilding," Foreign Policy (No. 94, spring 1994).

¹⁸ See "Escuadrones de la Muerte: Declassified Documentation on Death Squad Activates in El Salvador," A Report compiled by the Washington Task Force on Salvadoran Death Squads, February 1994.

¹⁹ On May 25, 1993 President Jorge Serrano attempted a coup d'etat, which would have permitted him to stay in power. He was forced to relinquish the presidency by pressure from the military and business elites inside the country as well as from the governments of the United States, Europe and Latin America. Nonetheless, Guatemala has been plunged into an institutional crisis affecting all branches of government. Subsequently, the President of the Constitutional Court, who had gained national respect when he ruled that Serrano's attempt to seize dictatorial powers was unconstitutional, was murdered outside his home. Despite Serrano's replacement by human rights activist Ramiro de Leon, human rights abuses have reached their highest level in years. See United States Department of State, "Guatemala: Human Rights Practices 1993," December 27, 1993; Suzanne Jonas, "Text and Subtext of the Guatemalan Political Drama," LASA Forum (Vol. XXIV, No.4, Winter 1994); and the New York Times, April 3, 1994.

repression.²⁰ Even generally peaceful Costa Rica recently experienced what is widely regarded as the dirtiest campaign in its democratic history.²¹

This bleak picture points to an inverse set of assumptions leading to a much more pessimistic prognoses about Central America's future. First, while the traditional alliance of militaries, oligarchs and foreigners against broad popular majorities may have been transformed, the net result has been the emergence of a New Right, which currently seeks state power in each of the Central American republics, and a disarmed and divided popular movement. Second, in place of a stalemate that could provide the objective conditions for a durable democratic bargain, Central America is characterized by the conditional truce of old and new dominant groups as well as the conditional defeat of popular organizations.²² Thus there is no healthy

²⁰ See Guillermo Molina Chocano, "Honduras: crisis económica, elecciones y sistema político (1980-1990), Revista Mexicana de Sociología (Vol.,. 52, no. 4, 1990); and Mark Rosenberg, "Can Democracy Survive the Democrats? From Transition to Consolidation in Honduras," in John A. Booth and Mitchell A. Seligson, eds., Elections and Democracy in Central America (Chapel Hill: University of North Carolina Press, 1989).

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

²² This is William Robinson's claim in "Central America: Which Way After the Cold War?," NotiSur, February 18, 1994. He explains that it is " 'conditional defeat,' because the popular forces did not go down in total defeat; they did not lose everything. They still have active and reserve forces..." It is " 'conditional victory' because the dominant groups did not win

balance of forces necessary to forge practices of bargaining and ultimately tolerance. Third, while conflict has moved from a military to a political terrain characterized by the presence of competitive parties and elections, the new 'rules of the game' still favor traditional dominant groups and will limit the degree of democratization possible in the future. Finally, despite international assistance and a global environment promoting democratization, neither foreign domination nor the gross social and economic inequalities it has traditionally supported have disappeared. To the contrary, the neoliberal projects promoted by the U.S. government, the Bretton Woods institutions and others threaten to recreate in the future similar socio-economic and political dynamics that led to the outbreak of civil conflict in the first place. Such arguments do not bode well for the future of democratization and stand in sharp contrast to more optimistic analyses.

Democratizing Central America:
An Especially Difficult (If Not Herculean) Task

Determining which assumptions may be more correct depends, at least initially, on understanding Central America's point of

anything close to a total victory, nor did they get everything they wanted. They wanted a pliant population of 20 million poor Central Americans willing to quiescently work themselves to death or resign themselves passively and silently to marginalization and degradation."

departure. In assessing their relative merits, there is a strong temptation to rely upon established scholarly wisdom which emphasizes the extreme difficulty of building democracies where certain basic requisites simply do not exist. Such wisdom effectively settles the debate. After all, Central Americans (with the exception of Costa Rica²³) lack a number of the objective social, economic, cultural and institutional conditions that have been identified as essential to democracy, such as mass literacy, cultural homogeneity, a middle class, an established party system, a professional bureaucracy, a tradition of tolerance, independent development, a more equitable economic system, modern agrarian relations, or a certain degree of prosperity. Indeed, based on such a list of prerequisites, Central America polities would be among the least likely candidates to succeed in their transitions to democracy.²⁴

Fortunately, this belief in a specific set of structural preconditions has been called into question; thus there is more

²³ And even this country lacked most of these prerequisites in 1948 when its democratic regime was established!

²⁴ For example, Mitchell Seligson has argued that Central America needs to approach a per capita income of \$250 (in 1957 dollars) and a literacy rate of over 50% as a necessary precondition for democratization. See James M. Malloy and Mitchell A. Seligson, Authoritarians and Democrats: Regime Transitions in Latin America (Pittsburgh: University of Pittsburgh Press, 1987), p. 7-9. For more general arguments based on democratic prerequisites, see especially Seymour Martin Lipset, "The Social Requisites of Democracy Revisited," American Sociological Review (Vol. 59, February 1-22, 1994). For a discussion of these approaches applied to Central America, see Giuseppe Di Palma and Laurence Whitehead, The Central American Impasse (London: Croom Helm, 1986), especially the introduction.

room to consider Central America's prospects -- at least from a theoretical perspective. The failure to identify clear prerequisites, plus the hunch that much of what had been thought to produce democracy should instead be considered its product, has led to new emphasis on the strategic calculations, unfolding processes, and sequential patterns involved in moving from one type of political regime to another. Instead of fixed prerequisites, some scholars are substituting the notion of 'points of departure' that delineate the structural space within which the struggle for democratization necessarily takes place.²⁵ Yet even when viewed from this potentially more flexible perspective, the enormous constraints on democratization in Central America immediately become evident, especially when comparisons are made to the rest of Latin America.

Standing in sharp contrast to South America is the more profound impact of the United States. No area of the world has been more tightly and assymmetrically integrated into the U.S. political and economic system than Central America, and (along with the Caribbean) no other area is more dependent upon the North. The region's main trading partner for both imports and exports is the United States; its leading creditors are U.S. banks; and U.S. official development assistance plays a

²⁵ See my "Dilemmas of Democratization in Latin America," Comparative Politics (vol. 23, No.1, October 1990) and Terry Lynn Karl and Philippe C. Schmitter, "Democratization Around the Globe: Risks and Opportunities," in Michael T. Klare and Daniel C. Thomas, World Security: Challenges for a New Century (New York: St. Martin's Press, 1994).

significantly larger role than it does in the rest of Latin America.²⁶ This dependence is exacerbated by the fact that Central America's tiny, highly-opened export economies has left these countries with virtually no internal market to fall back on during worldwide recessions. At the same time, no other area has been so thoroughly targeted for military intervention; indeed, every twentieth century intervention by U.S. troops in the Western hemisphere has occurred in the Caribbean Basin.

Proximity to the United States, when coupled with the relative underdevelopment of the region, has resulted in a disproportionately large and decisive foreign role in domestic affairs. Occasional (and generally unsuccessful) efforts of the United States to promote democracy notwithstanding, this has left an unfortunate political legacy. On the one hand, it created solid historical ties between an external power and traditional anti-democratic domestic forces as well as strong traditions of imposition that are proving difficult to break -- even in a post Cold War setting.²⁷ On the other hand, to varying degrees in

²⁶ The difference is substantial. In 1989, for example, the U.S. spent an average of \$10 per capita in Latin America in official development assistance, but it spent \$87 per capita in Honduras, \$82 in Nicaragua, \$76 in Costa Rica, \$65 in El Salvador, and \$21 in Guatemala. In 1990, while official development assistance was only 0.5 percent of Latin America's GDP, in Honduras it was 9.9 percent of GDP. See United Nations Development Program, 1992, pp. 162-63.

²⁷ These traditions predate the Cold War and are rooted in the early days of the U.S. republic. They are captured by the 1927 statement of Under-Secretary of State Robert Olds: "We do control [their] destinies...and we do so for the simple reason that the national interest absolutely dictates such a course...Until now Central America has always understood that governments which we

each country, it sharply restricted the room to manoeuvre of domestic forces, often leaving them unaccustomed to defining their own interests or establishing the leadership credentials so essential in moments of transition.²⁸

A second source of constraint is the economy. Because greater affluence and higher rates of well-being have been correlated with the presence of democratic institutions²⁹ and because socioeconomic equality is also highly conducive to democracy,³⁰ the poor performance of Central American economies makes their democratic prospects look especially bleak. As a 1993 report by the United Nations Development Program notes, if the gap between the global rich and the global poor is becoming a chasm, this backward movement is most pronounced in Latin

recognize and support stay in power, while those we do not recognize and support fall." Cited in Richard Millet, "Central American Paralysis," (Foreign Policy (Summer 1980), p. 101.

²⁸ This was especially true in Nicaragua, the site of the U.S.' longest intervention. Literature on the role of the United States in Central America is too extensive to be cited in detail here. An excellent basic source is Walter LaFeber's Inevitable Revolutions: The United States in Central America (New York: W. Norton and Co., 1984).

²⁹ See Larry Diamond, "Economic Development and Democracy Reconsidered," in Gary Marks and Larry Diamond, Reexamining Democracy: Essays in Honor of Seymour Martin Lipset (Newbury Park, California: Sage, 1992) and Seymour Martin Lipset, Kyoung-Ryung Seong and John Charles Torres, "A Comparative Analysis of the Social Requisites of Democracy," International Social Science Journal (No. 45, 1993).

³⁰ Francisco Weffort claims that while societies characterized by high inequalities may transition to democracy, such polities may be especially difficult to consolidate under these circumstances. See "New Democracies, Which Democracies?" (Washington, D.C.: The Woodrow Wilson Center, Latin America Program, Working Paper #198, 1992).

America, where the number of destitute rose from 120 million in 1980 to nearly 200 million in 1990 (out of a total population of about 400 million).³¹ But among sub-regions on the continent, the greatest regression has taken place in Central America, where an estimated three quarters of the population live in conditions of poverty, almost 40 percent live in extreme poverty, and 23.3 percent cannot satisfy their most minimal needs.³² Except for Costa Rica, Central Americans suffer from basic conditions which are notably worse than those of their Latin American counterparts. More important, they are worse off today than they were prior to the outbreak of conflict fifteen years ago [See Table 1].

In virtually every economic category, the facts are even harsher for Central America than for Latin America as a whole. While per capita real GDP declined during the "lost decade" of the 1980s throughout the hemisphere, for example, Central America's decline was greater, and its growth rates in the preceding decade were smaller -- despite a substantial out-migration of population that should have improved its performance. Over the past decade food production, exports of goods and services, and purchasing power of exports shrunk in the region even as they grew in the rest of Latin America, while debt

³¹ Cited in William Robinson, op.cit.

³² For the poverty statistics cited, see Margaret Daly Hayes, "Strategies for Economic Development," in Bruce L.R. Smith, ed., The Next Steps in Central America (Washington, D.C.: Brookings, 1991), p.44.

TABLE 1
SELECTED INDICATORS OF BASIC NEEDS
1990 OR LATEST AVAILABLE

	Calories (% of Requirements)	Contraceptive Prevalence (% population)	Access to Safe Water (% population)	Sanitation (% population)	Access to Health Services (% population)
Costa Rica	125	70	92	94	97
El Salvador	101	47	47	58	56
Guatemala	102	23	62	59	60
Honduras	99	41	65	58	62
Nicaragua	105	27	54	27	83
CENTRAL AMERICA	104	37	62	58	67
LATIN AMERICA	115	59	77	62	82

SOURCES: Ruth Leger Sivard, World Military and Social Expenditures 1993, (Washington, D.C.: World Priorities, 1993), p. 47; Inter-American Development Bank, Economic and Social Progress in Latin America, 1992 Report, (Washington, D.C.: Johns Hopkins University Press, 1992), p. 285.

TABLE 2
COMPARATIVE ECONOMIC INDICATORS:
CENTRAL AMERICA AND LATIN AMERICA
1970 - 1990

ECONOMIC INDICATORS ¹	1970-1980		1980-1990	
	Central America	Latin America	Central America	Latin America
Growth in GDP (average annual percentage)	4.8	5.8	1.0	1.6
Growth in Per Capita GDP (average annual percentage)	1.9	3.2	-1.6	-0.5
Growth in Per Capita Food Production (average annual percentage)	0.7	0.9	-0.8 ^a	0.2 ^b
Growth in Exports of Goods and Services (average annual percentage)	18.1	20.8	-0.8	0.9
Purchasing Power of Exports of Goods ² (total percentage change over decade)	n.d.	n.d.	-12.6	25.3
	<u>1980</u>		<u>1990</u>	
Debt Service Ratio ³ (percentage of exports of goods & services)	18.2	27.9	39.2 ^c	33.4 ^d
Poverty ⁴ (percentage of all households)	63.7	35.0	74.6 ^e	39.0
Unemployment ⁵ (percentage of e.a.p.)	11.8 ^f	7.0 ^g	14.9 ^h	5.6 ⁱ

SOURCES: (1) Unless otherwise indicated, all sources are UNCTAD, Handbook of International Trade and Development Statistics 1992, (New York: United Nations, 1993), pp. 18, 421, 439, 467; (2) ECLAC, Economic Survey of Latin America and the Caribbean 1990, Vol. I, (Santiago: United Nations, 1992), p. 98; (3) IICA/FLACSO, Centroamérica en cifras, (San José: IICA/FLACSO, 1991), p. 94; UNCTAD (1993), p. 421; (4) IICA/FLACSO (1991), p. 121; ECLAC, Statistical Yearbook for Latin America and the Caribbean 1992 (Santiago: United Nations, 1993), p. 45; (5) IICA/FLACSO (1991), p. 153; ECLAC (1992), p. 69.

NOTES: (a,b) 1980-1992; (c,d) 1988; (e) 1985; (f) open unemployment; (g) urban unemployment, 1982; (h) open unemployment, 1989; (i) urban unemployment, 1989.

service ratios and unemployment were greater [See Table 2]. As investment dropped from approximately 24 to 16 percent of GDP for all of Latin America during the 1980s, it fell even more sharply in every Central American country except Costa Rica.³³ Such statistics describe an economic crisis of major proportions that subverts the decision-making space of fragile new democracies.

The very nature of Central American economies compounds these constraints on democratization. Unrestricted democracy has never been established in any Latin American country where agriculture was the crucial export sector, the dominant type of agricultural production was labor intensive and coercive, and production was primarily domestically owned.³⁴ As studies have consistently demonstrated, these are precisely the characteristics of Guatemala, El Salvador and Nicaragua. In these countries integration into the international economy took place primarily on the basis of exporting coffee (generally domestically owned) instead of bananas (foreign-owned), and labor was obtained through force.³⁵ Thus, just as Barrington Moore,

³³ Loc.cit.

³⁴ Evelyne Huber Stephens, "Capitalist Development and Democracy in South America," Politics and Society (Vol.17, no.3, 1989).

³⁵ The literature documenting these characteristics is extensive. See, for example, Hector Perez Brignoli, Breve historia de Centroamérica (Madrid: Alianza Editorial, 1985); John Weeks, The Economies of Central America (New York: Holmes and Meier, 1985); Julio C. Cambranes, Coffee and Peasants in Guatemala (Stockholm: Institute of Latin American Studies, 1985); Robert Williams, Export Agriculture and the Crisis in Central America (Chapel Hill: University of North Carolina Press, 1986); and Charles Brockett, Land, Power and Poverty: Agrarian Transformation and Political

Jr. might have predicted, landlords have been the most intransigent actors blocking democratization, believing that the effective enfranchisement of rural lower classes could only threaten their control over a cheap labor supply.³⁶

Traditionally, they have done so by becoming partners in an authoritarian alliance with both militaries and foreigners which permitted them to pursue economic policies that redistributed wealth in their favor and away from the poor.³⁷

That neither Honduras nor Costa Rica fits this same mold explains their different and more reformist political trajectories -- as well as their more hopeful prospects. Honduras never developed a national landowning class like that of its neighbors. Instead, the predominance of the foreign-owned fruit companies gave rise to a strong independent labor movement, which gradually helped to divide local urban elites from the multinationals and led to more accomodationist policies.³⁸

Conflict in Central America (Boston: Unwin Hyman, 1988).

³⁶ See Barrington Moore Jr., Social Origins of Dictatorship and Democracy (Boston: Beacon Press, 1966) for the general argument. On Central America, see John Weeks, "An Interpretation of the Central American Past," Latin American Research Review (No. 21, 1986) and Jeffrey Paige, "Coffee and Politics in Central America," in Richard Tardanico, ed., Crisis in the Caribbean Basin (Beverly Hills: Sage Publications, 1987).

³⁷ For a through discussion of how these regimes have been constructed, see Enrique Baloyra-Herp, op.cit.; and John A. Booth, "Socioeconomic and Political Roots of National Revolts in Central America," Latin America Research Review (Vol, 26, No.1, 1991).

³⁸ See José Roberto López, La economía del banano en Centroamérica (San Jose, Costa Rica: Collección Universitaria, 1986); and Frank Ellis, Las transnacionales del banano en Centroamérica (San José, Costa Rica: Collección Universitaria,

Costa Rica suffered less zero-sum conflict as well, initially thanks to the paucity of Indians who could be subjugated for coerced labor. Due to this acute shortage of workers, when coffee was introduced it spread to small landholders rather than haciendas, thereby contributing to, rather than undermining, democratization.³⁹ Thus, in marked contrast to the other countries of the region, the more flexible socio-economic arrangements of these two countries subsequently permitted them to pursue redistributive public policies when confronted by social protest, and they laid the basis for creating accomodationist precedents and political styles.

When viewed from the perspective of the contemporary challenges of democratization, what matters is not only the more favorable point of departure of Honduras and Costa Rica when compared to Nicaragua, El Salvador and Guatemala, but also the especially tight intertwining of political power and economic performance which makes democratization more difficult for all the countries of the region. On the one hand, unlike Southern Europe and South America, where regime change from autocracy to democracy and other socio-economic transformations could be dealt

1983).

³⁹ See Lowell Gudmundson, Costa Rica before Coffee (Baton Rouge: Louisiana State University Press, 1986), which documents how the impact of coffee did not lead to the same process of peasant marginalization or sharply increased inequality that plagued the rest of the region. Also see John A. Booth, "Costa Rica: The Roots of Democratic Stability," in Larry Diamond, Juan Linz and Seymour Martin Lipset, eds., Democracy in Developing Countries: Latin America (Boulder: Lynne Rienner, 1989)

with sequentially, in Central America, by contrast, these must be dealt with simultaneously. In this respect, Central America (except Costa Rica) resembles Eastern Europe, not only because major political and economic crises are all on the agenda at the same time, but also because very little authoritative capacity exists for asserting priorities among them. Simply stated, this simultaneity means that there is a great deal more to do in Central America than in the Southern Cone, and everything seems as if it must be done at once.⁴⁰

On the other hand, in a point to be explored below, this close intertwining of economic performance and political power leaves Central American polities extremely vulnerable to the fluctuations and unfavorable development trends which characterize agro-export economies. Because their economies are so small, so highly open and so inequitable, a world economic downturn or shifts in commodity prices can trigger a cycle of destabilizing forces -- with adverse consequences for long-term political stability and democratization.⁴¹

If Central America's extreme dependence and its economic model have produced a point of departure which is even more unfavorable than the rest of Latin America, its political

⁴⁰ See Terry Lynn Karl and Philippe C. Schmitter, "Democratization Around the Globe," op.cit., p. 53.

⁴¹ During periods of world economic crisis, Central American countries show a greater than average number of changes of presidents. They also show a greater than average change due to coups or resignations. See Marc Lindenberg, "World Economic Cycles and Central American Political Instability," World Politics (Vol. XLII, no.3, April 1990), p. 408

inheritance adds fuel to this pessimistic vision. In the three countries where the heritage of especially brutal autocratic regimes is combined with the aftermath of war (Nicaragua, El Salvador, and Guatemala), this historical legacy is particularly grim. It includes the deaths of close to 200,000 civilians and 100,000 military over the past decade alone,⁴² the displacement of more than 2.5 million refugees, the systematic practice of torture, disappearances, and arbitrary detention,⁴³ the destruction of centrist and leftist forces, the radicalization of popular movements, and the proliferation of uncontrolled armed groups. It also includes an infrastructure, environment, and productive apparatus ravaged by more than \$30 billion in war-related economic losses.⁴⁴ Not surprisingly in this setting, an explosion of drug-trafficking has also occurred, especially in Guatemala, as narcotics are transshipped between South America

⁴² See Ruth Leger Sivard, World Military and Social Expenditures, 15th ed. (Washington, D.C.: World Priorities), p. 21. If the timeframe is extended, these numbers increase. In Guatemala alone over the past two decades, Amnesty International estimates that more than 100,000 people were murdered and 38,000 disappeared.

⁴³ This excludes Costa Rica. See "Human Rights in Latin America," Latin American Weekly Report, February 21, 1991, and more recent reports by Americas Watch and the U.S. Department of State.

⁴⁴ This figure, which dates from 1987 and is the only one I have been able to locate, was provided by Guatemalan economist Jorge Gonzalez del Valle, director of the Center of Latin American Monetary Studies. He estimates that \$15 billion has been lost as a direct consequence of the war, and that the rest could not be accounted for. This is despite \$15 billion in U.S. aid and credits to the countries of the region. See Excelsior, December 15, 1987.

and the United States.⁴⁵

The most worrisome legacy is the disproportionate power of Central American militaries. Ironically this has increased over the past decade, precisely during the transition to civilian rule. Wars in Nicaragua, El Salvador and Guatemala resulted in the greatest and most rapid military buildup in the history of the region, especially between 1979-1985. [See Table 3]. This is reflected in the tremendous growth of the armed forces, which quintupled in size from 1970-1990 -- an especially impressive leap when compared to the rest of Latin America. [See Table 4]. It is also evident in the huge leap in arms imports⁴⁶ and real military expenditures. The single greatest impact of this buildup has been the strengthening of military over civilian forces. Even though the armed forces have withdrawn from the direct exercise of political power, they still dominate almost every

⁴⁵ By 1990 Guatemala had become the drug trafficking nerve center in Central America, as South American cartels sought to avoid Drug Enforcement Administration crackdowns in the Caribbean and Mexico. But the problem was so widespread throughout the region that the presidents of all five countries, plus Panama and Belize, held a summit for the sole purpose of discussing joint action to combat trafficking. Pledging to share intelligence and police-training programs, they noted that their own societies show signs of drug contamination for the first time, including money laundering, crack abuse, and corruption, See Los Angeles Times, February 20, 1993 and (on Guatemala) The New York Times, December 16, 1991.

⁴⁶ Between 1970-1989, the cumulative real value of arms imports to Central America (measured in constant 1989 dollars) soared 993 percent, compared to a rise of 159 percent in all of Latin America. Arms imports as a share of total imports rose from 0.4 percent to 8.9 percent over the same period in the former, compared to a rise from 0.8 percent to 2.6 percent in the latter. See USACDA (1991,1982).

TABLE 3
EVOLUTION OF MILITARY EXPENDITURES AND FORCES
1979 - 1992

	Percentage Change in Real Military Expenditures			Percentage Change in Number of Armed Forces		
	1970-1979	1979-1985	1985-1992	1970-1979	1979-1985	1985-1992
Costa Rica	0%	-7%	62%	50%	33%	negligible
El Salvador	95%	100%	-54%	175%	243%	5%
Guatemala	-3%	34%	-27%	8%	105%	41%
Honduras	150%	62%	-13%	133%	50%	1%
Nicaragua	70%	459%	-75%	0%	1,133%	-77%
CENTRAL AMERICA	46%	104%	-55%	55%	218%	-21%
LATIN AMERICA	45%	23%	-7%	34%	22%	6.6%

SOURCES: United States Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, (Washington, D.C.: U.S. Government Printing Office, 1982, 1991); International Institute for Strategic Studies, The Military Balance 1993-1994, (London: Brassey's UK Ltd., 1993).

TABLE 4
GROWTH OF ARMED FORCES
1970 - 1992

	Number of Armed Forces (Thousands) ¹				Percentage Change in Number of Armed Forces		
	1970	1980	1990	1992	1970-1980	1980-1990	1990-1992
Costa Rica ²	5	6	8	8	20%	30%	0%
El Salvador	6	16	45	44	191%	179%	-2%
Guatemala	13	21	43	45	59%	106%	5%
Honduras	6	14	18	17	146%	30%	-6%
Nicaragua	7	24	64	15	139%	165%	-77%
CENTRAL AMERICA	37	81	178	129	119%	120%	-28%
LATIN AMERICA	1,117	1,561	1,511	1,440	40%	-3%	-5%

SOURCES: International Institute for Strategic Studies, The Military Balance, (London: Brassey's UK Ltd., 1972, 1991, 1993); United States Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers, (Washington, D.C.: U.S. Government Printing Office, 1982, 1991).

NOTES: (1) Figures are rounded to the nearest 1,000; (2) Figures for armed forces in Costa Rica are paramilitary troops.

government in Central America; indeed, superpower largess over the past decade has permitted them to become more sophisticated, more resistant to restrictions on their autonomy, more violent, and wealthier than ever before.

The disproportionate role of the military has been accompanied by the militarization of civil society. Running throughout these countries, to varying degrees, is a common thread of fear which is the product of years of authoritarian rule, war and state terror. To an extent not seen elsewhere in contemporary South America, even in Argentina, in their daily lives most Central Americans have had to become accustomed to living under extraordinarily abnormal conditions, where fear, pain, insecurity and suspicion predominate. Especially in rural areas, this has inculcated a culture of repression and customs of passivity which are the antithesis of democratic citizenship.⁴⁷ Such habits distort the politics of the present. When combined with the widespread lack of popular trust in the promise of elections -- this latter the result of a long history of fraud against the political opposition within a context of nominally democratic procedures⁴⁸ -- this legacy restricts the

⁴⁷ This is even true in Honduras, where repression has been far less than in the countries more directly affected by war. In October 1992, the Comite de Derechos Humanos de Honduras (CODEH) denounced the militarization of Honduran society, stating that the power and influence of the military "are so pervasive that the organs of the state are unable to exercise control" over it. See Central America Update, October 30, 1992.

⁴⁸ Although Central America has nominally been a liberal democracy since Independence, it also has the dubious honor of having the most constitutions and frustrated constitutional

possibilities promised by electoral politics. In the words of Edelberto Torres-Rivas, "It has already been demonstrated that people can vote with fear in their hearts. But under these circumstances, can they choose?"⁴⁹

Central America's Hybrid Regimes:
One Step Forward and a Long Way to Go

Such an inauspicious point of departure lends credence to pessimistic visions for the region. Given the international, economic and political realities that define their foundation, it is easy to see why new full democracies are unlikely to arise in contemporary Central America. Indeed, with all of the strikes against the region, it may be more appropriate to ask why democracy is even on the table! Yet clearly Central American politics today are characterized by more contestation and inclusion than prior to the outbreak of conflict. The types of regimes now appearing are not merely the reconstitution of a previous authoritarian coalition in another guise; rather, they

projects in Latin America. See Jorge María García Laguardia, "Constitutional Framework for Political Parties in Central America," in Louis Goodman, William M. LeoGrande, and Johanna Mendelson Forman, Political Parties and Democracy in Central America (Boulder: Westview, 1992), p.81.

⁴⁹ See Edelberto Torres-Rivas, El sistema político y la transición a la democracia (San José, Costa Rica: FLACSO). His point was recently demonstrated in the recent elections in El Salvador, where countless peasants were reluctant to register to vote. As registration workers quickly learned, convincing Salvadorans in war-torn areas to give their names, addresses and photos to local authorities was no easy task -- given the history of repression that has plagued that country.

represent a hybrid form that has the potential to mobilize mass pressures for institutionalizing contestation and broadening political inclusion in the future.

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

On the other hand, as Jonathan Fox has demonstrated for the case of Mexico,⁵⁰ these polities are also distinguished by the uneven distribution of citizenship across the national territory. Depending on the outcome of particular localized struggles, different mixes of authoritarianism, clientalism, and pluralism coexist under the same national regime. Thus, within the same polity, bargaining relations can be based on collective action in

⁵⁰ See note 8.

one place and the political subordination of clients, reinforced by coercion, in another. This is especially evident in rural municipalities, where local notables can interfere in the electoral process in a manner which systematically biases the outcome, distribute favors based upon political loyalties, and actively encourage or discourage mass mobilization.⁵¹

What underlies these hybrid regimes, what makes them fundamentally distinct from their predecessors, and what lends some weight to more optimistic visions of the future are the agrarian social transformations that have occurred since the end of the 1970s. If the demise of the landlord class as the dominant political force is necessary for the construction of reformist regimes, then this process is slowly underway in Nicaragua, El Salvador and Guatemala -- even if the extent of elite transformation is still unclear. In Nicaragua, despite efforts to roll back the types of structural changes that have occurred in the countryside, the power of large landowners has been substantially weakened. Not only are conservative forces seriously divided,⁵² they are also no longer capable of making

⁵¹ In the recent elections in El Salvador, I witnessed all three political styles. In the town of San Gerardo, for example, the ARENA government did not deliver voter cards to a full 71 percent of newly registered voters. Christian Democrats relied upon past ties of clientalism to bring out their supporters, In Chalatenango, FMLN leaders mobilized their base into demonstrations to demand the placement of voter urns within each municipality.

⁵² These divisions were manifested soon after the electoral victory of Violetta Chamorro through the disintegration of the UNO coalition. Ultra-conservatives, which include the members of COSEP, the leading business organization, have rejected any compromise with the Sandinistas and have called for the return of

an authoritarian alliance with the (now Sandinista) military to regain their former control.

In El Salvador, where remittances have replaced agro-exports as the country's leading source of foreign exchange, the extensive disruption in commercial farming caused by the war has driven home the lesson that political violence from any source is bad for business. Divisions are apparent between traditional landlords, who reject any form of liberalism, and a more modernized business community, who prevailed in its insistence that elite economic interests can be safeguarded in a democratic system and who supports the promotion of labor-intensive export manufacturing. Despite their shortcomings, recent agrarian reforms in both El Salvador and Nicaragua, which redistributed large, productive commercial farms,⁵³ and new agreements over land transfers which are part of the peace process,⁵⁴ have

all state properties to previous owners. Another wing of business, which centers around the economic think tank CORDENIC, has sought to unite technocrats, some urban business interests, and some of the country's leading families around alternative solutions to the nation's economic crisis. See George R. Vickers and Jack Spence, "Nicaragua: Two Years After the Fall," p. 537.

⁵³ The Nicaraguan reform (1979-1984), the most far-reaching, distributed 32 percent of farmland; the Salvadoran land reform (1980-1984) distributed 24 percent. See Charles D. Brockett, op.cit, p. 196.

⁵⁴ Land has turned out to be a particularly explosive issue for the ex-contras, whose ranks were swelled by peasants that had not been beneficiaries of the sandinista agrarian reform or who were opposed to their agrarian policies. In return for disarming and for their electoral support, the Chamorro government promised land to all ex-contras who complied. Yet the demand for land has exceeded its supply, creating a problem for the government, which has tried to disperse the contras while making small concessions along the way. See George R. Vickers and Jack Spence, "Nicaragua:

accelerated the gradual political decline of the landlord class.

To a lesser extent, there are even some signs of change in Guatemala, where landlords are the most reactionary on the continent, guerrilla forces have been less effective, and the last agrarian reform was forty years ago. As in other countries of the region, efforts towards tax reform and regional integration, which have been particularly strong as a result of Guatemala's proximity to Mexico and the spillover from NAFTA, have split economic elites.⁵⁵ Nonetheless, changes have come more slowly than they have elsewhere, and the agro-export model based on labor coercion is the least altered in the region.

Divisions among economic elites have been exacerbated by new strains in the traditional pact of domination between the military and the land-owning class throughout the region. As businessmen have become increasingly resentful of the military's preponderant role in the economy and threatened by corruption as well as human rights violations, officers have also become more resistant to linking their fortunes to a single economic faction,

Two Years After the Fall," *op.cit.*, p. 551-3. In El Salvador, the central compromise in the peace agreement was to permit peasants to remain on land that they had seized from titled landowners and to offer them a chance to buy the land at market value, with government help. Peasants were to be resettled on other lands if landlords did not wish to sell. Conflict over the implementation of this agreement is now one of the chief obstacles blocking progress in the peace accords. For a discussion of this conflict, see Elisabeth Wood, *op.cit.*, and Jack Spence and George Vickers, "A negotiated Revolution?" (Cambridge: Hemisphere Initiatives, March 1994), pp. 19-21.

⁵⁵ See Henry J. Frundt, "Guatemala in Search of Democracy," *Journal of Interamerican Studies and World Affairs* (Vol. 32, No. 3, Fall 1992), especially p. 43.

and the armed forces in general has become more reluctant to assume responsibility for failing economies. These trends are apparent in Honduras, where the military's Social Security Institute (IPM) competes with the private sector and ranks among the country's top five economic investment groups,⁵⁶ and they can be seen in Guatemala, where strong disagreements over military support for tax reform has alienated important sectors of the landowning class.⁵⁷ They are most evident in El Salvador, where a military-run kidnapping ring which extorted more than \$4 million dollars from wealthy businessmen with impunity helped to convince elites to sign a peace agreement that consigns the military to a significantly more limited role.⁵⁸ To assuage its traditional economic allies as well as to encourage regional integration, current U.S. policy opposes military involvement in the economy as "something which

⁵⁶ Opposition to military investment increased in mid-1991 when the IPM bid \$20 million to acquire a controlling stake in a state-owned cement plant as part of the government's privatization program. See NotiSur, July 16, 1993.

⁵⁷ In 1988, efforts by the Cerezo administration to introduce a very limited tax reform evoked protests from some economic elites, who subsequently pressured military officers to intervene in their behalf. Their coup attempt failed, largely because the defense minister, General Hector Gramajo, supported the government. Subsequent coup attempts, which reveal divisions that cut across both military and economic lines, have also failed.

⁵⁸ See Richard Millet, "Unequal Partners: Relations between the Government and the Military," in Bruce L.R. Smith, ed., op.cit., especially pp. 70-84.

undermines the very principle of the free market."⁵⁹ Such pressures, when combined with a rhetoric about the promotion of democracy, make any attempt to reconstitute a reactionary despotic alliance difficult.

Transformations at the mass level also make it hard to return to the past. Rural and urban organizing result in powerful guerrilla armies in Nicaragua, El Salvador, Guatemala, and (to a far lesser extent) Honduras, which have been successful in demonstrating the high cost of reactionary despotism to elites. It also has led to the proliferation of a number of new organizations and activities across a broad political, functional and territorial spectrum. In Nicaragua, the Sandinista victory sparked a flourishing of popular organizations, the unionization of over half of the country's workforce, and the formation of new opposition political parties. In El Salvador, there has been a virtual explosion of non-governmental organizations, trade unions, women's and refugee groups, and peasant cooperatives. In Honduras, the union movement is still viewed as the region's strongest; together with peasant organizations, it is an influential actor on the national political scene. Even Guatemala has witnessed the steady growth of a labor and student movement over the past decade, which has been reinforced by groups

⁵⁹ In July 1993, the U.S. Deputy Assistant Secretary of State, Jahon Maisto, declared that the U.S. was completely opposed to military investments, arguing that "No Military or political group should be allowed to enjoy an advantage over other economic actors." See NotiSur, July 16, 1993.

defending human and indigenous rights.⁶⁰ Popular sectors throughout the region, often linked to a burgeoning "international civil society," have reached a level of organization which permits them to push for an alternative political and economic agenda.

But if a return to the past seems to be unlikely and a leap into full democracy even more improbable, what lies ahead is less clear. Elsewhere in Latin America divisions between and among economic, political and military elites led them to promote democratization, not to facilitate popular participation but rather to resolve their differences or strengthen their own influence. Indeed, it was largely elite-supported reforms that created the possibility for the emergence of restricted democracies over the past century. What ultimately determined whether such hybrid regimes could endure and evolve in a more participatory direction, however, was the strength of civil society, on the one hand, and the effectiveness of political parties, on the other. Where the types of unions, peasant organizations, professional associations and grassroots movements that are currently proliferating in Central America were capable of pushing the limits of newly-created political space, and where they were able to link up to parties that could help sustain the delicate balance between pressures from below and threat

⁶⁰ For a description of these groups, see Tom Barry, Central America Inside Out: The Essential Guide to Its Societies, Politics, and Economies (New York: Grove Weidenfeld, 1991), especially pages 181-193, 259-265, 312-316, and 379-387.

perceptions from above, hybrid regimes gradually became more democratic, e.g., Chile, Venezuela, Costa Rica. Where these conditions were not present, or where parties were either unusually clientalistic or very weak, participation remained very restricted, e.g., Brazil, Ecuador and Colombia.⁶¹

The lessons implicit in the South American experience should not be lost in Central America. That traditional rulers are divided, civil society is mobilized, and regional pressures against authoritarian rule are strong signs that an opportunity exists to extend hybrid regimes beyond their current functional and territorial boundaries. This opportunity is reinforced by the very recent emergence of what Samuel Valenzuela calls "a complete party system" -- one that is presently weak but that could eventually have the capacity of representing a full range of interests from right to left.⁶² Traditional restrictions against leftist parties have been dropped from the constitutions of El Salvador, Nicaragua and Honduras; party registration has become easier; and the left has already won a significant share of power where recent elections have occurred.⁶³ At the same

⁶¹ These observations are drawn from: Evelyn Huber Stephens, "Democracy in Latin America: Recent Developments in Comparative Historical Perspective," (add cite); Samuel Valenzuela, Democratization via reforma: La expansión del sufragio en Chile (Buenos Aires: Ediciones del IDES, 1985); Karen L. Remmer, "Exclusionary Democracy," Studies in Comparative International Development (20,4, Winter 1985-6); and (add cite).

⁶² Ibid.

⁶³ Central American constitutions have been full of prohibitions against activities of "a communist or anarchist nature," (Guatemala Constitution, 1936) or individuals who express

time rightist parties like that of El Salvador's ARENA, which are distinct from the strictly military parties of the past, have been initially successful in demonstrating their strength, thereby reassuring dominant classes that their interests will be protected. Together these factors provide some evidence to counterbalance Central America's unfortunate point of departure and to support optimistic assumptions that a new historic compromise is in the making which can eventually produce the institutions for democratic persistence.

At present there are at least two grave immediate threats to the fragile political space delineated by this potential compromise. The first is the hegemony of the neo-liberal model, whose proponents are virtually everywhere in Central America.⁶⁴ In the short-run, stabilization and structural adjustment programs, with their emphasis on tight budgets, austerity measures, and the shrinking of the state's role in the economy, run directly counter to the policies necessary to support delicate peace agreements in Nicaragua and El Salvador -- even though these agreements represent the fundamental precondition for any economic recovery. As financial constraints increasingly block the reintegration of marginalized groups into society through land transfers, subsidies and employment creation, the

"opinions contrary to the public order," (Nicaragua Constitution, 1939). New constitutions adopted throughout the region have removed these limitations on participation. See Jorge Mario García Laguardia, op.cit., pp. 77-87.

⁶⁴ See, for example, the essays in Bruce L.R. Smith, op.cit.

temptation grows for demobilized guerrillas, ex-soldiers and former police to seek violent solutions for their dissatisfaction as well as for governments to renege on their agreements.⁶⁵

Nicaragua already stands at the brink of a renewed civil war or further political disintegration in this regard. Even in Honduras and Guatemala, where agreements of this sort do not yet have to be upheld, stabilization and austerity measures currently being implemented without regard to social safety nets threaten to shrink the already narrow space for democratization.

The long-run effects are equally dangerous. In the context of the extraordinary inequalities of income and wealth, high unemployment, and sharply declining real wages⁶⁶ that mark the countries of the region [See Tables 5 and Figure 1], this economic model represents a recycled, "non-traditional" version of the export promotion policies of the past. Thus it promises to deliver the same results over the long run: the expansion of export agriculture and manufacturing based on land concentration, low wages, and increasing inequalities; the deterioration of the environment as well as the life chances of the poor; the subsequent rise of popular mobilization and elite reaction; political instability and economic stagnation. As such, the neo-liberal model fails to incorporate the basic lesson of Central America's past development failures and East Asia's and Costa

⁶⁵ See Alvaro de Soto and Graciana del Castillo, op.cit for a thorough discussion of the problems of harmonizing peace accords with economic stabilization policies.

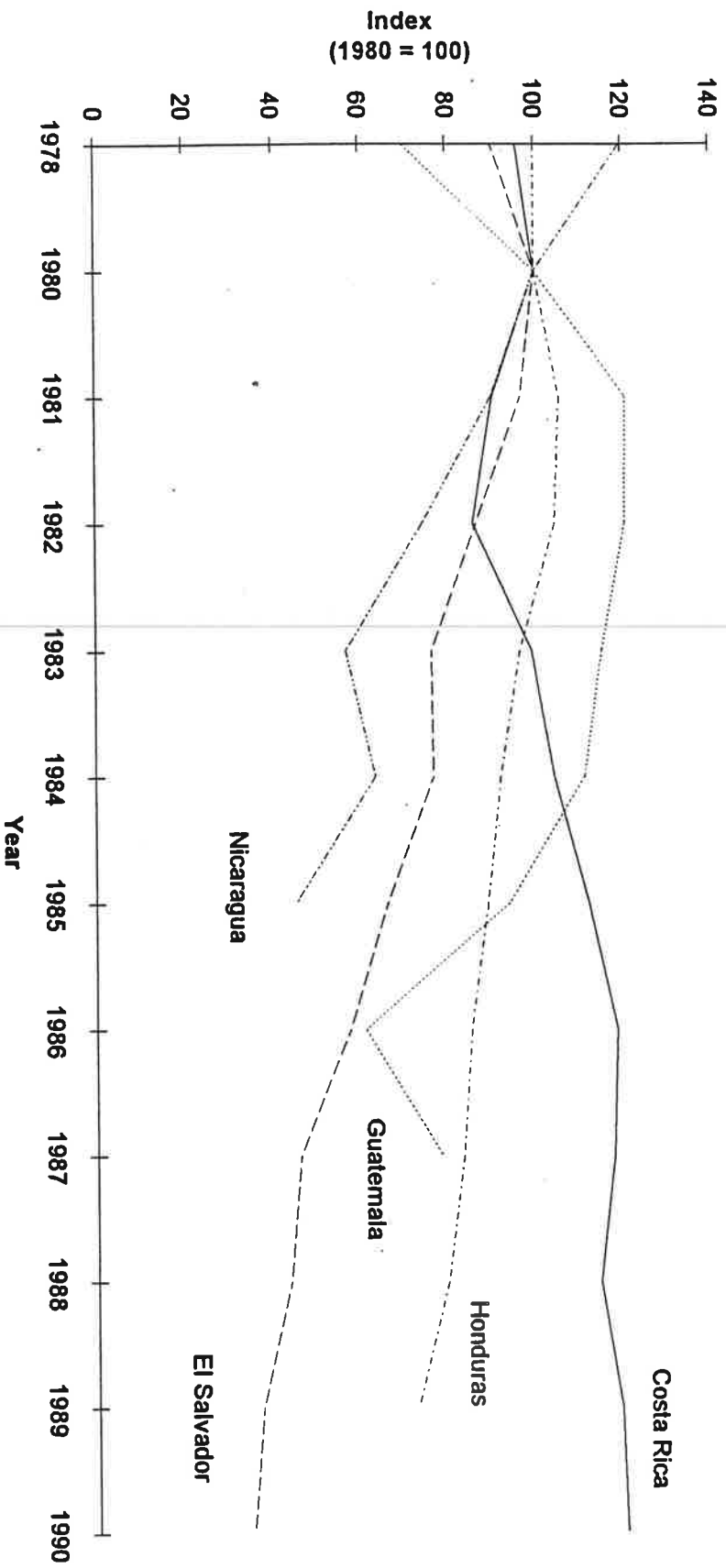
⁶⁶ Costa Rica is an exception here.

TABLE 5**INCOME DISTRIBUTION
1970 - 1989**

	Percentage Share of Total Income Held by Income Groups					
	1970		1980		1989	
	Lowest 20%	Highest 20%	Lowest 20%	Highest 20%	Lowest 20%	Highest 20%
Costa Rica	5.4	50.6	4.0	49.0	4.0	50.8
El Salvador	3.7	50.8	2.0	66.0	n.d.	n.d.
Guatemala	4.9	58.8	5.3	54.1	2.1	63.0
Honduras	3.0	67.7	4.3	59.3	2.7	63.5
Nicaragua	n.d.	60.0	3.0	58.0	n.d.	n.d.
AVERAGE	4.3	57.6	3.7	57.3	4.3	59.1

SOURCES: M.E. Gallardo and J.R. López, Centroamérica: La crisis en cifras, (San José: IICA/FLACSO, 1986); World Bank, World Development Report 1993, (New York: Oxford University Press, 1993).

FIGURE 1
URBAN REAL MINIMUM WAGE, 1978-1990



SOURCE: James W. Wilkie *et al.* (eds.), Statistical Abstract of Latin America, Vol. 30, (Los Angeles: UCLA Latin American Center, 1993).

Rica's successes: policies specifically designed to reduce poverty and income inequality both stimulate and sustain long-term economic growth and political stability.⁶⁷

A second immediate threat arises from the institutional biases built into the political rules of the game currently being adopted in the region. If landlords and peasants, soldiers and guerrillas, industrialists and workers, or left and right parties are to continue to bargain with each other and to accept future losses as well as gains, the rules governing political compromise must be relatively equitable. Fair rules could create some separation between political and economic power, provide some of the autonomy in the political domain which is so necessary for cushioning periods of economic crisis, and guarantee at least the (very modest) level of reformism that helped both Honduras and Costa Rica break the vicious economic/political cycle that continues to hold their neighbors captive.

Throughout Latin America, democratization historically has been adversely affected by the lack of fairness of fundamental rules, such as those defining the electoral process, and the systematic exclusion of opposition from either public goods or the spoils of government. For this reason, the massive irregularities which characterized the recent internationally-supervised Salvadoran elections are especially disturbing. Vote-buying, systematic obstacles to registration, incomplete

⁶⁷ See Nancy Birdsall, David Ross and Richard Sabot, "Inequality and Growth Reconsidered," Paper presented at St. Antony's College, Oxford, February 1994.

electoral lists, intimidation, and a prejudiced electoral tribunal may have seemed like 'business as usual' to peasants accustomed to the fraudulent practices of the past. But to their leaders, who agreed to put down their weapons in exchange for a fair electoral shot at power, the "elections of the century" became one more grievance in a growing list of disappointments. Regardless of who wins future elections in this fragile time, the message for Central America is clear: If the rules are not fair and the winners generous, the losers will no longer continue to play the game.