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RECKONING WITH THE CENTRAL AMERICAN PAST:
ECONOMIC GROWTH AND POLITICAL ISSUES

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RECKONING WITH THE CENTRAL AMERICAN PAST:
ECONOMIC GROWTH AND POLITICAL ISSUES*

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The principal object of this paper is to elaborate a general framework in which to rethink the last hundred years of the Central American past. No one doubts that the present Central American crisis has deep historical roots. However, a rapid overview of the vast literature produced in the United States on this subject leads one to the conclusion that the historical considerations of the crisis are mostly superficial, and in some cases the historical data do not even exist. This is also true for the smaller quantity of literature produced in Central America. Undoubtedly, a reason for that situation is the underdevelopment of Central America historiography,¹ and the fact that historiography studies have always focused on national topics and have neglected comparative analysis with the other countries.²

I do not need to underline the importance and interest of a work of this type. I prefer to note, above all, that to me it seems indispensable to go beyond the two types of focuses currently in vogue: 1) certain Manichaen views that, although they are derived from distinct ideological perspectives, reach equally gross simplifications, and 2) the type of "structural history" proposed by "sociology of dependency."

In the first case we have interpretations, mostly implicit, derived from the "Roosevelt Corollary of the Monroe Doctrine:" the successive crisis, the continuing political instability and social protest, is the product of backwardness and the "uncivilization" of those tropical regions (Banana Republics). A second set can be called "conspiracy theories:" all of the misfortunes are seen as products of an elaborate scheme involving the multinational corporations, local oligarchies, and imperialism. Or, from another perspective, the supposed conspiracy is seen as the result of a satanic conspiracy controlled from Moscow or Havana. As always occurs, in each of these "catechisms" there are elements of truth for forming a convincing tale of "Good" versus "Evil". And as the immense popularity of "star wars" films shows well, such stories apparently do not attract only children.

* This paper is part of a larger work carried out at the Woodrow Wilson International Center for Scholars, Washington D.C., with the help of research assistant Justin Wilt. The author assumes full responsibility for the contents of this paper.

Luckily, the second focus has a solid academic status. The "structural history" proposed by the "sociology of dependence"³ in my opinion lacks the following: a) a sufficient comparative perspective, b) an adequate consideration of the interrelationship between economics and politics, and c) an adequate consideration of international political factors, as well as other historical circumstances often judged as merely fortuitous or circumstantial.

In looking at the political scenario of the crisis in the last ten years, what catches one's attention is the sharp contrast between the political stability and the validity of the representative democracy in Costa Rica and the military coups, social upheaval, and popular insurrection which have afflicted the rest of Central America. The contrast is more surprising if one considers that Costa Rica and its four neighbors--Guatemala, El Salvador, Honduras and Nicaragua--have many common traits: similar export economies, an industrialization process under the Central American Common Market, and a historical past that is, to a certain degree, shared. Thus, one wonders how the countries of Central America, while sharing similar traits, have striking differences in their political situations. In the pages that follow, we will consider the basic characteristics of export economies and their integration into the world economy during the second half of the nineteenth century. The type of production organization in Costa Rica historically has been different from that of Guatemala and El Salvador. Furthermore, the nature of the State and of the prevailing political regime is linked to peculiar characteristics of these economic structures. The cases of Honduras and Nicaragua are studied separately, to be able to render full justice to the incidence of international political factors and other "obstacles to development" which produce their "belated" and "frustrated" integration into the world market.

I

During the nineteenth century, the export of tropical products assumed the so-called role of "engine of growth," and with minor changes is still valid today. The Central American industrialization is not just a recent phenomenon, but rather it is specific to on a particular period of prosperity of "traditional exports."⁴ In other words, the "open" character of the Central American economies, generally typical in the case of "small countries," is a constant in the history of the last hundred years.

The following chart classifies the five countries according to the type of integration into the world market and the staples exported.

Staples

Integration with world market	Coffee	Banana	Cotton	Minerals
"Successful"	Costa Rica El Salvador Guatemala	Costa Rica Guatemala		
"Frustrated"	Nicaragua		Nicaragua	Nicaragua
(belated)		Honduras		Honduras

It is important to note that the concept of integration with the world market is used in its economic and political dimensions: that is the development of an exporting economy and the consolidation of the national state.⁵

By "successful" integration we mean a continual process, i.e., once the possibilities of exports to the world market open up, there is a gradual overcoming of obstacles (such as cost of transportation, etc.). The process of integration can be considered fully developed by the eve of the First World War. We will consider how "frustrated" integration is a interruptive process with diverse obstacles, recessions, diversions, etc. The "belated" character means that on the eve of the First World War the process was not properly completed. The affected countries thus lost the "relative advantages" of the 1870-1913 upswing period, particularly favorable for world trade and international investment. The "success" depended, obviously, on the internal ability to mobilize production resources, and the political stability being as much a requisite as a result of "successful" integration. The "frustrated" integration is the result of different factors: internal weakness, geographical obstacles, foreign intervention, etc.

II

We will examine the "successful" cases of integration with the world market. Coffee clearly predominates in the economies of Costa Rica, Guatemala, and El Salvador.⁶ In Costa Rica it prevailed early, in the 1840s. In Guatemala and El Salvador it competed first with cochineal and indigo dyes, both exports inherited from the colonial period. However, the coffee industry "takeoff" was finally consolidated in Guatemala in the 1870s and in El Salvador, a bit later in the 1880s.

In Costa Rica and Guatemala the need for coffee transportation initiated a particular type of forward linkage: the banana plantations. In effect, this new agro-export activity was permitted by from the construction of a railroad system to transport the coffee from the Central highlands to the Atlantic ports. Additional railroad and landgrant concessions, railroads and banana operations combined to a form a new and particularly profitable business from which the huge banana companies expanded.⁷ The structure of coffee production was little affected by this new sector. The banana plantation developed in areas recently opened for colonization, in the Atlantic lowlands and did not compete with highland coffee. The competition for the labor force was more intensive but not decisive. The working conditions and the climate in the banana plantations favored Jamaican immigration to the Atlantic coast of Central America. Regarding the interaction of power relationships, the banana companies faced a hierarchy created and dominated by the coffee interests. In spite of the economic impact of the new product⁸ on national societies, Guatemala and Costa Rica maintained and continued to develop the character of "coffee republics."

We will consider now the principal aspects of the organization of production. Central American coffee is of the "Mild Arabicas" type, high-quality product, habitually commanding a premium price over the normal Brazilian coffee price.⁹ The cultivation can be qualified as "gardening" compared with the Brazilian plantations.¹⁰ The quality of the production depends on the altitude, the degree of shade, the characteristics of the soil, etc. The quality also depends strictly on the labor inputs per land unit. The secret of the coffee expansion in Central America has resided, in my view, in a particular combination of rich soils of volcanic origin, areas of appropriate altitude (between 800 and 1400 meters above sea level), regular temperatures and appropriate rainfall and an intensive use of agricultural labor. It can be noted that in the case of highland coffee the cultivation and harvesting have always been done manually with very little possibility of mechanization. Still, the improvement of the cultivation systems introduced in the 1950s (fertilization, artificial irrigation, new varieties of coffee trees, sowing more plants per area, etc.) meant the intensive use of manual labor.

Other interesting aspects have to do with the level of production. Although the lands appropriate for coffee cultivation were exhausted by the middle of the twentieth century, the Central American countries, between 1880 and 1970 had a coffee production of 7% and 9%, a fraction, reduced but constant, of the world production.¹¹ In other words, this means that production expanded at a slow but steady rate which is well illustrated by the curves dealing with the physical volume of exports in the graph (see fig. 1).¹²

The incorporation of land for production depends on the variables of facilities for transportation and of labor availability. The first one can be considered as an "induced" variable; The opening of new roads, railroads, and ports, was an internal response to the advance of colonization. The second, the mobilization of labor, then becomes a particularly strategic variable.

The supply and the labor systems depended, in our case, on two basic factors: population densities (or in economic terms the land/labor ratios), and the nature and action of the State. The first factor is structural, modifiable only in the short- and medium-term, by a policy of massive immigration (or emigration).¹³ The second refers to the State as a "promoter of exports," and in this particular case forming a legal and institutional framework for the provision of labor. It refers also to socio-cultural aspects: capacity, qualification, discipline of work, type of relations between "patrons" and "workers," etc.

In Table 1, estimates of population density and the land/labor ratios for the years 1880, 1920, 1940 and 1950 are presented. In this Table, the contrast between Costa Rica and Guatemala and El Salvador attracts one's attention. In the first case we observe population densities which are much lower, and land/labor ratios that are considerably higher. Although the figures vary with the passage of time (and the differences tend to diminish), by 1950 we continue to observe, although on a smaller scale, a similar situation. What is the significance of these figures? The amount of available land per worker is much greater in Costa Rica than in Guatemala and El Salvador. Note that this occurs while a commercial crop predominates¹⁴ which requires strong inputs of labor per hectare, and no feasible alternative for mechanization is possible. Does all of this have influence over the labor system and the agrarian landscape in Central American coffee production?¹⁵ First, we will compare those systems and countries.

Table 2 permits comparison of the agrarian structures of the three countries until the 1960s. Although it is difficult to obtain data of similar precision for the later part of the nineteenth century (or even in the 1930s), all of the available evidence permits one to affirm the relative constancy of the structural relationships (that Table 2 shows) that produced the "take-off" of the coffee industry.¹⁶ The first notable fact is that of the average dimensions of the "large" farms: in Costa Rica, 21.6 hectares, while in El Salvador, 58 hectares, and in Guatemala in farm size is still greater. It is interesting to note that those farms represent 20% of the area allocated to coffee production in Costa Rica, while in Guatemala and El Salvador they represent 60% of the land utilized. In brief, the agrarian countryside in Costa Rica was dominated by farms of relatively small dimensions, while in El Salvador and Guatemala the larger properties were predominant.

The labor system also showed notable contrasts. The coffee harvest, from months of November to January each year, signified a sharp peak in labor demand. Towards the end of the nineteenth century, provisions for this crucial time were assured through different mechanisms. In El Salvador an abundant supply of wage labor was available. In Costa Rica the same system was used but complaints abounded about the scarcity of labor, and in Guatemala compulsory systems were used to force the Indians to come down from their high-lands communities to the coffee-growing zone.¹⁷ Permanent labor was assured on the small and medium-sized farms by peasant family

labor. On the large farms the colonial system (colonato) was normally used: each peasant family received a plot of land for subsistence-farming on the periphery of the coffee plantation, in return for this plot the family was expected to be available for work on the farm at specified times, usually so many hours/day, days/week, etc. Regulated by custom, this system include foremen, mayordomos and workers.¹⁸ It was frequent to pay salaries with tokens exchangeable only in stores owned by the landlords. This insidious system seems to have played an important role in the Salvadorian rural riots with ended with the bloody rebellion of 1932.¹⁹

If we return now to Table 1, we can compare the structural relationships that emerge from Table 2, and we can include the description of the labor system that we have just made. A correlation seems obvious between the low population densities (or high land/labor ratios) of Costa Rica, the predominance of relatively small farms, and the extended use of family labor; in brief, the existence of what we might call a "rural middle class."

The answer is, however, insufficient. To understand the development of a forced labor system, as in Guatemala, or the fairly clear predominance of wage-earning labor, as in El Salvador, one must add the additional factor mentioned above, that is, the role and nature of the State.

In the 1870s, the so-called "Liberal Reforms" provoked certain internal structural changes for coffee-production "take-off".²⁰ In El Salvador, political actions were taken to expropriate the indigenous and Ladino communities that still occupy lands useful for the cultivation of coffee. In Guatemala the same occurred with Church land, and labor legislation re-introduced compulsory work systems from the colonial period to guarantee the supply of labor by indigenous highland communities.²¹ It is important to note that in both cases the Liberal upswing was a alternative solution for declining colonial export. This is particularly important to explain the nature of the Liberal State and the revival of several colonial characteristics.

The "Liberal Reform" State did not emerge from the head of Justo Rufino Barrios like a new and unusual Minerva, nor was it a gradual result. That is the result of interactions between the classes, the "civil society," and the politico-institutional apparatus. The Liberal State, was an adaptation of the conservative success created by the dye boom of the mid-nineteenth century.²²

This interpretation can be defended three ways. First, the speed and effectiveness of the measures adopted during the "Reform" are best understood with reference to both inherited power mechanisms and state organizations. Second, the nature of these measures drastically redefined certain groups and institutional relationships (notably with the Church and indigenous communities). Therefore, the result was the advance of secular power, but at the same time it was a definitive rejection of a more radical ideal social change project.²³ In this sense, the "Reform" was a clear expression of "positivist pragmatism." Ideologically the notion of "progress" fed the hope

that once achieved the agro-export boom and a permanent link to the world market, social change would come automatically and erase vestiges traits of "colonial backwardness." Third, the relationships between the ruling class and the peasant masses continued in the same preexistent patterns, perhaps with less paternalism than during the conservative period, but equally based on oppression and violence. The innovation for a more efficient repression guaranteed by the States.

The case of Costa Rica differs notably again. Coffee production was increased in the 1840s, and it permitted to a development of a new type. There was nothing like the "Liberal Reforms" of Guatemala and El Salvador. The construction of the national state was a gradual process, parallel to the coffee-growing expansion.²⁴ The "colonial heritage" was limited to an economy of isolated subsistence activities and by a society of peasants and landowning farmhands. Although large differences in personal wealth existed,²⁵ the cultural homogeneity and strong individualist tradition seem to have been the most significant characteristics of this "small rural bourgeoisie."

III

I have left until the end an explicit consideration of the "entrepreneurial function"²⁶ in the coffee-growing economies of Central America. In a macroeconomic view, the process of accumulation can be seen simply as the incorporation of land and labor into production. Up to the 1950s (qualitative differences of the land aside), the variations in the yields per hectare depended (without considering climatic changes or other fortuitous factors) on the quality and intensity of the use of the labor input.²⁷ Given this pattern of accumulation, the result is obvious: the majority of the profits were appropriated by the landlords.²⁸ From the entrepreneurial point of view we return now to the crucial question of the availability of labor.

In El Salvador the higher demographic density and the massive expropriation of the indigenous communities generated a landless peasantry that constituted an abundant and cheap source of labor; once suitable land for coffee-growing was appropriated, the entrepreneurs arranged for ideal conditions of accumulation.²⁹ In Guatemala, the availability of land did not guarantee, given the situation with the indigenous communities,³⁰ the same "supply" of labor. Because of this they fell back on the colonial-type instrument. Although forced labor was not the best economic option (from the purely capitalistic viewpoint),³¹ it had the virtue of assuring the necessary labor for coffee expansion. Its acceptance with a minimum of resistance on the part of the indigenous communities was sufficient proof of its importance as an element of the "social compromise" begun during the Liberal Reform.³² In both cases, the accumulation of land and the availability of large properties was the best entrepreneurial option. In the labor market conditions described above, it is obvious that the wages were regulated in accordance with the internal cost of reproduction of the labor force.

Thus the relationship between landlords and workers became a zero-sum game. Once the land was appropriated, the landlords maximized profits by keeping monetary costs of labor to a minimum. No spontaneous force in the market provoked changes in the distribution of income. The peasants could only better their position if they succeeded in acquiring a plot of land of their own, or obtained through labor organization a collective negotiation for wages. Both possibilities, typical of whatever reform program, signified, nonetheless truly revolutionary changes in the context of the socio-economic structures of Guatemala and El Salvador.

We will consider now the case of Costa Rica. The expansion of a crop such as coffee, labor intensive and in conditions of low demographic density, could offer only two economically profitable possibilities: 1) the concentration of ownership of land and the use of forced labor system,³³ or 2) the development of small and medium properties worked by family labor. As we have explained already, the pattern for development for Costa Rica followed this second option. This resulted from the nature of the State and the characteristics of the "colonial heritage." The entrepreneurs who initially arranged for more capital or who had particular success in the coffee business fashioned a powerful but open³⁴ ruling class which based its wealth on a monopoly of the coffee processing (beneficio) and the management of commercial capital (credit, marketing the production and export). Although these entrepreneurs in general also possessed the larger agricultural properties, their role in production was relatively insignificant (see Table 2). The coffee industry expansion assumed a slow and gradual colonization, based on the allocation of new families in the frontier zones; thus was reproduced the structure of small and medium landowners³⁵ subjected to the domination of commercial capital. On the other hand, with the passage of time, the subdivision of properties (by inheritance), and the end of the agricultural frontier (in terms of finding suitable new lands for coffee growing) around 1930, formed the bases for the emergence of a growing rural semi-proletariat. In a structure of this type, the relationships between the "coffee entrepreneurs" (commercial capital and beneficio) and small and medium producers could constitute the basis of the social relationships. The most significant trait was that, although in unequal form, all enjoyed the profits from the exports. In other words, the relationship can be characterized as a non zero-sum game. The strategies developed by both sectors in this situation were of a typically reformist nature: both sought to better the relative position of each one of them in the market of goods and services. The institutionalization of these conflicts constituted a powerful element of legitimization for the Costa Rican State. That it could occur in a gradual, unfettered way was because of both the aforementioned nature of the "colonial heritage" and the fact that, by way of its geographical situation, Costa Rica remained fairly isolated and detached from civil conflicts during the Central American Federation period (1824-1839). The same also applies, in general, for all of the following period.³⁶ The collaboration and agreements between the different social classes were essential factors in the gradual, slow process of national State construction in Costa Rica.

IV

Certain characteristics of the State and of political life can be analyzed now with better precision. We return first to the cases of Guatemala and El Salvador. The Constitutions and a good part of the legislation remained closer to liberal ideology. But the political reality also included important emergency legislation. (Suspension of constitutionally guaranteed rights because of some "emergency" situation: threat of war, coup d'etats, etc., applied in a permanent form.) The military force and the fait a compli always constituted common government institutions. In sum, the political system excluded the peasant masses and even the much-reduced urban middle sector. Without effective mechanisms for participation, the recognition of constitutional rights had no practical meaning whatsoever. The inherited regime of the Liberal Reform thus assumed peculiar characteristics: democracy never existed, elections inevitably were fraudulent, and "emergency legislation" was the norm. It did not seem strange that, in these circumstances, the principal function of the State was to be repressive. Social relationships and the pattern of accumulation required this.

In Costa Rica the political system gradually incorporated diverse social sectors, merging the base and character of the democracy. In effect, the principal function of the State was the regulation of conflicts. This implies, according to the situation, diverse degrees of "reform."

A comparison of the three cases can now be made with a more analytic perspective. The interaction between the "entrepreneurial function" and the "reform function"³⁷ can be made. In our line of thought, the pattern of accumulation provides a structural matrix for the socio-political changes. In other terms, the nature of the "entrepreneurial function" conditions the possibilities for any "reform function" action.

In Guatemala and El Salvador a "spectacular"³⁸ performance of the entrepreneurial function did not translate into ruling class "hegemony" (in the Gramscian sense), and the legitimacy of the State was challenged in more or less permanent forms by diverse social sectors. In these conditions, the reform function could only be performed by the State in a process of "revolution from above." The failure of these intentions involves all of the tragic political history of both countries in the last thirty years.

In El Salvador there were three systematic "reform" attempts, each resulting from a military coup: in 1949 (government of Colonel Osorio); in 1960-62 (coup of October 1960, fall of the "directorship" in January 1961, "constitutional" government of Colonel Rivera); and in 1979 (coup of October 1979, failure of the first governing council (junta) in December of the same year). The "oligarchic reaction" that made inoperable those attempts really reflected the power of the ruling class vis-a-vis the weakness of the reformist sectors which had some popular support, but were unable to preside over a true "anti-oligarchic" movement. The success of the entrepreneurial

function contrasts with the "historic inability" of the ruling class for elaborating a viable long-term social project.

A more systematic reform attempt occurred in Guatemala during the Arevalo and Arbenz governments (1944-1954). But as the reforms began to progress (agrarian reform), the "oligarchic reaction" started, this time, in the form of open intervention by the United States under the pretext of a supposed "communist menace."³⁹

The history of reform in Costa Rica is completely different. In essence, it proved to be a "revolution from below" that culminated in 1948. The brief civil war⁴⁰ and the change in the state organization that occurred in this moment was the end of a long process. Essentially, the changes provided that the State had a better capacity to play the fundamental role in the interactions between the entrepreneurial and reform function.⁴¹ The principal conflicts in the heart of the ruling class (or facing the emerging sectors) before and after 1948 basically have revolved around degrees or variable amounts of interaction between the entrepreneurial and reform functions. The intrinsic value of each one of these has not been the topic for this discussion.

V

Let us now consider the cases of "frustrated" integration with the world market. Politically, the most obvious manifestation of this situation was a rare period of long-term instability as well as a tardy consolidation of the national State. In Honduras this phenomenon occurred during the long dictatorship of Tiburcio Carías Andino (1933-48), and in Nicaragua during the even longer regime of Anastasio Somoza García (1935-56).

Difficulties in integration with the world market were basically the result of two factors: 1) geographic obstacles, and 2) foreign intervention.

Honduras was especially affected by the natural obstacles. The integration between the central highlands (the most populous but also the most isolated zone), the lowlands of the Pacific (linked with El Salvador and Nicaragua by an ancient commercial route), and the particularly fertile coastline of the Atlantic (in the north of the country) had created problems since the colonial period. The failure of the construction of the interoceanic railroad system sealed the fate of the agro-exporter's development. Coffee had no chance to expand as a commercial crop of any significance. At the end of the nineteenth century there was a mediocre mining boom which meant nothing more than the consolidation of the old situation of isolation and regional fragmentation.

Nicaragua presented relatively fewer geographic obstacles than Honduras for agro-export development. Coffee expanded in the highlands close to the Pacific coast in the 1870s and 1880s, but transport difficulties presented themselves during the agricultural colonization of the Matagalpa mountain range.⁴² In this case, the geographic

obstacles can only partially explain the slow pace of agro-export development. The other factor to include is that livestock production for internal consumption and the Central American Market, a colonial activity since earlier days, did not experience any crisis or decline but rather it increased as a consequence of the agro-export development in El Salvador, Guatemala, and Costa Rica.

We will now consider foreign intervention as an explanatory element in the cases of "frustrated" integration. In Honduras the presence of the large banana companies constituted a particularly disruptive factor. In part companies formed and grew at the cost of important concessions in land, exemptions from taxes, agreements to use the national railroad system, etc.,⁴³ that only the State could grant; in those circumstances the competition between the companies (in particular between the United Fruit Co. and the Cuyamel Fruit Co.) extended their influence to the State and diverse groups in power as a means of achieving their objectives. As all of this occurred in the face of a weak and little consolidated State, the meddling of the companies in civil wars and uprisings against the constituted power were an integral part of Honduran political life in the first three decades of this century.⁴⁴ The end of the inter-company conflicts (with the merging of Cuyamel and United Fruit in 1929) undoubtedly had something to do with the stability and "internal peace" imposed by the dictatorship of Carias Andino in the next decade.

We can now summarize the main implications of "foreign control" over the production for export in the case of Honduras. First, the enclave economy reinforced the regional fragmentation and multiplied the backwardness of the whole Honduran economy. Second, the activities of the banana companies were in part responsible for the creation of a weak and tardy national State. Third, there was no opportunity for the development of a ruling class in the same sense as in Guatemala, El Salvador, or Costa Rica. In other words, the performance of the "entrepreneurial function" by foreign companies did not give an economic base for the growth of any powerful national entrepreneurial elite. Fourth, with the passing of time, the consolidation of the State permitted a better margin of action vis-a-vis the banana companies and other interests. Thus, the "reform function" arose from a "revolution from above" performed by government and diverse groups after 1948 (such as Galvez, Villeda Morales, and various military governments). The inconsistencies and weaknesses in those reform processes were a result of the relative heterogeneity of interests in the diverse social sectors affected. Among these inconsistencies, it must be noted the increasing difficulties in the performance of new entrepreneurial functions which are different from the traditional export activities.

In Nicaragua, foreign intervention meant the military occupation of the country (between 1912 and 1933) in a period of continuous civil wars and instability. The origin of the American intervention was, as is well known,⁴⁵ related to the interoceanic canal affairs, the particular geopolitical situation of Nicaragua, and the politics of President José Santos Zelaya (1893-1909). The civil war frustrated

the better part of the progress achieved during the Zelaya administration. The long contest ended in 1934 with the consolidation of a professional military corps, the National Guard, and the unquestionable leadership of its chief, Anastasio Somoza García.⁴⁶

The position of in power of the Somoza family for forty-four years constitutes an element of crucial importance for the history of Nicaragua in the twentieth century. First, it produced a notable concentration of military power, political power, and finally economic power in the hands of just one family. Second, this occurred in a context of weakness and fragmentation of the national entrepreneurship. Third, the continued support of the United States for Somoza was detrimental to the development of any political alternative to the dictatorship. Fourth, the growing identification between the State and the Somoza family removed all of the legitimacy for the State and the National Guard (a truly praetorian body)⁴⁷ facing the most diverse social sectors. These elements allow us to place in perspective the fall of Somoza and the triumph of the Sandinista Revolution in 1979.

VI

I have presented some hypotheses about the relationship between economic development and political issues vis-a-vis Central American history of the last hundred years. My principal interest has been to offer a general framework to help with the rethinking of the Central American past. Certainly there are many debatable themes and still others remain open to investigation.

I hope to have demonstrated four things. First, that the real histories of the countries of the region are the result of a complex combination of structural factors and more accidental circumstances. Second that a comparative focus is essential for understanding the peculiarities of the Central American case. Third, that the democratic development is the result of a long historical process in which many different factors are involved. However, among these factors, the labor systems, and the main aspect of social structure play a crucial role. Fourth, a reform process in the economic and social field constitute a necessary condition, but not the only one, for the existence of political democracy.

Table 1

Density of Population and Land-Labor Ratios in
Guatemala, El Salvador and Costa Rica (1880-1950)

A. DENSITY OF POPULATION (persons per Km²)

	Guatemala	El Salvador	Costa Rica
1880	10.4	27.3	3.5
1920	18.2	56.8	8.1
1940	22.6	77.9	12.4
1950	25.6	88.6	15.7

B. LAND-LABOR RATIOS (persons per hectare)

	Guatemala	El Salvador	Costa Rica
1880	2.35	2.34	11.4
1920	1.35	1.13	5.0
1940	1.09	0.82	3.2
1950	0.96	0.72	2.6

Sources: Population estimates. Guatemala, Interpolations based on census figures on 1893, 1921 and 1950. El Salvador, Interpolations based on census figures of 1930 and 1950, and Daugherty calculations for 1878 and 1892 (see Daugherty, Man-Induced Ecologic Change in El Salvador, PhD. dissertation, University of California, Los Angeles, 1969). Costa Rica, Interpolations based on census figures in 1864-1892-1927 and 1950.

Land estimates. a) Surface, official estimates as reproduced in Statistical Abstract of Latin America, vol. 21, 1981. (Los Angeles, University of California). table 301. b) Agricultural lands in 1977, FAO estimates (includes arable land, land under permanent crops and permanent meadows and pastures) as reproduced in Idem, table 400.

Methods to estimate the land-labor ratios. a) the total population is used as a "proxy" of the labor supply. In populations with a high mortality rate (e_0 between 25 and 45 years) the proportion of persons in the 15 to 50 age group is constant. b) the total arable land in 1977 is used as an indicator of the potential land supply in the period 1880-1950.

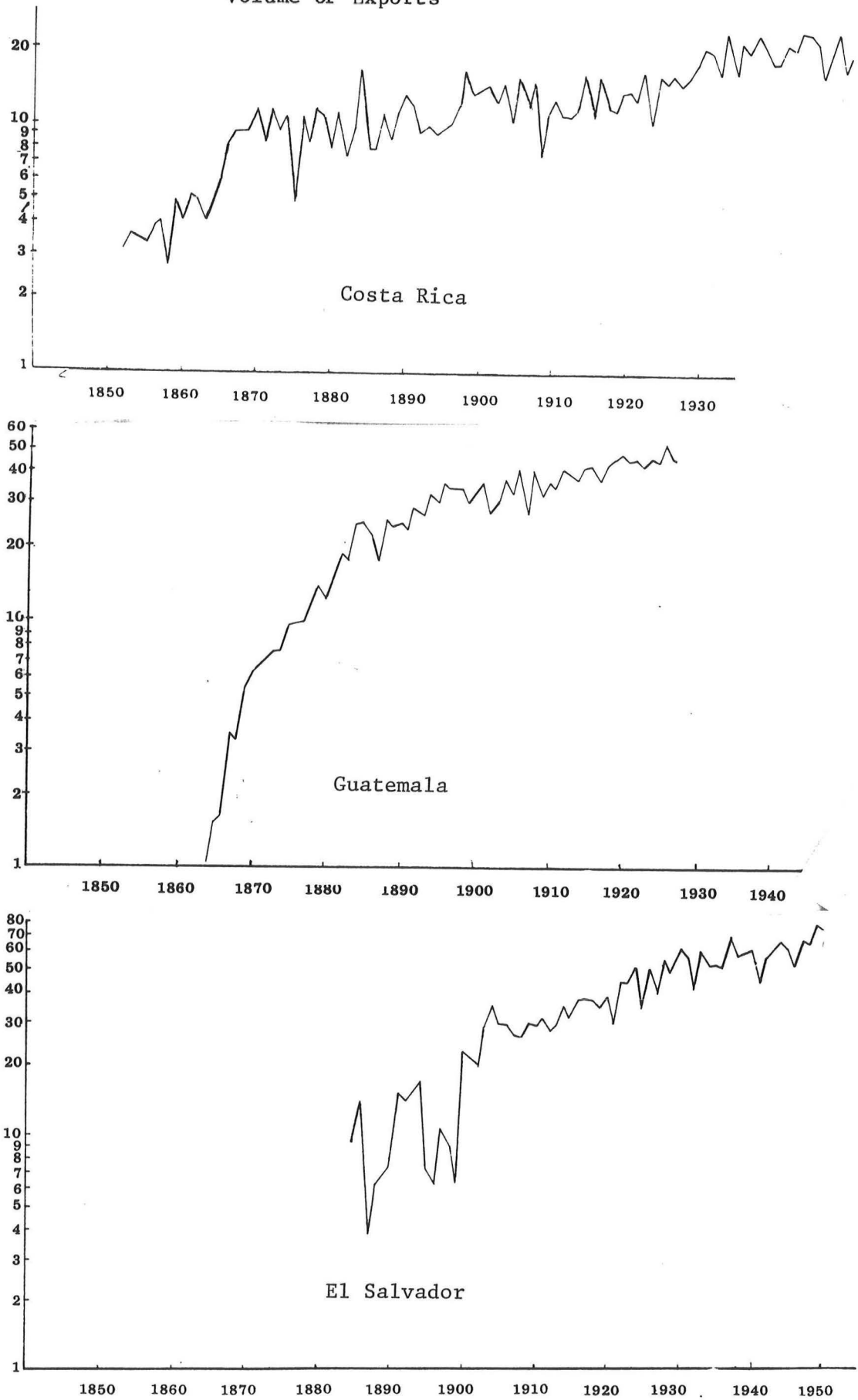
Table II
Structure of Coffee Farms in Costa Rica,
El Salvador and Guatemala (c. 1960)

	Farm size (hectares)	Average coffee (hectares)	% of farms	% of coffee area
Costa Rica	0.7 - 3.5	1.8	87	60
(1955)	3.5 - 13.9	4.7	11	20
	over 14	21.6	2	20
El Salvador	0 - 10	0.7	82	14
(1958 and	10 - 50	7.6	14	27
1961)	over 50	58.0	4	59
Guatemala	0 - 1	0.3	92	18
	1 - 5	3.6		
	5 - 15	9.2	6.7	22
	15 - 50	47		
	50 - 200	105	1.9	60
	over 200	546		

Source: Adapted from Grunwald and Philip Musgrove, Natural Resources in Latin American Development, (Baltimore and London: The Johns Hopkins University Press, 1970). pp. 325-326.

Figure 1

Volume of Exports



NOTES

¹H.B. Bancroft, History of Central America (San Francisco, 1882-1887, 3 vol.) still remains as the last erudite opus published concerning the isthmus' general history. Looking for books available for a larger public, it must be said that nothing is offered in Spanish as alter-ego of Ralph Lee Woodward Jr., Central America: A Divided Nation (New York: Oxford University Press, 1977).

²For a bibliographical revision, see Woodward, Op Cit., pp. 278-321 and W.J. Griffith, "The Historiography of Central America since 1830," Hispanic American Historical Review, 45, 1965.

³See Edelberto Torres-Rivas, Interpretación del desarrollo social centroamericano. (San José: EDUCA, 1971); same author et al., Centroamérica hoy, (Mexico, Siglo XXI, 1975).

⁴See Cardoso y Faletto, Dependencia y desarrollo en América Latina, (Mexico: Siglo XXI, 1969)

⁵See Héctor Pérez Brignoli and Yolanda Baires Martínez, "Growth and Crisis in the Central American Economies, 1950-1989," Journal of Latin American Studies, 2/15/83.

⁶See Ciro F.S. Cardoso and Héctor Pérez Brignoli, Centroamérica y la economía occidental, 1520-1930, (San José: Editorial Universidad de Costa Rica, 1977).

⁷Idem., Kepner and Soothill, El Imperio del Banano, (Buenos Aires: Editorial Triangulo, 1957; Thomas L. Karnes, Tropical Enterprise: The Standard Fruit and Steamship Company in Latin America. (Baton Rouge: Louisiana State University Press, 1978).

⁸In Guatemala, the banana exports represented some 10% of the total: in Costa Rica the amount fluctuated between 30% and 50%.

⁹About coffee prices and qualities, see Joseph Grunwald and Philip Musgrove, Natural Resources in Latin American Development, (Baltimore and London: The Johns Hopkins University Press, 1970), pp. 303-304.

¹⁰An excellent comparative approach is found in ECLA and FAO, Coffee in Latin America, (United Nations, New York 1958, 2 vol.).

¹¹See Grunwald, Op. Cit.; FAO, International Institute of Agriculture, The World's Coffee (Rome, 1947).

¹²The Central American countries exported all they produced. They participated in the Inter-American Coffee Agreement signed in 1940 but until the 1960s none of them suffered because of surplus stocks.

¹³All the Central American Countries tried to promote massive immigration but failed. In consequence, immigration was a very selective process, limited to some foreign entrepreneurs investing in commerce and coffee growing.

¹⁴Monoculture was present since the beginning because no other export alternative actually existed.

¹⁵For a general discussion, see H.J. Nieboer, Slavery as an Industrial System: Ethnological Researches, (New York: B. Franklin, 1910, 2nd. ed.); Evsey D. Domar, "The causes of slavery or serfdom: a hypothesis," The Journal of Economic History, 1/30/1970. The effect of density of population over the techniques and particularly over the agricultural systems is examined by Ester Boserup, but she did not consider the issues concerning the labor systems. See Ester Roserup, Population and Technological Change. (Chicago: The University of Chicago Press, 1981).

¹⁶See Carolyn Hall, El café y el desarrollo histórico-geográfico de Costa Rica, (San José: Editorial Costa Rica, 1976); David Browning, El Salvador: Landscape and Society, (Oxford: Claredon Press, 1971); E.A. Wilson, The Crisis of National Integration in El Salvador, 1919-1935, (Ph.D. Dissertation, Stanford University, 1970); William H. Durham, Scarcity and Survival in Central America, (Stanford: Stanford University Press, 1979); Sanford Mosk, "The Coffee Economy of Guatemala. 1850-1918: Development and Signs of Instability," Inter-American Economic Affairs, 11, 1955; Michael Joseph Biechler, The Coffee Industry of Guatemala: A Geographical Analysis, (Ph.D. Dissertation, Michigan State University, 1970). See also The World's Coffee, op. cit..

¹⁷About Costa Rica see, i.e. "Market for Tractors" Report by the American Consul in San José, May 20, 1924; Foreign Agricultural Relations Report, Costa Rica, Record Group 166, Entry 5. Box 134, National Archives of the United States of America, Washington D. C. See also, in the same file, "Economic Future of Costa Rica," confidential report by the American Consul in San José, November 18, 1925. The advances of money to rural workers ("habilitaciones") were abolished in 1934 and replaced by vagrancy laws. See Nathan Whetten, Guatemala: the Land and the People, (New Haven: Yale University Press, 1961), pp. 118-123. By then the population growth in Indian communities was a sufficient pressure compelling the workers into seasonal migration.

¹⁸Idem.; See also CIDA-CAIS, Tenencia de la tierra y desarrollo agrícola en Centroamerica, (San José: EDUCA, 1974).

¹⁹See, "General Conditions in El Salvador," Despatch 213, November 30, 1932, McCafferty to Secretary of State. American Legation, San Salvador, Correspondence 1932, Volumen III, File 800. National Archives of the United States of America, Washington, D.C.

²⁰See Tomas Herrick, Desarrollo económico y político de Guatemala durante el período de Justo Rufino Barrios (1871-1885), (Guatemala: EDUCA, 1974); David J. McCreery, "Coffee and Class: the Structure of Development in Liberal Guatemala," Hispanic American Historical Review, 56, 3, 1976; Jorge Mario García Laguardia, La reforma liberal en Guatemala, (San José: EDUCA, 1972); David Browning, op. cit.

²¹The lands of Indian communities were situated in high lands, between 4500 and 9000 feet; coffee did not grow well beyond 5000 feet altitude. About the labor supply see Whetten, op. cit., and Alfonso Bauer Paiz, Catalogación de leyes y disposiciones de trabajo en Guatemala en el período 1872-1930, (Guatemala: Universidad de San Carlos, 1965) mimeo.

²²Under the Liberal Reform a process of social mobility happened. Merchants, military personnel, public officials, etc., entered in the coffee business. The question here is not about some renovation in the ruling class; I put the emphasis on the fact that in the exercise of power nothing actually changed.

²³I mean a project of radical change in a capitalistic sense. There was a great contrast in liberal issues when compared to the first liberal uprising at the time of the Central American Federation. See Ciro F.S. Cardoso and Héctor Pérez Brignoli, Centroamérica ..., op. cit., pp. 154-159.

²⁴See José Luis Vega Carballo, Hacia una interpretación del desarrollo costarricense, (San José: Editorial Porvenir, 1980); Samuel Stone, La dinastía de los conquistadores, (San José: EDUCA, 1975).

²⁵See Lowell Gudmundson, "Costa Rica before Coffee: Occupational Distribution, Wealth Inequality and Elite Society in the Village Economy of the 1840s," Journal of Latin American Studies, 2/15/83.

²⁶As defined by Albert O. Hirschman, in Essays in Trespassing: Economics to Politics and Beyond, (New York: Cambridge University Press, 1981). He emphasizes the actors performing accumulation. See p. 124-125.

²⁷This means that there are neither technical progress nor scale economies (or scale diseconomies).

²⁸If financial and commercial aspects are to be considered, the payment for interest and commercial profits must be included.

²⁹See the sharp increase in coffee exports. The repressive function of the State was very important because the peasant masses never accepted the new liberal order in agriculture. See David Browning, op. cit.

³⁰The preservation of Indian communities was another trait of the new liberal pragmatism: it also reflects the "informal" compromise with the conservative regime.

³¹See the counter arguments by an expert coffee grower in Juan Antonio Alvarado, Tratado de caficultura práctico, (Guatemala: 2 vol. 1936), vol. 2, pp. 470-474. A general view about the economic significance of the debts is found in Arnold J. Bauer, "Rural Worker in Spanish America: Problems of Peonage and Oppression," Hispanic American Historical Review, 59, 1, 1979.

³²For some ideas about the changes within the Indian communities during the conservative period ruled by Carrera, see Carol A. Smith "Local History in Global Context: Social and Economic Transitions in Western Guatemala," Comparative Studies in History and Society, 2/24/84, especially pp. 203-205.

³³a similar process to the "Second Serfdom" in Eastern Europe.

³⁴See Samuel Stone, op. cit.

³⁵Hall, op. cit.; Héctor Pérez Brignoli, Economía política del café en Costa Rica, (Universidad de Costa Rica, avance de investigación, 1981,) mimeo. This pattern of colonization was common in the western central valley of Costa Rica.

³⁶The only war fought by the Costa Rican people was against the William Walker invasion in 1856-1857. This war developed mostly in Nicaraguan soil.

³⁷Hirschman, op. cit.; the reform function dealt with the need to redistribute once the economic development has produced imbalances affecting classes, groups or regions.

³⁸In view of the growth rates in the long term.

³⁹See Richard H. Immerman, The CIA in Guatemala: the Foreign Policy of Intervention, (Austin: University of Texas Press, 1982); Stephen Schlesinger and Stephen Kinzer, Bitter Fruit: the Untold Story of the American Coup in Guatemala, (New York: Anchor Press, 1983).

⁴⁰See John Patrick Bell, Crisis in Costa Rica, (Austin: University of Texas Press, 1971).

⁴¹The most important measures were the bank's nationalization, support to the producers cooperatives, promotion of the industrial development, etc.

⁴²David D. Radell, Coffee and Transportation in Nicaragua, Report for the Office of Naval Research, (Berkeley: University of California, June 1964) mimeo, pp. 53-58.

⁴³See the references on N° 6.

⁴⁴See Dana G. Munro, Intervention and Dollar Diplomacy, 1900-1921, (Princeton: Princeton University Press, 1964); same author, The United States and the Caribbean Republics, 1921-1933, (Princeton: Princeton University Press, 1980).

⁴⁵Idem.; Lester D. Langley, The United States and the Caribbean, 1900-1970, (Athens: The University of Georgia Press, 1980).

⁴⁶The Sandino assassination in 1934 was a very important fact in the rise of Somoza leadership.

⁴⁷See Richard Millet, Guardians of the Dynasty, (New York: Maryknoll, 1977).