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**CENTRAL AMERICA IN TRANSITION:
FROM THE 1960s TO THE 1980s**

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former Vice President of Guatemala

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ABSTRACT

Central America in Transition: From the 1960s to the 1980s

Central America has undergone basic and important changes during the past two decades. Those changes serve to explain the present turmoil in an area which was once considered to consist of "banana republics" and which today faces dynamic processes and ideological confrontations. Changes began taking shape as a result of an economic-integration program originally sponsored by ECLA (United Nations), in which the region embarked on an effort to modify the traditional agricultural export model of one or two basic products (coffee and/or bananas), moving toward diversification and import substitution, and establishing a common market for these purposes.

Liberal sectors in the region agreed that economic integration would allow Central America, on one hand, to move from pre-capitalistic systems to capitalism, and, on the other, to modernize its societies and pursue a course of democratization and greater popular participation. The United States lent its support within the framework of the Alliance for Progress, and the region soon faced the preliminary effects of its economic efforts, coupled with high population growth, expanding urbanization, and a growing labor force demanding higher wages and social benefits, including the right to organize into urban and rural trade unions.

As the economic, social, and political spectrum broadened, new ideologies entered the region, resulting in the formation of Social-Democratic and Christian-Democratic parties closely related to European and Latin American parties. However, the more traditional elements, still predominant in agriculture, associated themselves more closely with their national armies and began to take stronger anti-communist stands on most of the important political and social issues, restricting the activities of the trade unions and the electoral participation of the center-left parties, limiting land-distribution projects, and controlling those organs of the State directly related to economic, financial, and social policies adopted at the regional level. As a result, with the exception of Costa Rica, civilian governments came under siege, and military regimes became paramount.

Throughout the 1970s, contradictions continued to develop, and insurgency and armed struggle--with strong ideological connotations--became the predominant factor in Nicaragua, El Salvador, and Guatemala. The cycle of economic integration, which led forces of the market and national armies to control the social and political processes that had been set in motion, seems now to be coming to a close.

CENTRAL AMERICA IN TRANSITION:
FROM THE 1960s TO THE 1980s

Francisco Villagran Kramer

Introduction

Basic and important changes have occurred in Central America during the past two decades, and these changes serve to explain the present and forthcoming fluid situation in the region. Some of the changes were the result of the Economic Integration Program, which has had greater scope than the Central American Common Market that gained momentum in the 1960s and continued its impetus--despite institutional crises arising from the war between El Salvador and Honduras--until the downfall of General Somoza in 1979. Some of the changes were brought about by population growth and by new forms of social organization and confrontation; others began taking shape as new ideologies entered the region. Mention should also be made of the impact that the war between El Salvador and Honduras had on those two countries, and of natural catastrophies such as the severe earthquakes in Nicaragua and Guatemala in the 1970s which brought to light many social problems that previously had been consciously ignored or simply placed under the rug for convenience's sake. Nature sometimes reveals what societies hide under the surface of folklorism, contributing to class awareness and releasing social energy that has long been repressed.

Perhaps the most significant overall change has been the abandonment of traditional agro-export economies of one or two basic products--coffee and/or bananas--which in the past largely determined the rigid social structure of each country.¹ The change in the traditional economic structure undermined political institutions--which had been easily controlled by the armed forces, the Church, and the agricultural oligarchies working in close association with the U.S. embassy in each Central American capital--to the extent that the figure of a paternalistic and "omnipresent dictator"--el señor Presidente--has faded away. Greater interaction has, since the early 1960s, been a constant in the region, to the point where the economies of the Central American nations, once totally independent of each other, are now interrelated. This can be illustrated by the fact that prior to 1960 intra-Central American commerce was less than US \$10 million, and that by the end of the 1970s, the Guatemalan and Salvadorean economies depended on exports to other countries of the region to maintain their levels of employment and its ratio of growth, due to the fact that one-third of their total exports are to the region itself. Nicaragua relies heavily on commercial relations with the other countries, and, by the same token, its balance-of-payments difficulties adversely affect the other countries. The spill-over effect of a deteriorating situation in any one nation of the region--whether economic, financial, or political--has important implications for the others, as Costa Rica, for example, is now finding out.

I. From Pre-capitalism to Capitalism

Notwithstanding the fact that important political movements developed in each Central American country prior to the 1960s--for example, the Guatemalan revolution from 1944 to 1954, and the 1948 Costa Rican revolution,² which among other things nationalized the banking system and insured a better distribution of national income--the mainstream of concern at the time centered on the ways and means of overcoming economic and social underdevelopment, and ensuring workable conditions for formal democracy, while attempting to determine what the State's role should be in the process of change.

There were no major disagreements in Central America during the 1960s or most of the 1970s over whether to follow a capitalist path. To the principal political sectors, the basic issue was not socialism versus capitalism, but how to make capitalism viable. It was in regard to this basic premise that ideological and strategic conflicts arose, allowing other important issues to become more clearly focused. Among these issues were: (1) the need to change the pattern of development from agricultural export-oriented systems, independent of each other, to more balanced internal growth in each of the countries, and increased interdependency among them, in order to ensure the creation of an expanded internal market and the possibility of a broader range of autonomous decisions; (2) the need to modernize societies in order to adjust pre-capitalistic systems to the dynamics of capitalism; and (3) the need to establish new forms of popular participation in order to stimulate a process of democratization.³

The main concern was with development. Within this concept, participation and democratization, although stressed by liberal circles, were rejected by the traditional elites. Inasmuch as capitalism was not challenged but was advocated by all, liberal circles felt that some sort of political compromise would be worked out while the process was underway. In the long run, however, economic change did not expand the potential for political compromise in the same manner throughout the region. Only Costa Rica and Honduras were able to construct channels of active communication between economic and social sectors, while Guatemala, El Salvador, and Nicaragua greatly restricted the development of that potential. It is perhaps also important to mention that even the region's Communist parties, however small and holding fast to the orthodox thinking of the time, perceived that through a process of capitalistic modernization and a given amount of democratization they would eventually find space within which to surface, acquire legal status, and engage in organizational activity among the popular sectors. Despite their criticism of the new approach from a structuralist point of view, they nevertheless took advantage of the new stage of events.

II. Economic Integration as a Platform

Following ECLA's efforts to introduce basic changes in the pattern of development through import-substitution schemes, the governments of the Central American countries began to examine the potential for a joint effort, giving greater emphasis to a subregional forum within ECLA--the Committee of Cooperation of the Central American Isthmus, established in the 1950s. It was through this structure that liberal circles in each

country foresaw the road to economic and social change and the possibility for broader political participation.

The fact that outstanding Central Americans had been in exile in Mexico, various countries of South America, and even some countries of Central America, greatly contributed to understanding the potential of the economic-integration program as a political platform on which to work jointly. A major contribution was ensured by the gradual but steady incorporation of Central American scholars who had returned from abroad or would do so in the following years. All in all, this new political approach, covered with the cloak of "economic development and regional integration," allowed a broader range of action within each of the governments. A growing number of intellectuals and professionals incorporated themselves into advisory governmental bodies as "technocrats," and eventually rose to high political positions. This allowed the expansion of a network of political relationships at the national and regional levels, increasing the potential for acceptance of the new approach within different political circles, and reducing some of the apprehensions in more traditional circles by phasing out revolutionary terminology.

The emergence of revolutionary Cuba and its favorable attitude toward revolutionary change in Central America introduced another important element into the political process. The United States turned its attention to the region and to the preliminary efforts toward economic integration. The need to agree on a policy of containment of communism became evident. Along with military and counterinsurgency assistance, the United States expressed its willingness to support the regional-integration program, to help widen its scope by means of complementary action in the social and educational fields, and to enhance the role of political parties in the electoral process. While the U.S. government had reservations about some of the basic theories of regional development espoused by the new wave of technocrats--for example, State supervision over regional industries and eventual exclusion of foreign capital in certain areas--it nevertheless supported the overall concept, lending its weight to the process and to some of the resulting political implications.

While the new relationship was being established within the framework of the Alliance for Progress, changes were already underway in Central America. By liberalizing commerce between the countries, industrialization began, in different degrees, to affect the structure of power in each country, in the sense that new or emerging commercial, industrial, and financial groups began to displace the traditional agricultural elites and their overwhelming influence in the affairs of government.⁴ The expansion and diversification of economic activity brought about a correlative expansion of the labor force and trade unions.⁵ Professionalization of the armies, a tendency favored by the United States, brought about a more flexible attitude toward development on the part of the military. There was increased demand for vocational training schools and for higher education, to the extent that the national universities were no longer sufficient to satisfy existing needs. As a result, private universities broke the longstanding tradition of public education at that level. Among them, Catholic universities in El Salvador and Nicaragua played an important role.

As long as these changes did not immediately affect basic agricultural interests--in the sense that agrarian reform was not undertaken, the roles of the Church and the army were not challenged, and economic trends remained within the realm of capitalism--there was no major opposition from these sectors to the changing pattern of development. However, the need to control an expanding labor movement, with its demands for more freedom to organize in the rural areas, soon began to be felt. Industrialization and agricultural diversification, while accepted and even promoted by labor, brought new demands from labor for higher wages, housing, and other social benefits which the system was unwilling to meet, as long as those demands remained unnecessary to maintaining social tranquility. To offset rising expectations, the predominant economic sectors formulated what were called "social development programs," involving greater public expenditures in rural education and health, colonization programs, and construction of roads to penetrate the interior of each country.⁶ The underlying theory was that urban social unrest could be controlled by expanding security forces, while existing relationships between landowners and the army could cope with unrest in the rural areas, where trade unions and campesino organizations would not be allowed to gain strength. In any case, it was publicly stated by agricultural organizations that the masses were not prepared to understand and evaluate "exotic ideas" such as those espoused by trade unions and leftist political parties.

As economic growth emerged as a new phenomenon and the first changes became apparent, so did the need for adjustments among social and political organizations. Emerging industrial and commercial groups in each country perceived the need to take a more direct part in the decision-making process at the national and regional levels. Integration institutions such as the Central American Bank, the General Secretariat of the Common Market, and the Central American Monetary Council had been set up through a network of treaties and made responsible for formulating and carrying out economic and social policies, including: the administration of external tariffs, fiscal incentives for import-substitution activities, transportation of goods, price controls for certain products, sanitary regulations, unfair trade practices, and dumping practices between states. Chambers of industry sprang up, and traditional importers soon saw themselves being displaced by a wave of commercial entrepreneurs. A modest "jet set" made its debut in the area, and something of a capitalistic "take off" seemed to be in the making. Agricultural producers followed suit, and by the end of the 1960s, regional chambers of commerce and industrial- and agricultural-production organizations (e.g., sugar, cotton, coffee, etc.) became active. The region's governments faced a new phenomenon: that of national and regional pressure groups, which were to play an increasing role in the years to come.

The traditional division between liberals and conservatives began to give way with the emergence of ideological parties of various tendencies. Social-Democratic tendencies began to take hold among the liberal sectors, and political elements once linked to the Church began to form Christian-Democratic parties. The traditional conservative parties reacted to the trend by taking strong anti-communist positions, and the military foresaw the need to establish closer working links with the conservatives in order to safeguard the political system.

Foreign political cooperation also appeared during the 1960s. European political parties gave assistance to their ideological brethren in Central America, introducing an important new element in the political spectrum by pointing out that--contrary to Communist parties, which represented a one-class party; the party of the proletariat--democratic parties should have a pluralistic composition and structure, with precise objectives that would allow them to move toward economic and social democracy, and that political parties needed to understand and work in close relationship with trade unions. To this end, three foundations in the Federal Republic of Germany began the practice of holding ideological seminars throughout the region, the same as trade-union-formation seminars. European Christian Democratic parties also engaged in the same tactics. This brought about greater interrelation among the democratic parties of the region and broadened their relations with other Latin American political parties. Relations between national labor movements and labor organizations from abroad also increased. The AFL/CIO on its part opened up active communication with Central American trade unions, sponsoring the training of labor leaders and encouraging the handling of disputes by collective-bargaining procedures. In addition, labor attachés in U.S. embassies arranged tours to the United States for Central American labor leaders.

Meanwhile, the armed forces perceived that they should establish closer working relations on a regional level. For this purpose, they created the Central American Defense Council (which Costa Rica agreed to join only as an observer). From then on, cooperation among the security forces, and joint military exercises, became common.

As the political spectrum broadened, and the impact of new ideologies and the labor movement (which was mainly restricted to urban centers⁷) began to be felt, the far right introduced the strategy of polarization. It did this by drawing a line between communism and anti-communism on all important issues, primarily during election periods. The Church joined in this strategy, and the suggestion that God endorsed a given ideology--anti-communism--created internal discrepancies that were later to affect the role of the clergy. The more traditional elements began to brand the emerging labor movements as communist-inspired or subject to communist directives, thus enriching the political terminology: filocommunist, crypto-communist, pseudo-communist, shameful communist, anti-Christian, and anti-patriotic were some of the expressions coined, while their authors, on the other hand, portrayed themselves as the defenders of the free world.

As a result, civilian governments came under siege throughout the region, except in Costa Rica. The decade of the 1960s saw the last of civilian government. Social and economic developments could not be left uncontrolled, nor open to the social and political forces that were the products of the process itself. The "politics of anti-politics" from this point on became a reality.⁸

III. Insurgency versus Counterinsurgency

As a result of the fiasco of the Bay of Pigs invasion and the fact that the Guatemalan and Nicaraguan governments had provided training facilities for the Cuban exiles who participated in that operation, the

government of Fidel Castro began to devote more attention to the different groups of Central American radical youths who visited Cuba to learn the art and science of revolutionary warfare. Revolutionary conditions were believed to exist in Central America, at least in Guatemala and Nicaragua. Training and small supplies of weapons were provided to insurgent groups in both countries, but an effective guerrilla movement did not materialize. Cuban-assisted insurgency did, however, create internal conflicts in communist parties throughout the region, and posed a delicate situation for the democratic political parties, whose leaders had to exercise considerable restraint on the youth, which viewed the guerrillas through the eyes of Che Guevara and became a headache not only for the United States but for Central America's political leadership as well.

If guerrillas were not able to materialize in Nicaragua, despite the fact that it was not only the far left but also elements of the center (for example, Pedro Joaquín Chamorro) which sponsored them, they nevertheless managed to take hold in Guatemala. Counterinsurgency was the logical corollary.

By 1967, after losing some of its leaders, the Guatemalan Communist Party--the PGT--chose the path of insurgency, coordinating its efforts with ultra-left guerrilla groups such as the Rebel Armed Forces (FAR). The reaction of the extreme right was immediate. It organized its own cadres of counterinsurgents and made them available to the army. For the first time Guatemalans were to become aware of paramilitary organizations, secret sects (such as the Mano Blanca), death lists published in the press, and repression as a rule. Small groups of urban and rural guerrillas, mainly in northeastern Guatemala, clashed with military units and security forces. Without spectacular news coverage or major criticism from abroad or from within Guatemala, the U.S. government came to the rescue, providing ample support to the government and its forces.⁹ The assassinations of the U.S. and German ambassadors and members of the U.S. military mission and other advisors by the guerrillas led to the adoption of some of the counterinsurgency methods used in Vietnam, with the result that the death toll mounted to about 3,000 during a period of five years.

Elections were held in the course of this period. The civilian government, elected in 1966 for a four-year term, gave way to a general as president, in difficult, violent, but to a certain extent honest elections. By 1972, counterinsurgency methods had become fully effective. As a result, the guerrilla movement declined dramatically, as the entire Communist Party leadership and most of the leadership of the other guerrilla groups was killed.

All in all, the Guatemalan army and the radicalized right became familiar with guerrilla warfare and the somewhat unorthodox methods which it employed. In the course of the struggle, the democratic left, the trade unions, and the campesino organizations were weakened. The guerrilla movement, on its part, learned that the center-left, the trade-union movement, campesino organizations, and the Indian communities were unwilling to join them as long as the system allowed them to follow a reformist course and participate in the electoral process. But they also learned another important lesson: no process that seeks deep changes can ignore the Indian communities, their cultures, and their traditions.¹⁰

IV. The So-called "Soccer War"

For many years, El Salvador's economic elite and army felt they could cope with a high rate of population growth and mounting social tensions by keeping the doors of emigration open, particularly to Honduras and, to a lesser extent, Guatemala.¹¹ As time went by, Honduras became aware that whatever land distribution projects it implemented for its nationals, a substantial number of Salvadoreans would be the beneficiaries, and an active element in the Honduran labor market. The Salvadorean military, foreseeing that this problem would eventually erupt, desired a government in Honduras that would be inclined to maintain the flow of immigration. They in fact sponsored the ambitions of some of their colleagues in that country, going so far as to deliver substantial military equipment to a Honduran garrison commander at his post. The government of Honduras learned of this assistance, and while the delivery was being made, it captured the Salvadorean convoy. From then on, tension grew and nationalistic sentiments were aroused in Honduras. A soccer match held in San Salvador between teams from the two countries ended violently, setting off violent recriminations. Honduras subsequently forced more than 300,000 Salvadoreans to return to their homeland and established severe controls on further movements of Salvadoreans into Honduras.

It has been argued, and largely proven, that the Salvadorean oligarchy feared that the impact of such a wave of returning emigres, and their future numbers, would sooner or later bring about social upheaval in El Salvador. To prevent it, military action was needed, and financial assistance was offered and provided. The army, with mixed feelings at first, and later with strong geopolitical convictions, ventured into Honduran territory under the pretext that Honduras was occupying territories where the boundary between both countries had not been established by treaty.

Whatever the outcome of the conflict from a military point of view, the fact is that the ensuing war deeply affected both countries. Honduras during the early 1970s revised its participation in the Central American Common Market, looked deeper into the needs of its internal growth, and concluded that it had to make greater efforts to modernize its economy and stimulate social mobility. The military also concluded that they should withdraw from the strategy of polarization which they had shared with the militaries of neighboring countries, and that economic and social forces were a fact inclined to pressure governments, as political parties were important and instrumental for economic and political stability.

While Honduras remained basically a banana producer, incipient industrialization was taking place along the northern coast, in precisely the area where two foreign companies ran their banana operations. The country therefore had two poles of development: the capital and San Pedro Sula on the northern coast. The labor movement, which originally developed on the Atlantic coast, extended to the capital and adjacent areas, maintaining a high degree of discipline and making use of collective-bargaining methods. As a result, it could no longer be ignored by the power structure.

Lacking a landed oligarchy or an extremely wealthy elite such as existed in neighboring Guatemala and El Salvador, Honduras' emerging

entrepreneurial groups were more willing to concede labor a role in the decision-making process. Both capital and labor formed part of the two traditional political parties: the Liberal party and the Nationalist party. Within this social structure, the army soon observed that as an outcome of the war with El Salvador it would be displaced from its leading role if it did not promote social reforms alongside economic growth. To this effect, it recognized the role of social and economic forces in the affairs of government.

As a result, three major events took place during the decade of the 1970s. In the first place, a more extensive agrarian program was implemented, granting labor unions, cooperatives, and campesino organizations willing to set up production units the right to land and to farm credit. The second entailed a more or less balanced participation in the government by the two traditional parties. Third, there was established a new working system for the army in government, whereby the commander in chief and also president could be removed by a collective body composed of military commanders, in whose midst the main political decisions were to be made.

Playing strongly on nationalism, the Honduran military also undertook responsibility for modernizing its equipment and for establishing closer working relations with intellectuals and the National University, thus avoiding major clashes with the student body throughout the decade. The fact that the army supported agrarian projects without necessarily confronting all of the business groups at the same time, resulted in the general recognition that the army, although constituting an organized and disciplined political force, nevertheless downplayed that role and projected an image of a force seeking a wide margin of compromise between capital and labor, as between liberals and nationalists. This allowed the system to remove the president twice during the decade without provoking major confrontations and setting the course for the country to return to civilian government in the 1980s. Events in El Salvador hastened this process. Elections were scheduled for a constitutional assembly, and for presidential elections by the end of 1981.

The same war had a totally different impact in El Salvador. The mass return of Salvadorean nationals from Honduras, coupled with one of the highest rates of population growth in the hemisphere, increased social tensions and led to closer relations between the military and the business community. National security was the basic concern. It required constant communication between the army and its security forces on the one hand, and the business community on the other, with both participating in overall agreements. In this sense, the military was to head the government and carry out vast public-work projects in order to provide employment, and the State would channel resources to the private sector so that it would participate in social programs, such as urban housing, health services, and recreational facilities.¹²

The impact of the Peruvian revolution on military circles soon became a concern to the Salvadorean business community, which thought that the Salvadorean military might implement similar programs. They thereby began sharing economic interests with the military elite, expediting financial contributions to paramilitary organizations (such as ORDEN, created in the

1960s). The trend, however, did not totally reverse the process. The young officers were becoming acquainted with the basic problems of development and the need to change their attitude towards popular sectors and populist movements, in order to achieve some degree of flexibility in the otherwise rigid social structure.

As the decade of the 1970s began, the first major conflicts within the Salvadorean left appeared. Cayetano Carpio separated himself and a segment of his youth movement from the Communist Party to form a nucleus of what was later to become the Farabundo Martí front, setting up the first revolutionary group that would follow the path of armed struggle. As elections approached in 1972, two emerging ideological sectors--Christian Democrats and Social Democrats--recognized that they both had populist commitments and were competing for membership and support among the middle and popular sectors. A joint effort was the best alternative open to them in order to face and defeat the strong government coalition at the polls. Together they persuaded the orthodox sectors of the Communist Party not to oppose or discredit electoral participation, and established a set of links with liberal-minded army officers. Armed with a pragmatic and reformist platform, the opposition, headed by Napoleon Duarte as presidential candidate and Manuel Ungo as vice-presidential candidate, challenged the government. The support of labor was overwhelming, as was that of campesinos in rural areas. The outcome in fact was an electoral victory for the opposition--but a victory which was immediately annulled by the government. This set off a garrison rebellion which was effectively put down by the government with direct and immediate assistance from the governments of Nicaragua and Guatemala. The opposition political leaders and the rebellious military then went into exile, and the new government of Colonel Molina was free to pursue its course.

Brief mention should be made of the efforts by the new military government to implement a very modest and reformist agrarian program, as well as a policy of sponsoring collective bargaining by the trade unions. The latter soon led to the accusation that the government was endangering national security and was paving the way for a Communist takeover. Colonel Molina's government soon backed away from the agrarian program and consented to support General Carlos Romero as his successor.

Again in 1977, the same political formations--although with less support from labor leaders and from the Communist Party, which by now saw armed struggle as the only valid path--tried the electoral course, choosing as presidential candidate a distinguished military officer, Colonel Ernesto Claramont. Manipulation of the elections combined with severe repression against the opposition in rural areas did not prevent the opposition from gaining a slim victory, which was immediately denied by the government. The presidential candidate soon led protest demonstrations that ended in his exile to Costa Rica, together with political leaders of the Christian Democratic and Social Democratic parties, including Antonio Morales Erlich and Manuel Ungo.

The turning point for those political sectors which had favored electoral participation all along and were open to compromise occurred when they realized that this approach had reached its end. Even the Communist Party, which had remained aloof from the Farabundo Martí front,

saw that armed struggle was the only revolutionary way of defeating the oligarchy and its military associates. The platforms of the early 1960s--of making capitalism viable--gradually faded out as ideological confrontation and class struggle became the predominant factors among the left and the ranks of the trade unions.

Amidst the deteriorating situation, center-left and center-right groups, mainly from the industrial and commercial sectors, still perceived that a compromise could be worked out, and that the new situation called for a political space in which the left could move. The situation also called for recognition of the role that the trade-union movement was entitled to play within the power structure if armed confrontation was to be avoided. Structural reforms could no longer be deferred, among them the need to reduce the overriding influence of the landed oligarchy in decision-making processes. Younger military officers understood the potentials of change and the need to avoid civil war, an effort to which the Catholic Church gave its warm support. General Carlos Romero was then deposed as president in late 1979, in order to open the way to a centrist coalition, but they were unable to displace the more traditional elements in the army's upper echelons, who, while accepting the new reform platform, were unwilling to dismantle the repressive apparatus erected during the preceding years, or to submit to trying individuals responsible for gross violations of human rights. As the 1970s ended, so did expectations for peaceful change in El Salvador, given the contradictions that existed in the new situation.

V. The End of a Cycle of Integration

Costa Rica managed its social policies along with Common Market developments with keen awareness of the impact that events were having elsewhere in Central America on countries with rigid social structures and manipulated elections. Honduras, on its part, managed to offset social and political tensions by allowing more or less fluid communication between different sectors and its armed forces. El Salvador--as has been seen--was setting the stage throughout the 1970s for profound confrontations, as were Guatemala and Nicaragua.

Costa Rica. Costa Rican political parties, long dominated by either center-left or center-right coalitions, have increasingly placed more emphasis on education and vocational training than on security forces, allowing the left ample political space within which to move and thereby reducing its potentials. They also agreed to adopt an open diplomatic and commercial framework of relations with the Soviet Union and some eastern European countries, while maintaining a close association with the United States. As a result, Costa Ricans have not engaged in ideological controversies over capitalism versus socialism, but rather have moved toward a welfare state, where free enterprise and private property have not been issues of concern. Instead, the principal issues have been: (1) how to maintain high levels of economic development and expansion or reduction of welfare policies; and (2) centralization versus decentralization of the State and how to cope financially with the increasing tendency of the population toward consumption. The Communist Party and other radical leftist groups, while able to engage in open political activity, have not managed over the years to gain more than three seats in a Congress composed of 50 to 60 members.

While its internal problems have been more in the financial than in the political arena, Costa Rica nevertheless experienced frequent difficulties with neighboring Nicaragua, and especially with the government of General Anastasio Somoza, who was constantly attacked in the Costa Rican press and Congress for his despotism and nepotism. According to a majority of Costa Ricans, the main threat to their democratic system came not from within Costa Rica but from Somoza. This serves to explain the favorable reception that anti-somocista elements always found in Costa Rica and the freedom accorded them to organize against Somoza. This brings us to Nicaragua.

Nicaragua. Perhaps the most significant factor in the case of Nicaragua was the continual effort of the Conservative Party and emerging Social and Christian Democratic groups to evict Somoza from power by electoral means, and Somoza's manipulations to prolong his stay in power through legal machinations and repressive means. In the early 1970s, the opposition found itself facing a new phenomenon that was to have a profound effect on the struggle against Somoza and the "guardians of the dynasty."¹³ This was the formation and gradual strengthening of the Sandinista movement, which firmly opposed further electoral participation and favored armed struggle.

While the Sandinista movement did not conceal its adherence to Marxism, it nevertheless did not make an issue of it. The issue was Somoza and his family's economic control of the country, and the repressive methods used by his system against all opposition--whether center-left, center-right, or even far-right conservatives. Gradually, Nicaraguan society found itself facing not class confrontation, but a vertical split extending through upper-, middle-, and lower-income groups. The business community came to realize that its capability to influence government decisions in the economic, financial, and fiscal fields was limited not only in scope but also in effect, due to the fact that all decisions were made by Somoza himself, and the only way out was to join him or oust him. Pluralism was thus a significant element within the opposition, and the need to find an area of compromise in the opposition's ranks soon began to be felt.

Apart from the earthquake which destroyed Managua in the early 1970s, and which deeply affected the country's economy because of the heavy concentration of economic activities in the capital, mounting unemployment began to produce political effects. The mishandling of aid relief and a visible slowness in reconstruction programs had an adverse effect on Somoza. The Sandinista movement soon took advantage of this and proclaimed the need for structural and political reforms. As these two factors became interrelated, so did different sectors within the opposition. An area of compromise began to clearly appear in the ranks of the anti-Somoza forces. The Sandinista movement was ready to make a distinction between the armed-struggle front, which had gradually developed, and the political front--the former was open to all Nicaraguans willing to join under the banner of Sandinismo, while the Sandinistas still expressed a willingness to participate in the political front on an equal footing with other political sectors and factions.

The Nicaraguan government, and Somoza in particular, were unable to perceive the dangers in the Sandinista strategy. They resorted to the only method they knew well: generalized repression. While his adversaries were able to discuss and progressively agree on future courses of action, thereby reducing the normal contradictions and conflicts between the far-left, center-left, and center-right, Somoza closed the door to the economic and political sectors with which he had an ideological affinity and which believed that civil war could be averted by holding truly democratic national elections.

By adopting a two-front strategy--the armed front and the open political front--the Sandinista leadership exposed itself to the risks of political compromise earnestly being sought by the center-left and center-right. Nevertheless, the Sandinistas were willing to explore and even accept such a compromise, provided they were not forced to hand in their weapons. The leadership of the political front prepared itself for a possible compromise, and in order to stimulate and receive support from abroad it set up a directing body composed of 12 representatives ("el grupo de los doce") from the main ideological sectors, the Sandinistas included. This was a major step in that the opposition was able to perceive the potential of a political solution and agree on unified political participation in elections in the event that a compromise with Somoza could be worked out. It also weighed the risks of armed struggle, and in preparation for such a contingency, refined the elements of a common platform with the Sandinista movement.

The fact that Somoza rejected all formulas for a political compromise that involved his removal from power (as the opposition demanded), and that he was able to undercut inter-American support by securing military aid from the governments of Guatemala and El Salvador, increased the opposition's support from abroad, and forced the opposition to accept the leadership role which the armed front would play from then on. This meant that the Sandinista movement would play a leading role. Difficult discussions took place among the forces opposing Somoza, but the common objective of deposing him gave way to a compromise in which substantial modifications in the structure of the State were accepted by all. No longer was the viability of capitalism seen as a common objective, nor was the establishment of a socialist model agreed upon. A mixed economic system with political pluralism was to be the main ingredient of the common platform. Market forces were no longer to determine economic growth, but were to act within a planned economic system. The social base of the country would have to be expanded so as to include rural workers. The new government would not be run by technocrats and a political elite, but by the forces which had participated in the struggle.

As the decade of the 1970s came to a close, Nicaragua was undergoing its most profound transformation in the present century, with spill-over effects in other countries. The collapse of Somoza and the Guardia Nacional not only led to the establishment of a new system, but offered a profound lesson to the armies and oligarchies of El Salvador and Guatemala. Central America faced new challenges, and each country again began to look for its own way out of mounting difficulties. Fears of an uncertain future deeply affected the business communities and talk of digging trenches began to increase.

Guatemala. It has often been said that underdeveloped countries do not examine or reflect on the mistakes committed by deposed governments or displaced economic sectors. Instead, external factors and the weakness of the security forces are brought to light and blamed for the outcome. While these latter factors are to a certain extent relevant, the fact remains that rigidly structured societies tend to refuse to look inward and determine how vulnerable they are when confronting mounting dissatisfaction within the prevailing system. Less rigidly structured societies that have learned to exercise the "art of compromise," or are in the process of learning it, tend to take actions that will steer them away from possible confrontations. The question of whether privileges and the weakening of social controls might give way to "uncontrolled changes" seems to blur perceptions of events and useful lessons. Such was the case in Guatemala.

In order to place events in Guatemala in proper perspective, it must be remembered that with a good record of economic growth, mounting foreign reserves, and increasing benefits from participation in the Central American Common Market, the country appeared during the 1970s to be capable of "taking off" as far as development was concerned. Guerrilla movements sponsored by the far left had, for all practical purposes, been defeated with the assistance of the U.S. government, and the political right and the army felt that the situation was under control. Capitalism had in fact taken hold, to the point where the center-left--Christian Democrats and social-democratic groups--insisted not on profound structural changes but rather on pursuing modernization, greater popular participation, and more profound democratization, and carried out strong campaigns in favor of free elections. The conformation of center-right groups became evident, so that it was possible to draw a somewhat clearer distinction between the progressive-right and the traditional-right. Similar distinctions were apparent within the center-left, between populist and reformist elements unwilling to sponsor class struggle but willing to back social integration between Indians and non-Indians, and the far-left, composed of the Communist Party and other ultra-left groups who, according to the former, were engaged in adventurism.

As in the above-mentioned case of the economic sector, a line could be drawn between progressive elements and traditional agricultural groups, each having leverage of its own. The working class still remained divided between Indians and non-Indians. The Indians held fast to their traditional cultures and remained subject to social and racial discrimination. They constitute the main work force for seasonal agricultural crops: coffee, sugar, cotton, cardamon. The non-Indians are more inclined to form and join trade unions. It has been in the trade-union movement that basic ideological and strategic conflicts have arisen--conflicts over whether to take a reformist course of action and make use of collective-bargaining procedures to ensure better working conditions and social benefits, or pursue the revolutionary course in which the labor movement would engage in confrontation, so that it could prepare itself to assume power. Insofar as the center-left had space in which to move and act, and inasmuch as national elections provided a way to achieve political power, a majority of the labor movement chose the reformist path. The Indian communities also supported this path by voting for opposition parties in national elections.

Since the center-left and center-right concurred on the need to reduce social tensions and make necessary adjustments in the structure of power, they worked on opening channels of communication. This also afforded trade unions an opportunity to become aware of the thinking among progressive capitalists and the traditional sectors. As labor strikes spread from industry and banking institutions to agricultural enterprises, however, and as government employees began to organize to press for wage increases, the far-right openly voiced its concern and fears, declaring that there would soon be a communist takeover, calling for a hard line, and pressing the army not to fall into a trap.

As the political spectrum broadened, the possibility of an understanding between the center-left and center-right political groups increased. By 1977, these groups were exploring the formation of a broad front which would make room for the election of a centrist government. The trade-union movement which favored reforms expressed its willingness to support the effort in so much as the freedom to organize would be extended to the rural areas, and an effort would be made to return to civilian rule in the near future, an objective shared by centrist forces. The need for compromise was accentuated by the fact that newly formed guerrilla groups had appeared in the highlands--for example, the Guerrilla Army of the Poor (Ejército Guerrillero de los Pobres)--proclaiming the strategy of prolonged warfare.¹⁴

Agreements between center-left and center-right forces did in fact materialize, and an elected government displaced the far-right from political power in early 1978. The experiment was short-lived, however, as events in Nicaragua and El Salvador increased the fears of the right, which now returned to its previous hard-line tactics and impressed its fears on the army.

Confirmation of their apprehensions came from General Somoza personally, who during the course of 1979 convinced the Guatemalan military high command of the need to take a hard line, and to ignore the pursuit of democratization and popular participation, which would only lead eventually to an armed struggle similar to the one he was then facing. While the governments of Costa Rica, Venezuela, and the United States did their best to persuade the Guatemalan government not to diverge from its original course, the far-right pressed for action against the center-left, the trade unions, the university, and religious institutions--"in order to clear the way of potential subversives, and be able to fight the guerrillas," as its main spokesmen expressed to the army's high command.

Throughout this period, and drawing from past experiences, two of the guerrilla movements--the Guerrilla Army of the Poor (EGP) and the People's Organization in Arms (ORPA)¹⁵--turned their attention to the Indian sector of the population, seeking support in their ranks by showing deep understanding of their plight and aspirations. They thereby confirmed their statement that each "guerrillero" must know how to handle his weapons: the rifle and political science.

As trade-union leaders, center-left political leaders, highland community leaders, and priests began to be assassinated, the ranks of the guerrillas began to grow. The assassinations of businessmen and military

officers led the right to close ranks and further identify with the army. What was to have been a broad front began to contract, and the government moved to the far-right, giving way to polarization. Economic and military sectors interlocked, thereby displacing the center of gravity of national security and opening up further ground to insurgency. According to the far-left, this entailed drawing the line between the "rich and its army" on one hand and the "poor and its army" on the other.

What was once a healthy economy began to suffer serious deterioration as foreign reserves dropped due to transfers of capital abroad, investment declined, and unemployment increased. By the end of the 1970s, radical anti-communist sectors again looked north for support and relief, no longer having confidence in their own ability to meet the challenges of subversion and of exploring new ideas and solutions. Events in neighboring El Salvador further narrowed the perspective of analysis and increased the conviction that trenches had to be dug.¹⁶ The decade began with violence and ended in violence, with breathing spells of tranquility and major earthquakes that shook the foundations of a traditional society.

The end of the decade also showed Central America as a whole that economic integration would no longer be the common platform in the region unless new realities were recognized, among them: Panama; the emergence of an independent Belize forming part of the Central American isthmus; political and economic pluralism in the region; and the expanding interests of Mexico and Venezuela.

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¹In 1950, a single export product typically provided 60-70 percent of all foreign-exchange earnings; in the case of El Salvador, it reached 90 percent. By the end of the 1970s, no single product provided more than 50 percent of exports, except in the case of El Salvador, where coffee still accounted for 65 percent. Subsistence farming also decreased. Thus while in the 1950s 20 to 25 percent of agricultural GDP typically originated in the subsistence sector, this percentage had fallen to roughly 14 percent by 1980. The vital link between export-oriented agriculture and subsistence farming has been seasonal labor, which larger and more modern plantations need and without which the subsistence farmer could not survive. The author expresses his gratitude to Dr. Gert Rosenthal and Dr. Isaac Cohen Orantes of ECLA for valuable statistical information provided for this study.

²For more detailed reading see: Ralph Lee Woodward, Jr., Central America: A Nation Divided (New York: Oxford U. Press, 1976); Jose M. De Aybar de Soto, Dependency and Intervention: The Case of Guatemala in 1954 (Denver: Westview Press, 1978); Richard H. Immerman, "Guatemala as Cold War History," Political Quarterly 95:4 (winter 1980); J. P. Bell, Crisis in Costa Rica (Austin: U. of Texas Press, 1971).

³Until the decade of the 1950s, there was little or no popular participation in national affairs, other than in electoral periods. The trade-union movement was reduced to the capitals of the countries and very restricted in banana operations and related activities such as railroads and ports. Cooperatives were limited in number and the Church did not encourage community activity, other than that related to religious festivities and church repairs.

⁴The contribution of primary activities to GDP for the region as a whole dropped from 38 percent in the 1950s to 27 percent in 1978, while relative participation of secondary activities grew from 15 percent to 24 percent during the same period. As the economies began to be more "open" than ever before, the ratio of exports to GDP grew from 18.6 percent in the 1950s to over 30 percent in the 1970s, while the ratio of imports grew from 16.3 percent to 34 percent during the same period.

⁵The composition of the work force changed significantly. For the region as a whole, about 65 percent of the economically active population lived off agriculture in the 1950s; that percentage had dropped to 50 percent by 1980 (28 percent in the case of Costa Rica), while the percentage of the work force employed in industry increased from about 10 percent in the 1950s to almost 20 percent by 1980. The most important growth of employment of the work force has been in the service sector, which absorbed less than 20 percent of the work force in the 1950s and over 30 percent in 1980, often in urban activities of very low productivity.

In the case of Guatemala, the contribution of primary activities to GDP dropped significantly during this same period, but the percentage of the economically active population that lives off agriculture has remained the highest in the region. The work force is predominantly Indian and the "family" unity is in itself a work unit, mainly in seasonal crops and subsistence farming.

⁶ For the region as a whole, the literacy rate increased from 38.7 percent in 1950 to a still appalling 57.1 percent in 1975. Life expectancy at birth increased from 49 years to 59 years between 1960 and 1975; the percentage of the population with access to drinking water increased from 22 percent in 1960 to roughly 46 percent in 1975. For all of these indicators, Costa Rica is well above the average and Guatemala below.

The public sector emerged as a relatively more important and autonomous actor with a greater commitment to developmental goals than in previous years. Total expenditures of central governments grew from 11.2 percent of GDP in 1960 to 16.3 percent of GDP in 1978. The tax systems also experienced considerable change. Total fiscal receipts to GDP increased from 10.7 percent to 12.1 percent in the same period. The relative participation of direct taxation increased from 14 percent to 23 percent and that of sales taxes from 30 percent to 38 percent during the same period.

Weekend and Sunday entertainment facilities for workers began to be constructed by governments and turned over to employers' organizations, thereby keeping within the paternalistic tradition.

⁷ The urbanization index increased from 16 percent in the 1950s to 43 percent at present. The population of the capital cities, which are virtually the only important truly metropolitan centers in the region, increased from 11 percent to 19 percent of the total population during the period under examination.

⁸ The phenomena and policies examined by Brian Loveman and Thomas N. Davies (eds.), The Politics of Anti-Politics (Lincoln: University of Nebraska Press, 1978) also appeared in Central America. The marked disdain by the military toward civilian political leadership did not affect the relationship with the technocratic sector. The Peruvian model temporarily had more influence in El Salvador and Guatemala than other South American military models, although the Brazilian theory of national security received wider acceptance.

⁹ For a more detailed analysis see: Caesar D. Sereseres and Brian Jenkins, "US Military Assistance and the Guatemalan Armed Forces," Armed Forces and Society, 3:4 (summer 1977), 575-594.

¹⁰ EGP., "Compañero," revista internacional del Ejército Guerrillero de los Pobres de Guatemala, ca. 1980. Tom Fenton, in "Special Report from Guatemala," Associated Press, May 14, 1981 examines this trend.

¹¹ While the whole of Central America experienced rapid population growth--from 8 million in 1950 to over 20 million by the end of 1970s--the growth rate in El Salvador had a greater impact due to the small size of the country and the limited available land for farming, most of which has been owned by a social and economic elite known as the "14 families," who throughout the period under examination not only expanded in number, but whose set of values was shared by emerging entrepreneurial groups who

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ventured into agriculture. Cotton and sugar plantations in Guatemala relied heavily on Salvadorean migrant labor.

¹² For a more detailed analysis, see the excellent study by William Leogrande and Carla Anne Robbins, "Oligarchs and Officers: The Crisis in El Salvador," Foreign Affairs 58:5 (summer 1980), 1084-1103.

¹³ For a more profound analysis and understanding of the role of the Guardia Nacional of Nicaragua, see Richard Millet, Guardians of the Dynasty, (Maryknoll, N.Y.: Orbis Books, 1977), 251-274.

¹⁴ As a result of the formation of a broad front coalition and agreement on a minimum program of action between center-left, center-right, and members of the Guatemalan army's high command, the author agreed to be a candidate for the vice-presidency and was elected to that post in March 1978 for a four-year term. The EGP defined its strategy of prolonged warfare in January 1978 in manifestos published in the press as a condition to the release of Roberto Herrera Ibarguen, who was held hostage.

¹⁵ ORPA--Organización del Pueblo en Armas--formed in late 1979 as a revolutionary guerrilla movement, including in its ranks young Indians of both sexes. Although proclaiming itself Marxist, it did not align itself with any specific current or tendency. The other two guerrilla movements--FAR (Fuerzas Armadas Rebeldes) and PGT (Partido Guatemalteco del Trabajo)--became public in 1980, both communist-oriented.

¹⁶ On September 1, 1980, the author submitted his resignation as Vice-President before the Guatemalan Congress, stating, among other points:

"The resulting crisis is profound. The younger generations show signs of dissatisfaction and their protest banners are already visible on the horizon. The nation demands wide national agreements which take into consideration these young people and their hopes, as well as ideological freedom and respect for the basic human rights of the individual. This cannot be achieved by erecting barricades and trenches. History has amply demonstrated this to be the wrong alternative. Due to my differences with the President of the Republic and in the absence of institutional forums to debate the serious problems affecting the nation, my retirement from the Vice-Presidency has become imperative. Therefore, I respectfully submit to the Congress my irrevocable resignation as Vice President."