

# From civil war to 'civil society': has the end of the Cold War brought peace to Central America?

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The US government's last, dramatic effort to revitalize the Cold War under President Reagan in the early 1980s coincided with civil war in Central America. Indeed, Central America was one of the principal theatres of what some analysts dubbed the 'Second Cold War'.<sup>1</sup> What happened to these sites of the Cold War—like most Central America, peripheral, impoverished regions of the South—when the Cold War ended and they were no longer perceived as proxy battlefields for superpower rivalries? This article on Central America in peacetime (focusing on Guatemala, El Salvador and Nicaragua) explores the renewed interest of the international community in such regions, but this time in the form of peace-building and the promotion of political and economic liberalization, with 'civil society', strengthening a significant focus of these activities since the mid-1990s. It asks: what are the prospects for development and democratization in Central America eleven years after Esquipulas II and the collapse of the Soviet bloc first paved the way for peace?

## From war to peace in Central America

President Reagan took office in January 1981 with a declared intent of 'turning back the tide of communism in the US backyard'. The escalating civil war in El Salvador was his first test case; the radical Sandinista government in Nicaragua was his other target, and legal and illegal methods were used by the US government in a bid to overthrow it.<sup>2</sup> While Guatemala

\* The author thanks Dr Rachel Sieder for comments on this article.

<sup>1</sup> E.g. F. Halliday, *The Making of the Second Cold War* (London: Verso, 1983).

<sup>2</sup> There is a considerable literature on this. The best source on the illegal methods is arguably the US Congress, *Report of the congressional committees investigating the Iran-Contra affair*, House Report No. 100-433, Senate Report No. 100-216, 100<sup>th</sup> Congress, 1<sup>st</sup> session, 17 November 1987 (Washington DC: Government Printing Office, 1988). Other useful books are: Thomas W. Walker, ed., *Reagan versus the Sandinistas: the undeclared war on Nicaragua* (Boulder, CO, Oxford: Westview, 1987) and H. Sklar, *Washington's war on Nicaragua* (Boston, MA: South End Press, 1988).

was a considerable cause of concern, the massacres perpetrated by the national army against Indian peasant villages in its counter-insurgency operation of 1982, and subsequent abuses, made it difficult for Reagan openly to send arms before 1985. In the end, surreptitious support from the United States, open support from Israel and Taiwan, and the counter-insurgency tactics of the national army itself ensured that the Guatemalan guerrilla organizations did not threaten the state, although they remained a nuisance. Honduras and Costa Rica were drawn into the regional dynamic, the former as a military base for US operations in the region and the latter as a political ally, at least until President Arias was elected in 1986 and launched the 'Esquipulas process' which culminated in 1987 in the agreement known as Esquipulas II. This paved the way for political solutions to the civil war in each country, although peace agreements were not finally signed until 1990 in Nicaragua, 1992 in El Salvador and 1996 in Guatemala.

The Central American civil wars were rarely out of the international headlines throughout the 1980s, and the repeated fears that the United States might actually send troops to overthrow the Sandinista government were never far away. Europe (apart from Thatcher's Britain) tried to steer a middle ground and encourage a peaceful resolution to the conflicts.<sup>3</sup> President Reagan never really relinquished his commitment to a military solution, but by the latter years of his administration it became increasingly difficult to pursue. In late 1986 it was revealed that National Security Council staff members had helped sell US arms to Iran in order to secure the release of US hostages and then channelled the proceeds to the counter-revolutionary army in Nicaragua known as the Contras that the United States had helped create. The subsequent scandal seriously undermined the administration's policies towards Central America and arguably enabled Arias and other Central American presidents to seize the initiative that led to Esquipulas II.<sup>4</sup> The international backing for Esquipulas II isolated the United States, while events in the Soviet bloc began to gather pace in a way that would undermine any further appeal to Cold War ideology as a justification for intervention in the region. Nevertheless, Reagan was not prepared to abandon his hostility towards the Sandinista government in Nicaragua. It was only when Bush came into office in 1989 that US policy in the region took a more pragmatic turn. The US invasion of Panama in December 1989 suggested a renewed wave of militarism, but it soon became apparent that it was rather the response to very specific factors—not the sign of a new direction in foreign policy.<sup>5</sup> The far right was nevertheless mollified

<sup>3</sup> See H. Smith, *European Union foreign policy and Central America* (London: Macmillan, 1995).

<sup>4</sup> This is the argument of John A. Booth, 'Central America and the United States: cycles of containment and response', in J. D. Martz, *United States policy in Latin America* (Lincoln and London: University of Nebraska Press, 1995), pp. 184–214. See also William Leogrande, 'From Reagan to Bush: the transition in US policy towards Central America', *Journal of Latin American Studies* 22: 3, 1990.

<sup>5</sup> Steve C. Ropp, 'The Bush administration and the invasion of Panama: explaining the choice and timing of the military option', in Martz, *United States policy in Latin America*, pp. 88–109.

by this example of US power in action, while in the meantime the administration began to shift in favour of a political solution to the Nicaraguan and Salvadorean conflicts; military analysis showed that the Contras would not be able to overthrow the Sandinistas on their own and that the Salvadorean guerrillas would not be militarily defeated.

The United States foreign policy establishment now lost interest in Central America. It was no longer a political issue for either the President or Congress; events in the Soviet Union and eastern Europe drew much more attention. The issues which now rose to the fore for the United States in relations with its southern neighbours were the drugs trade and the offer of a new economic relationship with Latin America. President Bush outlined the latter in 1990 under the banner of the 'Enterprise for the Americas Initiative', proposing a hemisphere-wide free trade system reaching from Canada to Argentina. The same year, the United States and Mexico initiated the discussions which would lead to the North American Free Trade Agreement (NAFTA). A new era seemed to be dawning. A report by the Inter-American Dialogue, looking back at the shift from a forum held in 1997, began:

Since the late 1980s, relations among the governments of the hemisphere have become more harmonious and constructive. The nations of the Americas have expanded political and economic cooperation, and together they are beginning to establish the foundations of a genuine hemispheric community. The conflicts that dominated inter-American relations during the 1980s—over the international debt crisis and Central America's wars—have been resolved.<sup>6</sup>

But what became of the small countries of Central America? They may have slipped from the headlines, but the trials and tribulations of their populations were by no means over. The main theatres of war faced not only a prolonged process of finalizing peace accords but also the huge task of postwar reconstruction and recovery. For many observers, the idea that the region's conflicts have been 'resolved' may be true at the formal level of peace accords between armies and insurgents, but is less so at the real level of people's everyday lives, which remain overshadowed in the 1990s by poverty and violence, today of a more social and multifaceted kind than the polarized and political violence characteristic of the 1980s.

If we take those two categories, poverty and violence, as indicators of what have been called 'positive' (i.e. a more equitable society, free from want) and 'negative' peace (absence of violence),<sup>7</sup> it is evident that while Central America

<sup>6</sup> Inter-American Dialogue, *The Americas in 1997: making cooperation work*, a report of the Sol M. Linowitz Forum (Washington DC: Inter-American Dialogue, May 1997), p. 2.

<sup>7</sup> These are distinctions initially developed by Johann Galtung in the 1960s and subsequently developed into a more complex set of distinctions in a later work. See J. Galtung, *Peace by peaceful means: peace and conflict, development and civilization* (Oslo: International Peace Research Institute, 1996). Here the distinction is used in its simplest formulation, echoing Isaiah Berlin's distinction between positive and negative liberty. Negative peace refers to the absence of violence and positive peace refers to the active construction of the 'good society' (equitable, just, etc.) where recourse to violence would no longer take place.

has ceased to be 'at war', it remains anything but 'peaceful'. In El Salvador, for instance, deaths by violence numbered 9,135 in 1994, falling slightly to 8,485 in 1995 and 8,047 in 1996, figures which exceed the yearly average of 6,000 deaths during the war itself.<sup>8</sup> A World Bank survey of business enterprises in 1996 found that expenditure on security had risen by 85 per cent over the previous five years, with an increase of almost 300 per cent among small firms.<sup>9</sup> Guatemala and Nicaragua have similarly seen rising levels of criminality and social decomposition in the course of the 1990s. In Guatemala, criminal activity resulted in 6,229 dead and 10,127 wounded in the first eleven months of 1997; 1,231 people were kidnapped or otherwise disappeared during the same period.<sup>10</sup> This violence did not only affect the poor. Death squads created originally by some sectors of the oligarchy have taken to exacting ransoms for the lives of some of its sons and daughters. Lack of faith in the criminal justice system has led to dozens of lynchings of suspected thieves in recent years. Nicaragua has seen not only high levels of criminality, but also the re-arming of former combatants on several occasions since 1991, when the government of Violetta Chamorro failed to honour commitments to help with the reintegration into civilian life of 70,000 demobilized soldiers and 30,000 former Contras. At their height in 1994, there were 7,000 re-armed Contras and ex-soldiers; the last re-armed ex-Sandinista army group of about 400 men negotiated a disarmament agreement at the end of 1997, still leaving an estimated 150 armed individuals in about 25 bandit groups in central Nicaragua, with whom the government refused to negotiate, and many others whose individual option for survival is violence and crime.<sup>11</sup>

The problem of violence goes even deeper than these figures convey. The scale of human rights violations in the region during the war has left deep scars on the population, both victims and perpetrators, and has affected the mental health of many individuals.<sup>12</sup> It is estimated that 300,000 people were killed in the Central American conflicts, most of them civilians and most of them in

<sup>8</sup> José Miguel Cruz and Luis Armando González, 'Magnitud de la violencia en El Salvador' *Estudios Centro Americanos (ECA)* 588, October 1997. These are figures from the Fiscalía General de la República; the figures for intentional homicides as opposed to violent deaths are 7,673, 7,877 and 6,792 for the three years. The authors find some discrepancies in different statistical sources, but conclude that there has been an average of 131 intentional murders for every 100,000 inhabitants in the last three years, compared with 130 violent deaths per 100,000 in the 12 years of civil war; these figures compare with a figure of 33 per 100,000 in 1974, before the war broke out. The National Civil Police estimated in 1996 that there are 150,000 weapons registered in the hands of civilians, and over 120,000 in circulation and not registered, many because they are for the 'private use' of members of the armed forces. Seven per cent of adults in the metropolitan area of San Salvador, some 58,000 people, admitted that they possessed a gun for 'protection', but many of the weapons in circulation are, according to the police, owned by minors and therefore the actual figures will be much higher: José Miguel Cruz, 'Los factores posibilitadores y las expresiones de la violencia en los noventa', *ECA* 588, October 1997.

<sup>9</sup> World Bank, *El Salvador: meeting the challenge of globalization* (Washington: World Bank, 1996), p. 80.

<sup>10</sup> Center for International Policy, *Central America Update*, 29 November–5 December 1997.

<sup>11</sup> *Ibid.*

<sup>12</sup> See e.g. E. Lira, 'Guatemala: uncovering the past, recovering the future', in *Development in Practice* 7: 4, 1997, pp. 395–401.

circumstances of great cruelty; on top of this, 2 million people were uprooted internally or forced to flee their country.<sup>13</sup> In El Salvador and Guatemala the majority of these violations were carried out by people in authority who remain unpunished. The United Nations Truth Commission on human rights violations during the war in El Salvador concluded in its 1993 report that 85 per cent of the violations were committed by government forces, 10 per cent by death squads and 5 per cent by the FMLN guerrillas.<sup>14</sup> The murders ranged from that of the humblest peasant to that of Archbishop Romero in 1980. The Catholic Church's Interdiocesan Project for the Recuperation of Historical Memory in Guatemala (the REMHI project), which documented 55,021 cases of abuses and reported its findings at the end of April 1998, attributed responsibility to the Guatemalan army in 79.2 per cent of the cases and to the URNG guerrilla movement in 9.3 per cent. Their report was followed on 27 April by the murder of Monseñor Juan Gerardi Conadera, auxiliary bishop of Guatemala City and the most visible Catholic human rights advocate. His murder—unlike that of Archbishop Romero, in peacetime—has raised serious fears for the future of the Guatemalan peace process.

The culture of violence embedded in the society and lack of respect for human life are strongly present in postwar Central America, affecting not only public life in the streets and villages, but also the private life in the home. Although it is difficult to prove, given a general silence around the issue in the past, some womens' organizations have noted a rise in domestic violence throughout Central America, which they link to the impact of peace and unemployment on young men who have spent most of their youth fighting. An Inter-American Development Bank (IDB) study in 1997 showed that 52 per cent of women in Managua, Nicaragua had experienced some kind of abuse in their homes, either psychological, physical or sexual.<sup>15</sup>

In all three countries poverty remains very high, particularly in rural areas. A World Bank study of Nicaragua in 1995 found that 75 per cent of those living in rural areas were poor compared to 32 per cent in the urban areas.<sup>16</sup> Official Guatemala statistics on poverty for 1996 estimate that 75 per cent of the population were poor, and 58 per cent of them extremely poor. Broken down into ethnic groups, 93 per cent of the indigenous population (62 per cent of whom live in rural areas) were poor, 81 per cent of them extremely poor.<sup>17</sup> The

<sup>13</sup> The combined population of the three countries in 1980 on the eve of the escalation in the war was 14.2 million.

<sup>14</sup> L. Binford, *The El Mozote massacre* (Tucson, AZ: University of Arizona Press, 1996), p. 63. This book offers an overview of the human rights violations in El Salvador during the war and a detailed, anthropological account of one of the worst massacres in which the US-trained Atlacatl Battalion massacred over 1,000 people in six hamlets in northern Morazán.

<sup>15</sup> Monthly Report of the Project Counselling Service, April 1998.

<sup>16</sup> Banco Mundial, *Nicaragua: Estudio de la Pobreza*, executive summary (Managua: Banco Mundial, 1 June 1995), mimeo.

<sup>17</sup> Secretaría General de Planificación, *Programa de Gobierno 1996–2000* (Guatemala City, June 1996), pp. 48–9. The government estimates that 52% of the population are indigenous.

percentage of the population living in poverty and extreme poverty in El Salvador grew from 51 per cent in 1980 to 56 per cent in 1990, once again with the rural population being worst affected.<sup>18</sup> The percentages have not worsened since the end of the war, but neither have they improved significantly, despite the fact that many families have been cushioned by the remittances sent home by relatives who migrated to the United States during the conflict.<sup>19</sup> A World Bank study in 1994 which measured poverty by counting families who have at least one basic need unmet found that urban poverty declined from 41 per cent in 1992 to 39 per cent in 1995, while rural poverty declined a mere two points to 88.6 per cent.<sup>20</sup> In other words, between one-third and a half of urban dwellers and about two-thirds of rural dwellers in Central America live in poverty at the close of the twentieth century.

The vast majority of the population of all three countries have extremely insecure livelihoods, including the small middle class and wage workers in the urban private and public formal sectors. In El Salvador, for instance, real wages fell an estimated 30 per cent from 1980 to 1988, according to the World Bank, and continued to fall, albeit less dramatically, in both public and private sectors in the years following the end of the war.<sup>21</sup> The assembly industries or *maquilas*, the main focus of foreign investment in the postwar period, employ relatively few people, mostly women on very low wages. Most urban dwellers live and work in the urban informal sector, which grew considerably in the war years as people fled the rural areas.<sup>22</sup> Others live by migrant labour; nearly half a million Nicaraguans work in Costa Rica, for example. A few households are very rich, mostly the same few who were rich before the armed insurgencies of the 1980s sought to shift the distribution of economic and political power, though the most dynamic have diversified their sphere of activity.<sup>23</sup>

<sup>18</sup> M. Pastor and M.E. Conroy, 'Distributional implications', in James K. Boyce, ed., *Economic policy for building peace: the lessons of El Salvador* (Boulder, CO: Lynne Rienner, 1996), p. 157.

<sup>19</sup> Alexander Segovia, 'Macroeconomic performance and policies since 1989', in Boyce ed., *Economic policy for building peace*, p. 51. In fact, the number of people living in extreme poverty in urban areas rose from 23.3% of the urban population to 29.6% in 1992/3; *ibid.*, p. 64. Yet USAID calculated in 1993 that remittances increase the income of poor urban and rural families by one-third, *ibid.*, p. 56.

<sup>20</sup> Quoted in J. Spence, *et al.*, *Chapultepec: five years later* (Cambridge, MA: Hemisphere Initiatives, January 1997), p. 32.

<sup>21</sup> Quoted *ibid.*, p. 34.

<sup>22</sup> One-third of Central America's metropolitan workers were in the urban informal sector in 1982; this increased to 40% by 1988-9; C. Vilas, *Between earthquakes and volcanoes: market, state and the revolutions in Central America* (New York: Monthly Review Press, 1995), p. 157.

<sup>23</sup> The share of income accruing to the wealthiest 10% of Salvadorean households rose from 31% to over 38% between 1977 and 1990-91; inequality in access to land is widely acknowledged to be the main source of endemic poverty for the 73% of the Salvadoran population defined by USAID in 1994 as rural; Manuel Pastor and Michael E. Conroy, 'Distributional implications', in Boyce, ed., *Economic policy for building peace*, p. 157. The Guatemalan government estimates that 10% of its population enjoy 44% of total income; at the other extreme, 20% of the population share only 2%, Secretaria General de Planificación, *Programme de Gobierno 1996-2000*, p. 51. The 1979 agricultural census estimated that 65% of private land was held by only 2% of productive units larger than 45 hectares; farms up to seven hectares—less than is required to feed the average family—accounted for 90% of productive land units and only 16% of all privately owned land. There has been no shift in this pattern of land holdings since the war ended, and in 1997 there were over 300 land disputes in 15 of Guatemala's 22 departments; Gustavo Palma Murga, *Promised the earth: agrarian reform in the socio-economic agreement, Accord, Negotiating rights: the Guatemalan peace process*, (London: Conciliation Resources, Issue 2/1997), p. 74.

Since the peace accords were signed, poverty alleviation has been one of the most urgent tasks for the Central American region and most international observers link it directly to the building of a sustainable peace in the region. That it remains an incomplete and urgent task, eight years after the first peace agreement was signed in Nicaragua, has been acknowledged by the President of the World Bank, James Wolfensohn. He argued in a visit to Central America in March 1998 that the region must seek social change if the recently achieved peace is to bring higher living standards for the most impoverished sections of the population.<sup>24</sup> But it is not the only task. Postwar Central America has faced a vast range of challenges. They range from the historic tasks of capitalist modernization to the rebuilding and demilitarizing of societies that have been at war for over a decade, and in the case of Guatemala for 36 years. While Central America was already confronted with the need for profound economic and political change in 1979, the legacy of war overshadows and curtails the options open to the region in peacetime, and demonstrates the lasting, negative impact of the Cold War on its theatres in the periphery of the global economy.

## **The legacy of war**

### *The economic cost*

In the hindsight of history, the 1980s, particularly the years 1979–81 just after the successful Nicaraguan revolution, were a contingent period, a crossroads. A triumph for the revolutionary movements would undoubtedly have produced its own set of problems. Whether these would have been better or worse than the actual outcome is a matter of normative judgement and speculation. Whether revolutionary governments committed to some form of state-led development and modernization could possibly have survived given the globalization dynamic of late twentieth-century capitalism and the limited options open to peripheral regions is certainly doubtful; it was not only US hostility which caused the Nicaraguan revolutionary government to falter. The survival of radical governments would have required considerable international economic support and political goodwill. At the very least, however, a revolutionary victory might have brought about the demise of an old ruling class, which historically has been a necessary step towards modernization in quite a few countries of the world.

The United States' historic lack of interest in what it dismissively referred to as its 'backyard', and its concern with stability first and foremost, meant that the exclusionary dynamic of the years of post-Second World War growth in Central America, at both the political and the economic level, was deemed of little importance. Central America enjoyed a period of growth and modernization of its productive structure from the 1950s to the 1970s, based on the diversification of agricultural exports (from coffee and bananas to cotton, cattle and sugar cane) at a time of high international demand. Per capita GDP in 1980

<sup>24</sup> *Financial Times*, 9 March 1998.

was almost 67 per cent higher than in 1950, in real terms. However, this growth was highly uneven in its impact both socially and geographically. While the agro-export sectors boomed and the handful of families who controlled them thrived, the peasant economy underwent a process of collapse and the production of basic grains by this sector failed to keep up with the doubling of the population over the same period. Landlessness and land poverty grew with demographic pressure and as a result of land loss to the advancing cattle ranchers and cotton producers. Ecological damage was the direct result of both processes, with over-utilization in the case of the poor and high-tech investments in the modernized sector. It was the international crisis of 1979 that revealed the underlying problems in the Central American economy and its vulnerability to external shocks. This coincided with the growing revolt of the dispossessed and politically and economically excluded.<sup>25</sup> Unprepared to accept that illiterate peasants, workers and middle-class professionals might be prepared to lay down their lives for a different kind of development, the United States poured millions of dollars into defending the status quo when it came under serious challenge and, in the case of Nicaragua, into building an army to overthrow the Sandinista government.

In the end, the internal struggle to pursue an alternative path to modernization via revolutionary armed mobilization was defeated with the massive assistance of the United States: US military aid to Central America grew from US\$10 million in 1980 to US\$283.2 million in 1984.<sup>26</sup> The region was rapidly militarized. The number of troops in Central America rose from around 48,000 at the end of the 1970s to 200,000 in 1985 and was 179,000 even in 1991.<sup>27</sup> The economies of the three theatres of war which concern us were devastated by the conflict. The Salvadorean planning ministry estimated in 1992 that war-related damage totalled US\$1.5 billion in infrastructure alone and set replacement costs at US\$1.63 billion.<sup>28</sup>

Dependence on international financial assistance grew as export earnings plummeted in the wake of the 1979 depression and as the conflict escalated. Guatemala found it harder to gain access to this assistance due to its human rights record; it was partly the need to do so that led the military to accept civilian government for the first time in over three decades in 1985. Even so, Guatemala received US\$575 million in economic and military aid between 1980 and 1988.<sup>29</sup> In the course of the 1980s, El Salvador received almost US\$7.3 billion in US aid together with remittances sent by its citizens in the United States, plus US\$315 million in official development aid and direct

<sup>25</sup> For an overview of these processes see Vilas, *Between earthquakes and volcanoes*; or, for a detailed case-study of how this dynamic impacted on one locality of the region, J. Pearce, *Promised land: peasant rebellion in Chalatenango, El Salvador* (London: Latin America Bureau, 1986).

<sup>26</sup> J. Dunkerley, *The pacification of Central America* (London: Verso, 1994), p. 23.

<sup>27</sup> *Ibid.*, p. 145.

<sup>28</sup> A. Segovia, 'The war economy of the 1980s', in Boyce, ed., *Economic policy for building peace*, p. 31.

<sup>29</sup> Vilas, *Between earthquakes and volcanoes*, p. 161.



foreign investment from Europe, Canada and Japan. This exceeded the value of Salvadorean exports during the same period, which amounted to US\$7.5-billion.<sup>30</sup> The country received US\$3.9 billion in development and military aid from the US alone between 1980 and 1990, with USAID playing a major role in designing and funding the country's economic policies.<sup>31</sup>

Nicaragua received a considerable amount of development aid from the eastern bloc countries and western Europe, but not enough to compensate for the systematic efforts by the United States to cut it off from the international economy. These included a trade embargo, an end to bilateral assistance through USAID, and the blocking of commercial credit from private commercial banks and development assistance from multilateral lending agencies such as the World Bank and the IDB. In 1983, the United States vetoed a US\$2.2 million IDB loan to finish a rural road project that had begun in 1976 and was over 90 per cent complete.<sup>32</sup> Even more controversial was its blocking of a request for US\$58 million of aid for small private farmers in 1984, a loan to come from a special concessionary account which in theory Washington could not block—but it did. The World Bank's position on Nicaragua underwent a radical reversal in 1981 after the retirement of Robert McNamara, in spite of a favourable 1981 report on the country, which was optimistic about its recovery from the revolutionary uprising if it received external assistance at concessionary terms. In 1982 a new, extremely negative report on Nicaragua was released and which recommended that the World Bank cut back its lending to a level well below that of the previous two years. Even that limited lending, the report argued, should be delayed and conditional upon the Nicaraguan government giving 'some indication that it plans to follow our policy advice'.<sup>33</sup> William Leogrande concludes his study of US economic sanctions against Sandinista Nicaragua:

The cumulative impact of the embargo, the evaporation of external capital from the international banks, and the costs of the *contra* war proved to be fatal for an economy that had never really recovered from the insurrection against Somoza... To be sure, the economic policies of the Sandinista government and its ongoing feud with the private sector discouraged investment, thereby exacerbating the country's economic plight. But Nicaragua, like Chile in the early 1970s, was an underdeveloped agricultural export economy, especially dependent on the international market for both goods and capital. When Washington undertook to cut off Nicaragua from the outside world, its economy could not survive the severance. Economic aid from the USSR never came close to covering the resulting losses.<sup>34</sup>

<sup>30</sup> Ibid.

<sup>31</sup> Breny Cuenca, *El poder intangible. La AID y el Estado Salvadoreño en los años ochenta* (San Salvador: CRIES/PREIS, 1992).

<sup>32</sup> This and the details that follow come from: William Leogrande, 'Making the economy scream: US economic sanctions against Sandinista Nicaragua', *Third World Quarterly* 17: 2, 1996, pp. 329–48.

<sup>33</sup> Quoted *ibid.*, p. 336.

<sup>34</sup> *Ibid.*, p. 342.

By the end of the 1980s, the possibilities of a state-led national approach to development for small peripheral countries such as those in Central America appeared to have vanished; the left lost a clear policy agenda by which means it could have mobilized support. Only one route to modernization was left and the armed movements were coming to terms with this before the decade was over. The Sandinistas had adopted a liberal constitution in 1987, encompassing individual rights and a separation of powers. In 1988 and 1989 they launched a macroeconomic adjustment process, the social cost of which, as well as the impact of the war, contributed to their electoral defeat in 1990. This electoral reverse paved the way for peace in Nicaragua: the Contras chose to believe that it represented a victory for them, although they had been militarily defeated some time earlier. The leadership of the FMLN guerrilla movement of El Salvador came to accept liberal democracy and capitalist modernization—some elements more readily than others—in the course of the 1980s in return for political participation and limited social and economic reform, an acceptance embodied in the 1992 peace accords. The Guatemalan guerrillas, fewer and much weaker than their counterparts in the neighbouring countries,<sup>35</sup> have been the most reluctant to accept the compromise, but have seen their political support ebb away in any case. They too finally conceded on basic issues that had first led them to war, such as agrarian reform, for the right to become a legitimate political party, in the last of the peace accords signed in December 1996.

The three countries emerged from the war more vulnerable than ever as a result of the conflict and heavily dependent on international assistance for the externally driven effort to modernize, liberalize and democratize the region. There were, nevertheless, some evident political, social and economic changes internally with positive potential for the region. As the peace agreements were made in each country, there was less a sense of loss for little gain than one of great relief that years of living in terror and fear were over and great expectations for the future. Civil war did not change the axis of socio-economic power in Central America; but it won a political space, fragile but real, for previously excluded social groups to debate and organize and to be politically represented if they chose. Internationally monitored elections since the mid-1980s had begun to establish the principle of fairly elected civilian government. The image of Central America as a land of oligarchies and dictatorships pitched against an undifferentiated mass of passive and illiterate poor no longer seemed appropriate. Social changes had taken place in the course of the war that meant it was not the same region as at the start.

<sup>35</sup> The combined membership of rebel groups totalled 3,614 at the time of disarmament: Conciliation Resources, *Negotiating rights: the Guatemalan peace process*, p. 88. This compares with 7,500 FMLN combatants in El Salvador; E. Wood, in 'The peace accords and post-war reconstruction', Boyce, ed., *Economic policy for building peace*, p. 89.

*Social change and organizational development*

A complex interplay had taken place during the war between local social processes and international agendas of solidarity and humanitarian assistance. If the Cold War succeeded in preventing some options from being pursued, there were many populations in the North who challenged their governments and chose to support the popular uprisings and, in the case of Nicaragua, the Sandinista social and political experiment. This international support played a critical, if not unproblematic, role in fostering social change.

Among some of the poorest sectors of the population in El Salvador and Guatemala, who were also the prime victims of army violence, a strong organizational dynamic existed which pre-dated the conflict and enabled these sectors to make use of humanitarian aid to learn skills previously denied them. This organizational dynamic had been fostered initially by the reforming and radical wings of the Catholic Church, and had encouraged illiterate peasants in some of the poorest areas to reflect on their role in the broader society and seek common and cooperative solutions to everyday survival. For the most part unwittingly, it prepared the ground for a positive embrace by these populations of armed revolution, and many of these peasants would form the majority of populations uprooted by the war. The Central American refugee camps in Mexico and Honduras were well known for the organizational dynamic which grew out of these experiences. Along with it went a process of politicization and sense of protagonism that enabled the refugees' own organizations to negotiate with the UNHCR and their national governments and in some cases challenge the instrumentalism of the guerrilla leaderships to which many of them otherwise looked. They won the right to assert their timetable for return to their respective countries and in the manner they chose. The Salvadorean refugees in Honduras set an example, later followed by many Guatemalan refugees in Mexico, and between 1987 and 1991 some 30,000 people returned to El Salvador in collective organized 'returns' which relied heavily on international protective 'accompaniment'; the high-profile collective return of 2,500 Guatemalan refugees from Mexico in 1993 to an area known as the Victoria 20 del Enero, which few thought suitable, echoes this. The refugees demanded that their return take them via Guatemala City although the chosen area of resettlement was just across the Mexican border. This collective return contrasted to the previous individual returns of some 3,000 people between 1986 and 1989 through a tripartite agreement between the military, the Guatemalan government and the UNHCR, which excluded refugee representation.<sup>36</sup> Many international non-governmental organizations (NGOs) that supported the revolutionary impetus during the 1980s funded projects

<sup>36</sup> See D. Pritchard, 'Refugee repatriation and reintegration', in R. Sieder, ed., *Central America: fragile transition* (Basingstoke: Macmillan, 1996).

among this population and among internally displaced people. The 'displaced', the 'returnee', the 'repatriated' have all been identities that sectors of the population have proclaimed to demand assistance in the postwar environment.

The new social concerns of Europe in respect of gender relations and discrimination against indigenous peoples and other ethnic groups as well as growing awareness of environmental questions, ensured that these issues were reflected in international NGO project funding and subsequently in bilateral and multilateral funding. Poor women and indigenous people were not only increasingly the focus of funder concerns with equity in project work; in the course of the conflict many had overcome their traditionally passive social roles and participated in wider social and political processes, and now positively sought ways to preserve their newly won protagonism in peacetime. The Guatemalan widows' organization, CONAVIGUA, and the organization of mothers and relatives of the disappeared and assassinated in El Salvador, known as the CoMadres, are examples of these trends.<sup>37</sup>

While many in the guerrilla leaderships were initially unconvinced by the new agendas, which were seen as externally driven by outsiders' (Northerners') preoccupations, at the popular level they had a considerable impact, and have eventually come to be taken more seriously by political movements. When political spaces, however fragile, began to re-open, these new voices could make use of them to push forward the peace process. For the most part this failed to feed significantly into the content of the peace agreements, which was firmly controlled by political leaderships. In the case of Guatemala, however, where that leadership had lost a lot of its impetus by the time of the peace negotiations, there was some input into the debate surrounding the final accords.<sup>38</sup> The most noteworthy impact this has had is in the explicit recognition in Guatemala, in the Accord on the Identity and Rights of Indigenous Peoples signed on 31 March 1995, that Guatemala is 'multi-ethnic, culturally plural and multilingual' after centuries of racially inspired marginalization.<sup>39</sup>

A rather different process took place in Sandinista Nicaragua, where the state mobilized mass organizations, and international NGOs channelled funds through them to support development processes. This encouraged expectations of the state which could not be met when the Sandinista government was voted out of office, and many Sandinista mass organizations atrophied subse-

<sup>37</sup> J. Schirmer, 'The seeking of truth and the gendering of consciousness: the CoMadres of El Salvador and the COAVIGUA widows of Guatemala', in Sarah A. Radcliffe and Sallie Westwood, eds, *'Viva': women and popular protest in Latin America* (London: Routledge, 1993), pp. 30–64.

<sup>38</sup> The role of a range of new civilian organizations in the discussions of the peace accords in Guatemala has been noted by a number of observers. See e.g. Tania Prado Palencia, *Peace in the making: civil groups in Guatemala*, CIIR Briefing (London: Catholic Institute for International Relations, 1996); R. Wilson, *The people's conscience? Civil groups, peace and justice in the South African and Guatemalan transitions*, CIIR Briefing (London: Catholic Institute for International Relations, 1997). The challenge nevertheless remains in terms of the implementation of the accords.

<sup>39</sup> The full text of the most significant Guatemalan peace accords is reproduced in Conciliation Resources, *Negotiating rights: the Guatemalan peace process*.

quently. Nevertheless, new organized expressions among previously 'silent' and 'invisible' sectors of the population, particularly women, are a lasting legacy of a decade in which 'collectivities' among the population were positively encouraged and legitimized.

Another phenomenon which grew in the course of the war was the proliferation of institutions whose access to external funds and support enabled them to remain autonomous from governments. In Central America the NGO grew rapidly in the course of the 1980s as a vehicle for international humanitarian assistance which many international agencies felt was a more effective channel than governments. The radicalized, more educated sectors of the lower middle class, as well as many professionals and technocrats unable to work in the state, were attracted to the NGO sector. By 1989, there were over 700 NGOs in Guatemala and a similar number in El Salvador, over half of which were founded after 1985; in 1990 over 300 Nicaraguan development NGOs appeared. These numbers have continued to grow.<sup>40</sup> Many of the individuals who founded these bodies were politically and socially committed and saw the NGO as primarily an instrument for maintaining people's organizations as well as material survival in the midst of conflict. Adjusting to the demands of funders to professionalize these institutions in postwar conditions proved difficult, and new technocratic NGOs more acceptable to larger funders emerged in peacetime, creating fragmentation and competition. However, the NGO played its role in pushing open the frontiers of the public sphere in the course of the war, often at great human cost to the activists and humanitarian workers of these organizations, and it remains one of the major new institutional actors in peacetime.

Another series of changes took place during the war within the landowning and business groups. The international economic climate and the war itself both played a role in forcing economic elites to accept that only economic modernization would enable them to compete in the global markets of the late twentieth century; the experiences of younger generations exiled to Miami for safety during the war also opened them up to other forms of entrepreneurialism. The United States positively invested in nurturing such tendencies where it could; in El Salvador the business foundation and think-tank FUSADES, funded by USAID during the war years for this purpose, played a significant role in building agreement between business and government after the election of the ARENA government in 1989 around a neo-liberal economic strategy of modernization. USAID also funded a Business Chamber in Guatemala with

<sup>40</sup> Peter Sollis, 'Partners in development? The state, non-governmental organisations and the UN in Central America', *Third World Quarterly* 16: 3, 1995, pp. 525-42. See also Francisco Alvarez Solís and Pauline Martin, 'The role of Salvadorean NGOs in post-war reconstruction', in Deborah Eade, ed., *Development in Practice Readers, Development in states of war* (Oxford: Oxfam, 1996), p. 52; Kees Biekart, *La cooperación no gubernamental Europea hacia Centroamérica: la experiencia de los ochenta y las tendencias en los noventa* (El Salvador: Prisma, 1994); Laura MacDonald, *Supporting civic society: the political role of NGOs in Central America* (Basingstoke: Macmillan, 1996).

similar objectives. However, less effort was invested in building a consensus around political modernization and reform. Landed and business elites were persuaded to accept political representation of previously excluded groups as a price for peace and renewed economic progress. They had not been persuaded to accept any major socio-economic reforms, certainly not redistribution of land or assets or even tax reform, nor significant restructuring of the administrative, judicial or security functions of the state.

Any advances in the direction of political and judicial modernization that have taken place in the region following the peace agreements are attributable largely to international pressure. In that sense, the international community has played a positive role in postwar Central America. But a closer examination of the processes of longest duration—in Nicaragua and El Salvador—reveals that they missed an opportunity to force the elites whose political and economic power the United States had helped preserve to accept the kind of compromises that might have created more sustainable processes of democratization and development.

### **The limits and potential of international efforts at peace-building in El Salvador and Nicaragua**

International humanitarian, developmental and financial institutions, as well as many international NGOs, have devoted a great deal of time and resources to post-conflict Central America. The Central American process of peace-building has been widely studied and acclaimed, and has influenced other processes elsewhere. The defeat of an internal process of modernization and democratization through armed revolution has been replaced by an attempt to foster these from the outside in ways that accord with the neo-liberal paradigm of the post-Cold War world and the revitalized faith in Western concepts of liberalism and democracy.<sup>41</sup> At the same time, systematic efforts have been made to encourage peace, reconstruction and reconciliation and to promote institutional reform. The limitations as well as the potential of these efforts at 'modernization from the outside' in Nicaragua and El Salvador are the subject of the last section of this article.

#### *El Salvador*

The priority of the World Bank and other international financial institutions was to bring about economic adjustment, stabilization and renewed growth. The war economies of the region had postponed structural adjustment and the tendency had been for the state to increase its role in the economy, under the

<sup>41</sup> This argument is explored a little more in J. Pearce, 'Building civil society "from the outside": the problematic democratisation of Central America', *Global Society* (May 1998).

US-backed Christian Democrat government in El Salvador of the 1980s as well as in Sandinista Nicaragua. The conclusion of many observers is that this agenda has conflicted with and even undermined the UN agenda around peace-building and development. In 1994 Alvaro de Soto, the UN peace negotiator in El Salvador, co-authored an article in which he posed the question:

El Salvador now faces a very real dilemma: should it sacrifice economic stabilisation to proceed with implementing the accords, or should it strictly carry out its stabilisation and structural adjustment program, perhaps endangering the peace? Neither path is independently sustainable. There is an overriding need to harmonise the two processes so that they support rather than counteract each other.<sup>42</sup>

Subsequently, a systematic study has confirmed the hypothesis that the peace process in El Salvador has been seriously weakened by the failure of external agencies to coordinate the economic and political tasks of the post-conflict transition.<sup>43</sup> The study identifies two types of failure with respect to what it calls 'peace conditionality' in El Salvador. The first relates to the refusal of international financial institutions to relax fiscal discipline at the beginning of the reconstruction process, despite the high cost of the implementation of the peace accords. This resulted in social spending cuts, slow-downs in land transfer programmes and reductions in public investment, and generally impeded any progress on the distributional issues (fundamental to the origins of the conflict), eroding the conditions for peaceful development. The second failure relates to the lack of pressure on the national government to increase its mobilization of domestic resources and shift public spending towards short-term programmes as outlined in the peace accords as well as the long-term investment essential if peace was to be consolidated.<sup>44</sup> In effect, Salvadorean elites, and the national state which they controlled following the victory of the ARENA party in the 1989 presidential elections, passed the burden of financing the peace process and developing policy initiatives associated with it largely to the international community while it concentrated on the process of adjustment and renewed accumulation. The international institutions missed an opportunity to enable—or force—them to take responsibility for what should have been a national endeavour to reconstruct the country and make the issue of poverty and development one of national concern, not just a matter of targeted international interventions in former conflict zones.

The social and economic elements of the peace accord in El Salvador specifically left out the general orientation of the government's economic

<sup>42</sup> Alvaro de Soto and G. del Castillo, 'Obstacles to peace-building', *Foreign Policy* 94, Spring 1994, p. 71.

<sup>43</sup> Boyce, ed., *Economic policy for building peace*.

<sup>44</sup> A. Segovia, 'Domestic resource mobilization', *ibid.*, p. 123.

policy as outside the scope of the agreement. The elites accepted limited land transfer to ex-combatants as less costly than wage rises or wider land reform,<sup>45</sup> and international policy-makers accepted this 'because asset redistribution would transgress the minimal role accorded to the state'.<sup>46</sup> The National Reconstruction Plan which was to target the former conflict zones has been characterized by bureaucratic ineptitude and political resistance to land transfers to peasant occupiers and ex-combatants, creating serious delays in critical programmes to guarantee peace. In 1995, ex-combatants occupied the National Assembly and other government buildings demanding land and indemnity payments, and several were killed when the police regained control. The lack of a wider agrarian reform remains a major obstacle to poverty reduction, leaving thousands of land-poor and land-hungry men and women struggling with fragile, insecure livelihoods, unable to improve their health and develop literacy and other skills essential to human capital formation in a country in the throes of modernization.

The macroeconomic performance of the country has nevertheless been widely seen as a success. The economy grew on average by 5.6 per cent between 1991 and 1996 compared to -0.4 per cent between 1981 and 1990. However, this growth is partly due to the massive increase in the flow of foreign exchange from remittances arising from the mass migration of some 20 per cent of the population during the war, when about one million people went to the United States. By 1993, remittance inflows were double the volume of external assistance and had exceeded total export earnings.<sup>47</sup> They enabled the government to finance the trade gap, maintain a stable exchange rate and control inflation; they also cushioned the impact of structural adjustment on the poor. Migrant labour could be said to be part of the comparative advantage of poor and peripheral countries such as El Salvador and remittances a perfectly acceptable way to maximize this advantage in the global economy. The danger is one of sustainability; not only has the United States persistently threatened to deport illegal migrants, but family ties will loosen over time and as this happens the remittances will diminish. In reality, El Salvador has not yet found a credible path to sustainable growth and development. The ARENA government of 1994 announced ambitious plans to turn the country into a financial centre and to secure global markets for its assembly industries, but in so doing it is competing with even lower-wage, better located economies. Even the World Bank has introduced a note of caution in the interpretation of what it otherwise claims is one of the relatively more successful economies in Latin America:

<sup>45</sup> E. Wood, 'The peace accords and reconstruction', *ibid.*, p. 82. There has been considerable debate about the impact of agrarian reform in El Salvador, some of which has taken place between academics in the pages of the *Latin American Research Review (LARR)*. See Mitchell A. Seligson, 'Thirty years of agrarian transformation in El Salvador', *LARR* 30: 3, 1995, pp. 43-74; Martin Diskin, 'Distilled conclusions: the disappearance of the agrarian question in El Salvador', *LARR* 31: 2, 1996, pp. 111-26.

<sup>46</sup> Boyce, ed., 'Introduction', *ibid.*, p. 4.

<sup>47</sup> A. Segovia, 'Performance and policies since 1989', *ibid.*, p. 57.



*From civil war to 'civil society'*

More rapid economic growth is a necessary condition to alleviate poverty and consolidate peace. Although growth improved in the post-war period, GDP per capita remains at pre-war levels and the trickle down effects of prosperity have not yet been felt widely enough. Real GDP levels are only approximately equal to those of the late 1970s and GDP per capita in 1994 was still below 1970 levels.<sup>48</sup>

Postwar reconstruction was not only about economic liberalization. In the course of global shifts in economic and political thinking in the 1980s, 'democracy', 'liberalism' and 'human rights' were revived as universal concepts which all nations should accept if they wished to be part of the international community. In addition, they came to be seen as necessary to development, not just an inevitable outcome of it. Peripheral and war-torn societies such as those of Central America in desperate need of economic assistance found that this was increasingly conditional upon political as well as economic liberalization. Debates around institutional, electoral and political reform were linked to discussions around economic privatization and structural adjustment. The peace accords in El Salvador laid the basis for significant political reform. In particular they allowed for the reform of the coercive apparatus of the state, with the disbandment of security forces such as the Treasury Police and National Guard which had terrorized the rural population, and the size of the army was considerably reduced. Another major achievement was the founding of a new National Civilian Police. The Ad Hoc Commission set up by the accords allowed for an unprecedented review of army personnel by civilians and resulted in the discharge, transfer or retirement of 103 high-ranking officers responsible for human rights violations during the war.

The UN played a critical role in actively monitoring the implementation of the accords and diffusing the many crises in their implementation. There have been some notable achievements, but also continuous resistance and impediments from military and civilian elites. A UN investigation into the resumption of death squad activity in 1994 found that these groups remained linked to the military and had evolved to encompass organized crime as well as carrying out politically motivated killings.<sup>49</sup> A recent study of the Salvadorean military has concluded that 'although the accords laid the groundwork for a significant reduction of the military's prerogatives, they did not go far enough to ensure civilian supremacy over the armed forces. The military's realm of political action was greatly circumscribed, but it retained much of its autonomy intact.'<sup>50</sup>

A great deal of international effort has gone into judicial reform, which was a major recommendation of the Truth Commission—another outcome of the peace accords—made up of international experts in international law, who

<sup>48</sup> World Bank, *El Salvador*, p. 3.

<sup>49</sup> S. Baranyi, 'UN verification: achievements, limitations and prospects', in R. Sieder, ed., *Central America*, p. 256.

<sup>50</sup> P. J. Williams and Knut Wälther, *Militarization and demilitarization in El Salvador's transition to democracy* (Pittsburgh, PA: University of Pittsburgh Press, 1997), p. 169.

reported in 1993. Efforts to depoliticize and decentralize the judiciary have resulted in what observers have described as the 'least politicised [Supreme Court] in Salvadorean history'.<sup>51</sup> However, El Salvador is a long way from enjoying a non-partisan, independent and effective judiciary. The legislature, under the control of the conservative ARENA party, systematically blocked efforts to modernize criminal procedures and conviction rates remain very low. The Human Rights Ombudsman's Office has become an important voice in favour of police and judicial reform, but has been attacked by the right: its 1997 budget was cut by 10 per cent and its officer received death threats.<sup>52</sup> The climate of insecurity in which people live, exemplified in the statistics on crime already outlined, feeds calls for authoritarian solutions, and a vigilante organization which began killing suspected criminals was given a 33 per cent approval rate in May 1996.<sup>53</sup> The police force has been the subject of a tug-of-war between the vision of the international community, promoted by the UN verification mission, ONUSAL, the US and Spanish governments which want to see a professional, rights-based force focused on the community, and members of the Salvadorean elite who want a force able to deal with crime through strong repressive measures familiar to them.<sup>54</sup>

As international monitoring of the peace accords ends and international financial assistance diminishes,<sup>55</sup> it is clear that a huge agenda of political and other reforms remains pending in El Salvador. International assistance and monitoring have been critical to the achievements so far.<sup>56</sup> The capacity and willingness of internal forces actively to press for and sustain the process of change have been weakened by the political apathy and demobilization that have spread since the peace accords were signed. Confidence in the electoral process is very low. Public opinion polls conducted over the years show a complete lack of confidence in the country's institutions. In 1995, for instance, only 4.9 per cent of those polled had confidence in the justice system and only 2.4 per cent in the political parties; 71 per cent had little or no confidence in the Legislative Assembly and 74 per cent had little or no confidence in the President.<sup>57</sup> Voter turnout is very low: abstention was around 60 per cent in the 1997 congressional and municipal elections, which resulted in significant victories for the FMLN.<sup>58</sup>

<sup>51</sup> R. Sieder and P. Costello, 'Judicial reform in Central America', in R. Sieder, ed., *Central America*, p. 192.

<sup>52</sup> J. Spence, *et al.*, *Chapultepec*, p. 19.

<sup>53</sup> *Ibid.*, p. 10.

<sup>54</sup> *Ibid.*, p. 16.

<sup>55</sup> The ONUSAL mission ended in April 1995, leaving only a small team of specialists to continue verifying the remaining agreements.

<sup>56</sup> This is the conclusion, for instance, of the study by Hemisphere Initiatives on postwar El Salvador:

'There can be no doubt that the democratization of political life is incomplete. Numerous authoritarian tendencies and practices remain. While substantial institutional change has occurred, in each case there has been a struggle between traditional forces and modernizers. One force for change, the international community, is waning in influence', J. Spence, *et al.*, *Chapultepec*, p. 5.

<sup>57</sup> *Ibid.*, p. 10.

<sup>58</sup> *Latin America Monitor: Central America*, April 1997.

## *From civil war to 'civil society'*

The FMLN has struggled to transform itself into a political party, with limited success; it is still programmatically and institutionally weak.<sup>59</sup> However, in the March 1997 election it increased its seats in the unicameral 84-seat National Assembly from 14 to 27, while the governing ARENA party saw its total decline from 41 to 28. Of even more practical significance, the FMLN captured 6 of the 14 departmental capital cities, including the national capital, San Salvador. This has breathed some new life into the political process. How far the FMLN is able to overcome the political instrumentalism which—at both the local and national level—makes politics in El Salvador primarily a means of party gain rather than democratic process will offer some indication of the prospects for future change. The growing political presence of the FMLN, and of the civil organizations still associated with them in some way, keeps alive oppositional energy in El Salvador and is a reminder to the Salvadorean elite that they have conceded a political space that cannot now be closed off.

## *Nicaragua*

The postwar reconstruction process in Nicaragua confirms many of the conclusions of the research of James Boyce and others in El Salvador. Economic adjustment and the removal of all vestiges of Sandinismo were much more important to the international financial institutions than promoting coherent social policies and national development strategies. The private sector, more venal and weaker than in El Salvador, felt it had the green light to recapture the political power taken from it in 1979 without taking on any commensurate national responsibility. In Nicaragua, the state emerged much weaker from the war than in El Salvador, where US aid had bolstered it; despite their efforts to modernize, the Sandinistas had ended up running a war economy. The priority of international lenders in post-Sandinista Nicaragua was to dismantle interventionist state bodies, dismiss large numbers of skilled—and mostly Sandinista—public officials,<sup>60</sup> and liberalize and privatize the economy.

The big lenders—the US government, IDB and the World Bank—have pumped large sums of money into Nicaragua, which received an average of US\$164 per capita a year between 1991 and 1993, among the highest aid flows to any poor country, although about a third went towards payment of the huge foreign debt and the aid did not compensate for the extensive war damage.<sup>61</sup> Economic growth resumed in 1994, but according to IDB figures

<sup>59</sup> For a useful discussion of the problems of political parties and party systems in postwar Central America, see Rodolfo Cerdas Cruz, 'Political parties and party systems', in R. Sieder, ed., *Central America*, pp. 15–54.

<sup>60</sup> Thirty thousand jobs were lost in the public sector, a loss of one-third since 1988: David Dye, *et al.*, *Contesting everything, winning nothing: the search for consensus in Nicaragua, 1990–95* (Cambridge, MA: Hemisphere Initiatives, November 1995), p. 10. Managua has some of the best-educated taxi drivers anywhere in the world.

<sup>61</sup> *Ibid.*, p. 18.

between 1988 and 1997 was a mere 0.2 per cent; per capita this amounts to -2.4 per cent. The Nicaraguan government failed to fulfil its agreement with the IMF, which broke down in 1995 and was finally renewed only in early 1998 under the right-wing Aleman government, paving the way for a new round of austerity in a country in which poverty and unemployment have made it the second poorest in the western hemisphere, just above Haiti.

The Sandinistas played a significant role in ensuring some measure of governability in postwar Nicaragua, supporting the reforming wing of the UNO government which replaced them against the far right. This tactical alliance with the Chamorro/Lacayo wing of the UNO government gave the Sandinistas little influence over its policies and meant that they had to share some responsibility for the policies of privatization and liberalization which impacted most upon their poor supporters.<sup>62</sup> The manner of their departure from government, which was accompanied by an undignified—and some would say corrupt—seizure of resources to support the leadership out of office, also cost them the loyalty of many rank and file supporters.

However, the FSLN—the Sandinista party—did retain some power and influence with a solid minority bloc of 39 in the 92-seat National Assembly. Many of the grass-roots organizations which had grown up under Sandinismo were prepared to defend the project even if dissatisfaction with the FSLN leadership was growing. The United States was not neutral even after the 1990 elections, and supported the efforts of the right to eliminate all vestiges of the Sandinista project and resolve the many disputes over property ownership in ways that would favour the anti-Sandinista private sector. The Chamorro presidency was characterized by intense political conflict within the political elite over constitutional and institutional reform, resulting in frequent crises and ad hoc policy-making. Nicaragua seemed to slip back into the power games and self-interested politics of the pre-Sandinista period as evidence of corruption grew, while internationally acclaimed gains in literacy and health care and the more equal distribution of wealth that had been achieved during the 1980s were gradually eroded. The 1996 victory of the anti-Sandinista candidate of the right, Dr Arnoldo Aleman, was evidently welcomed by the US government, both because it represented a 'historic transfer of power from one democratically elected government to another'<sup>63</sup>

<sup>62</sup> G. Prevost, 'The Nicaraguan revolution: six years after the Sandinista electoral defeat', *Third World Quarterly*, 17: 2, pp. 307-27.

<sup>63</sup> The elections of 1996 were significant both for the official turnout of 76% for the fact that the two main contenders, the FSLN and the Liberal Alliance, represented the two forces which opposed each other in the civil war of the 1980s. However, a systematic study of these elections found extensive irregularities, particularly when compared with the widely praised organization and execution of the elections of 1984 and 1990 in which the Sandinistas were in government and were monitored minutely by the international community. See J. Spence, *Democracy weakened? A report on the October 20 1996 Nicaraguan elections* (Washington DC: Hemisphere Initiatives and Washington Office on Latin America, 22 November 1997).

and because of Aleman's commitment to free market policies and the resolution of Sandinista-era property disputes, including those involving US citizens.<sup>64</sup>

While the United States seemed unable to assess the situation except through anti-Sandinista eyes, other multilateral and non-governmental development agencies were seeking ways of strengthening the modernizing impetus in the country, historically weak and growing ever weaker in the post-Sandinista years. Awareness has grown among these agencies that structural adjustment without an effective state and some measure of social responsibility would be detrimental to postwar reconstruction and development. The more successful projects at the local, municipal level depend heavily on international cooperation and often appear to have little relationship with the national government.<sup>65</sup> *Envío*, a monthly bulletin of the Jesuit University of Central America in Managua, which despite a historical connection to the Sandinista government represents a critical independent voice in the 1990s, noted that these international agencies, rather than any national leadership, were the force pushing for progressive change in the country. It referred to the clientelistic power relations which had consolidated around Sandinistas, Chamorristas and now the Alemanistas:

In extremely impoverished countries like Nicaragua, backwardness and unemployment, the weakness of civil society's own institutional infrastructure and the absence of the rule of law all come together to feed this clientelistic culture. It is paradoxical that the international agencies, not the national leadership, are the ones that are today proposing measures against discretionality and other state vices in an attempt to reduce this culture.<sup>66</sup>

However, the international financial institutions had sacrificed some leverage in the ambivalence and ambiguities of their initial approach to post-conflict Nicaragua, which had given such priority to the dismantling of Sandinismo and indirectly strengthened the right. At the same time, they had deprived the state of some of its most skilled and highly trained and committed personnel, most of whom were Sandinistas dismissed in the purges of the public sector that took place in the first wave of neo-liberalism. Despite considerable international assistance, potential sources of conflict abounded in Nicaragua in

<sup>64</sup> This was the main message of the statement before the Subcommittee on the Western Hemisphere, House International Relations Committee, by John Hamilton, Deputy Assistant Secretary for Inter-American Affairs, on 25 June 1997. The statement expressed no concern about the personal debts Aleman was repaying his political backers inside and outside the country and the corruption and clientelism observed by many with the return to power of a man once closely associated with the Somoza dictatorship.

<sup>65</sup> This comment is based on field visits to a number of municipalities in Nicaragua, El Salvador and Guatemala in 1997 as part of a research project on 'local power' in communities recovering from conflict, funded by the Project Counselling Services.

<sup>66</sup> *Envío* 6: 190, May 1997, p. 12.

the late 1990s, particularly over property issues. Thousands of poor people in city and countryside who had received land in the 1980s but lacked legal title to it faced claims from the former owners, emboldened by the return to power of a government strongly representative of their interests.

One difference which persists between Nicaragua and El Salvador is the character of the army. The United States and the far right put tremendous pressure on the Chamorro government to remove Sandinista influence within it, and eventually General Humberto Ortega was removed as head of the army, and a new military code was passed in 1994 aimed at depoliticizing and professionalizing the force. Although it had been Sandinista-led and influenced, the army had nevertheless stood out in Latin America in terms of respect shown its citizens. Many fear that the new code will give the military too much autonomy as well as economic power by permitting it to own businesses generating funds to compensate for the inability of the state to fund pension schemes. Nevertheless, although fears for the future persist, the army has had a good human rights record in the 1990s and tried to remain neutral during the political crises of those years. It has also not been incorporated into the US training programmes in the School of the Americas, in Georgia, now under close scrutiny for its anti-democratic training programmes.<sup>67</sup> The police force, which incorporated many former *Contras*, has fared less well, losing its reputation for honesty and discipline gained under the Sandinistas. The strongest warning about the future of the country came from the new head of the army, General Joaquin Cuadra, in a speech in September 1997: 'Social violence is replacing political violence, but its results are the same or worse,' he argued; and he warned of the need for the 'design and application of viable and bold social policies to offset the impact of the obliged economic reforms, particularly on the most vulnerable sectors of the population. The task is to articulate preventive policies before we find ourselves obliged to apply reactive ones, whose social and political costs are always high and, on occasions, even unpredictable'.<sup>68</sup>

In their different ways, both the Salvadorean and the Nicaraguan experiences reveal the limitations and the promise of international intervention in the post-conflict situation. International multilateral and bilateral agencies were in a

<sup>67</sup> Declassified Pentagon and CIA intelligence training manuals have revealed the extent to which US government bodies taught Latin American military personnel procedures which are inconsistent with US government official policy and democratic standards. Training took place at the US Army School of the Americas set up by the US army in Panama in 1946 and transferred to Fort Bennington, Georgia, in 1984. Over 60,000 Latin Americans were trained in the school which a number of religious organizations in the US, supported by some Congressmen, are now fighting to have closed. In September 1996, after considerable public and congressional pressure, the Pentagon released to the public seven training manuals prepared by the US military and used between 1987 and 1991. Passages in the manuals advocate tactics such as executing guerrillas, blackmail, false imprisonment, physical abuse and the use of truth serum to obtain information. They also train Latin American militaries to infiltrate and spy on civilians, including student groups, unions, charitable groups and political parties. In an analysis of the manuals (*Envío* 16: 195, October 1997), Lisa Haugaard draws particular attention to the persistent failure of the manuals to distinguish between legitimate political and civic opposition and armed rebellion.

<sup>68</sup> *Envío* 16: 195, October 1997.

unique position to influence the destiny of these impoverished countries recovering from war and a previous mode of Cold War international intervention, and most took this task very seriously. However, they failed to coordinate the agendas of economic restructuring, institutional reform, peace-building and reconstruction, and to develop what James Boyce and his co-authors have called 'peace conditionality', which might have persuaded national elites to assume some domestic responsibility for the costs of war and the task of recovery, development and democratic change.

Although this criticism has been acknowledged by many agencies involved and policies began to shift in the mid-1990s, conservative as well as modernizing elites had in the meantime been able to re-establish themselves and pursue the opportunities offered for renewed accumulation of wealth in the era of globalization, or at least to restore their privileges within the national economy. The very logic of globalization and the emphasis on deregulation and minimal state intervention has discouraged state- and nation-building in countries where these have been historically weak. Those with capital, legally or illegally accumulated,<sup>69</sup> look to global markets rather than local ones in an epoch of less and less financial regulation. They have little incentive to build effective national states, and even less to support income redistribution or local employment creation, or to contribute through taxation to national social welfare. In half-built nation-states on the periphery of the global economy, like those of Central America, it is international developmental and humanitarian agencies that are called upon to design and fund the remaining tasks and to give minimal welfare to the impoverished. And while they are engaged in this process, the international financial institutions are promoting neo-liberal macro-level economic policies which may have encouraged greater macroeconomic stability but at a huge social cost for these fragile and polarized societies. There are few signs of any fundamental rethinking of the central tenets of these policies, particularly as they apply to impoverished, war-torn countries.

The implications of these failures have been felt most deeply in the former war zones, regions of historical marginalization in Central America. In Esquipulas in 1987, the presidents of Central America had articulated their 'conviction that peace and development are inseparable, and that there can be no lasting peace in the region without initiatives to solve the problems of refugees, returnees and displaced persons'.<sup>70</sup> This resulted in an innovative integrated approach to these sectors of the population through the International Conference on Central American Refugees (CIREFCA), first convened in May 1989 by the UN. This brought the UNDP and UNHCR together in an

<sup>69</sup> Postwar Central America has become a significant drug-trafficking region, while various forms of extortion and kidnapping have reportedly involved former and acting members of the armed forces in the region.

<sup>70</sup> United Nations, *Third international meeting of the CIREFCA follow-up committee, 28 and 29 June, Mexico City*, mimeo, p. 5.

attempt to link emergency relief with development in the areas of Central America affected by conflict. It incorporated new initiatives such as the Quick Impact Projects (QUIPs) of UNHCR and the Development Programme for Displaced Persons, Refugees and Returnees in Central America (PRODERE) of the UNDP/UNOPs. US\$280 million in non-reimbursable funds were mobilized through CIREFCA for projects in the seven countries affected by war and a further US\$158 million (mostly granted by the Italian government) within the framework of PRODERE.<sup>71</sup>

CIREFCA was extremely important politically. It protected and fostered the space for local NGOs and peoples' organizations, notably in El Salvador and Guatemala, which they had begun to open up in the mid-1980s, helping to legitimate such organizational development independent of government even before the peace accords were signed. Governments which wanted access to funds to 'pacify' the populations in the war zones had to accept the presence of many NGOs, which they suspected of links with the revolutionary organizations. It forced governments throughout the region at least to engage in dialogue with the non-governmental sector. CIREFCA obviously did more than this; under its auspices thousands of refugees and displaced were able to return to their countries and homes with international assistance and protection. However, CIREFCA also aimed to help them create sustainable livelihoods in what are some of the poorest parts of the Latin American sub-continent.

The lack of formal mechanisms on project development and appraisal makes it difficult to undertake detailed evaluation of progress towards this objective. Levels of success have undoubtedly varied considerably, with the worst case arguably the Conflict Border Zone of Nicaragua, where an evaluation after the formal ending of CIREFCA concluded:

Reintegration of the CIREFCA population into the economic and social life of the Conflict Border towns is stagnated and may be jeopardised by the levels of social tension, political polarisation, insecurity, violation of human rights, impunity, ungovernability and the high degree of extreme poverty that prevails in the area... There is no gender approach in the Conflict Border. On the contrary, women's physical and emotional integrity is threatened not only by the traditional relationship with their partners but also other armed groups that rape them and assault them physically and emotionally in various ways.<sup>72</sup>

Other evaluations of CIREFCA have pointed to a number of shortcomings, including inter-institutional rivalries between UNHCR and UNDP, poor gender analysis, the institutional weakness of many local NGOs, and lack of

<sup>71</sup> *Ibid.*, p. 6. Apart from the three theatres of war, the other countries targeted by CIREFCA were Mexico, Belize, Costa Rica and Honduras.

<sup>72</sup> R. Cordero, *Evaluation of the reintegration process of the CIREFCA population in the central and northern regions of Nicaragua* (Managua: mimeo, May 1996).



donor interest beyond the emergency relief objectives, among others.<sup>73</sup> A point which emerges repeatedly is the problem of sustainability in projects that are so heavily dependent on an external commitment of resources, even when, as in the case of PRODERE, there were efforts to encourage local processes of coordination and consensus-building. When CIREFCA formally ended in May 1994, there was widespread agreement that conflict persisted in Central America and that there was a need for a change of agenda in the follow-up. However, the problem may be less one of future donor policies than one of a lack of broader social concern on the part of national governments. This is reflected in, for example, their attitude to the former zones of conflict, the unwillingness to commit domestic resources, the lack of a land policy or effective land reform institutes, the weakness of legal services, the lack of a national credit policy for small farmers and the lack of employment. The conclusion of Aldo Dell'Ariccia, the European Union representative in Central America in the key years of CIREFCA, expressed at a meeting in January 1994 on Local Planning and State Modernization, is worth quoting:

While on the one hand we support the process of formal democratisation, with clean, non fraudulent elections, on the other hand, that process is not accompanied by a real economic democratisation. A situation of rupture and conflict is created, caused by a model of development that is essentially exclusive... Within the framework of the Structural Adjustment Programmes and in particular of the processes of 'state modernisation', the central government delegates increasingly to a decentralised state level or to non-governmental organisations the responsibilities in the social field (health, education etc.) without this delegation of responsibilities being accompanied by a decentralisation of financial resources. As a result, the international donor may be the one who must assume the responsibility of financing these decentralising activities, within the framework of programmes of cooperation, with the risk that once the financing of the programmes has finished, and the donor withdraws, the activities of a social nature are paralysed through lack of resources.<sup>74</sup>

### **Conclusion: is 'civil society' the answer?**

During the 1990s and in some cases earlier, the international agencies involved in postwar reconstruction and development in Central America began to take seriously the debates around 'civil society' which were taking place throughout the world and which posed this arena of associational life as a benign force against the corrupt, interventionist and unaccountable

<sup>73</sup> See e.g. Gonzalo Perez del Castillo and Marike Fahlen, *CIREFCA: an opportunity and challenge for inter-agency cooperation* (Joint UNDP/UNHCR review, mimeo, May 1995); Mary Ann Larkin, *Review of the CIREFCA process* (UNHCR, Eval/CIREF/14, mimeo, May 1994).

<sup>74</sup> Aldo Dell'Ariccia, 'Políticas de inversión y gestión local para la viabilidad de las áreas de exclusión', in PRODERE/PNUD, *Planificación local y modernización del estado* (San Salvador: PRODERE, 1994), pp. 114-15 (my translation).

state.<sup>75</sup> This coincided with a growing acknowledgement of some of the problems which continued to face postwar development and democratization in Central America. The Clinton administration fostered a more open debate about such issues within USAID. 'Civil society', as understood by many international agencies, seemed to promise an internal/local socio-political 'agency' which could make states accountable to citizens and implement projects aimed at targeting help on the poor.

Concern that governmental institutions lacked both the political will and the effectiveness to carry out poverty alleviation programmes had already led international financial institutions to enlist the support of non-governmental agencies. The World Bank came to channel the bulk of its small infrastructural projects targeting the poor, known as Social Investment Funds, through NGOs.<sup>76</sup> Often NGOs were equated with 'civil society'; as many were run by the more educated and articulate middle sectors of society, they were seen as the bearers of a democratizing project, driven by technical rather than political criteria. The more political NGOs have tended to be marginalized by the larger funders or have become the subject of donor 'capacity-building' projects.

The peace process in Guatemala has reflected the new wave of discussion on the need to strengthen citizens' organizational capacities as a means of democratizing the state and delivering development. Guatemala has also benefited from a concern to impose the kind of peace conditionality omitted in the previous experiences, enabling elites to evade any responsibility for financing the peace process through some commitment of domestic resources. Multilateral agencies and governments have made it clear that their assistance to postwar Guatemala is dependent on a significant increase in the tax base. The IMF, for instance, has insisted that the government comply with its peace accord commitment to increase its tax revenues from 8 per cent to 12 per cent of GDP by the year 2000.<sup>77</sup>

'Civil society strengthening' projects are being systematically incorporated into the peace-building agenda of donors in Guatemala and elsewhere in the region. The post-PRODERE initiative of the UNDP/UNOPs for Central America<sup>78</sup> aims specifically to 'seek to establish consensus at all levels (regional, national, local) with the main protagonists (governments, public authorities, civil society, private sector, international community etc.) on the existence of a very serious social problem (poverty, unemployment and slow growth of per capita income) and how to attack it'.<sup>79</sup>

<sup>75</sup> There is a vast literature on this topic. For a discussion of the debate in Latin America, see J. Pearce, 'Civil society, the market and democracy in Latin America', in *Democratization* 4: 2, Summer 1997, pp. 57-83; J. Howell and J. Pearce, *Civil society and development* (Boulder, CO: Lynne Rienner (forthcoming 1999)).

<sup>76</sup> NGOs played an implementing role in 78% of all social investment funds approved in fiscal year 1995: World Bank Poverty and Social Policy Department, *NGOs and the Bank: incorporating FY95 progress report on cooperation between the World Bank and the NGOs* (Washington DC: World Bank, June 1996), p. 13.

<sup>77</sup> Conciliation Resources, *Negotiating rights: the Guatemalan peace process*, p. 32.

<sup>78</sup> Programme for the Promotion of Sustainable Human Development at the Local Level in Central America, known as PROGRESS.

<sup>79</sup> PNUD/UNOPs, *Lineamientos para la programación operativo* (mimeo, Guatemala City, June 1997).

This new emphasis is potentially very important. The legitimization of autonomous and voluntary organizations which is implicit in the discourse around 'civil society' is an important step forward for a region which has only recently won freedom of expression and association, and where civil rights are accepted only reluctantly by conservative civilian and military elites. However, it should be recalled that Central America did have the beginnings of a dynamic of associationalism prior to the civil wars of the 1980s, which was only to a relatively small degree dependent on outside funding, certainly compared to the 1980s and 1990s. Research on the history of the peasant movement in El Salvador, for instance, shows that it rested entirely on small contributions from peasants themselves and their commitment to the struggle in which they were engaged.<sup>80</sup> The extent to which external donor funding can influence such internal historical and social processes is not clear.

It is certainly true that just as trade unions, peasant organizations and reforming political parties of the middle class grew in Central America and became more combative in their demands, the US government through USAID deliberately funded a parallel dynamic of less militant, pro-US peasant and worker unions while strengthening the repressive capacity of the state to deal with the opposition. The difference today appears to be an assumption that 'civil society' does not reflect the conflicting class and social interests in the way which seemed to be the case before the civil wars. This assumption is rarely discussed; the rise of 'new social actors' and identity politics, it is sometimes suggested, has changed the character of postwar social organizing in the region. But it is difficult to accept that the material, redistributive struggles implicit in the levels of poverty and inequality in the region do not remain, even though years of repression, disarticulation and economic change have taken their toll; nor that 'civil society' is not itself a terrain of deeply embedded social conflicts and conflicting world views. Most donors prefer the NGO as their model of a civil society organization, and many are engaged in turning organizations once seen as social empowerers into technical service deliverers and advocacy organizations on behalf of the poor. Words such as 'empowerment' and 'participation' are still used, but their meanings have become more anodyne and less political.

Consensus-building has become integral to the 'civil society strengthening' initiatives of many large donors. The importance of the private sector or business association has been recognized as part of this aspect, alongside direct funding of grass-roots organizations and movements, reflecting concern that the NGO sector might be strengthened to the exclusion of beneficiary groups. Many grass-roots movements as well as NGOs have themselves embraced the concept of 'civil society', some for instrumentalist reasons, given its importance for donors, and others because they also genuinely see it as a concept that legitimates their struggles for social justice and 'civility' in the uncivil environment of postwar Central America. There is a danger, however, that 'civil society' as

<sup>80</sup> J. Pearce, *Promised land*.

used by international donors in Central America reifies the concept as something essentially homogeneous, and its strengthening as a 'win-win' process for all that can only contribute positively to democracy and development. Viewed thus, it may become just a series of projects, which, as they compete for donor funds, look more towards donor agendas than to the social and political dynamic of their own societies and to their own capacities to bring about change without funding from outside. In addition, if some sectors of 'civil society' broke ranks and began to seek a change in the overall direction of economic policy, and challenge the notion of 'targeting the poor' as opposed to giving the poor a chance to reshape policy, one can only speculate whether this would be interpreted as a sign of 'political immaturity' and a reason for withdrawing external funds.

Field visits to Central America show pockets of international aid agency attention, where many donors concentrate their funding and where the population is fast coming to assume that it is international governmental and non-governmental agencies that are the source of any development potential.<sup>81</sup> It is perceived as more important to lobby such organizations than their own government. Critical problems of sustainability once donor interest diminishes or the funding runs out overshadow the long-term prospects for these processes. In the meantime, the articulating power of democratic and accountable political parties (still to be built in Central America) becomes less important than the ability of particular organizations of 'civil society' to influence decision-makers in consensus-building fora designed by external agencies. Fragmentation and division among the very organizations most actively seeking change may be an unintended result. In this way the depoliticization which has set in since the end of the civil wars, and which has been expressed in electoral abstentionism in El Salvador and support for right-wing populism in Nicaragua, may be reinforced.<sup>82</sup>

Almost a decade after the end of the Cold War, and despite considerable international aid and attention, only a certain kind of peace prevails in Central America. Poverty and violence remain features of the everyday lives of the majority of citizens. There is no open warfare and a political opportunity has been opened up with the help of international development and humanitarian agencies; and progress has been made on some key issues of reform and post-conflict recovery. The voices of women and indigenous communities and organizations are heard in the region in unprecedented ways and what is

<sup>81</sup> For an interesting study of the difficulty international donors have in reaching the grassroots in such circumstances, despite their stated objectives, and of the tensions between such donors and national government, see Chris van der Borgh, 'Decision-making and participation in poverty alleviation programmes in post-war Chalatenango, El Salvador', *European Review of Latin American and Caribbean Studies* 63, December 1997, pp. 49–66.

<sup>82</sup> In Guatemala, the growing popularity of former President Rios Montt's political party, the Guatemalan Republican Front (FRG), particularly in rural areas, expresses a similar trend against the more technocratic and modernizing government of the PAN.

understood as the 'public sphere' has changed significantly. However, many uncertainties loom over the prospects for deepening the process of democratization, development and peace-building.

Central America emerged from the Cold War and its own internal wars even more dependent than before on external support and facing a much more competitive global environment. Its indigenous process of historical change was profoundly affected by the external intervention legitimized by the Cold War. The legacy of that war continues to weigh heavily upon Central America, as it does on Angola, Mozambique and other impoverished countries where it was played out. Today, international agendas and debates dominate the search for development and change in postwar Central America, in ways that are both positive and negative. The current international support for 'civil society' could still be used by local people to develop their own agendas, and there are many local efforts in that direction. If and when they bear fruit, and the struggle for democracy and socio-economic justice intensifies, it will be important for the international community to accept that there is no predetermined outcome to 'civil society strengthening' and that ultimately externally funded projects are no substitute for the dynamic of history.