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Global Forces and System Change in Central America

This chapter focuses on explanations for Central America's two principal problems of the recent past and likely future—political and economic system change. We believe these are interrelated, driven by common forces, which we sketch out below and illustrate in subsequent chapters. Despite certain differences among them, Central American nations have marked commonalities of history, global context, and political and economic development. These similarities strongly suggest that much that affects Central America is part of a larger world dynamic. We contend that common forces led to Central America's rebellions, and that many of the same forces shaped the overall process of regime change that eventually led from authoritarianism toward electoral democracy and economic development strategies.¹

The main thrust of our theory about system change in Central America comes from some fairly simple premises. First, the economic and the political arenas of human activity are very entangled. Much of what occurs in what we think of as the political world stems from economic forces, and political decisions affect economic outcomes. Second, nations—their governments, their economies, and thus their citizens—exist within an evolving international or global environment. Thus local problems can quickly become global problems and cycle back to the local. For example, a pipeline explosion in Iraq (a local problem) can quickly elevate world market oil-price futures (a world problem), which in turn can raise fuel costs for consumers, from Ohioans heating their homes in winter to bus and taxi owners in Honduras.

A third premise is that inequality exists within and between societies and that outcomes usually follow power. Within nations there exist hierarchies of minorities of elites (those who control resources and institutions) and non-elites

(ordinary citizens who are less well off and less powerful). In the world of nations, there are hierarchies of more powerful and weaker states. Elites from different societies often cooperate across national boundaries for mutual benefit, while non-elites find this more difficult. Elites from large nations often successfully cooperate with each other as individuals, through organizations, or through governments and multilateral institutions to promote their interests and those of their nations. The elites of small nations sometimes promote small-nation cooperation, but tend not to be as successful getting what they desire as those of powerful nations. Small nations' elites often find it very advantageous to cooperate with external elites, especially those representing large and powerful interests, whether governmental or private. Increasingly over the last half of the twentieth century, private global economic elites operating above the level of the nation-state forged a world economy with new rules that favored global capital above the interests of even powerful nation-states.

Small nations, such as those of Central America, tend to be very sensitive to powerful global forces and actors. Their sensitivity to the political and economic world outside their borders derives from the very limits of their wealth, resources, populations, and military capacities. Central Americans, elites and non-elites alike, depend very heavily on what their countries export (commodities) and import (manufactured goods and energy). They also have large, powerful, and often pushy neighbors. In this globalized world, problems move across borders quickly, and powerful actors—whether bigger states, international organizations, or even global non-state elites—can usually (not always) compel the compliance or cooperation of others.

After World War II, Central American economies faced economic stagnation and deep poverty, which led the region's leaders to fear possible leftist revolutions. Isthmian governments thus collaborated on a regional economic integration scheme to promote capitalist economic growth and to preserve their regimes. Although successful for a while, that system crashed in world economic and domestic political crises during the 1970s and 1980s. Struggling to recover, Central American states—under heavy pressure from outside political and economic actors—eventually adopted a new, common economic development model. We seek to understand the region's persistent poverty, what governments have done and are doing about it, and how the region's economies fit into and move with the world economy.

The region has also experienced great political transformations directly related to the economic changes just mentioned. The political regimes prevalent until the 1970s, all but one of them authoritarian coalitions, passed through a long spasm of violence to become by the late 1980s and 1990s today's electoral democracies. Ironically, the very economic development programs designed to prevent leftist rebellions and preserve regimes in place circa 1960 actually promoted the vio-

lence that helped forge several new electoral democracies and change their ruling coalitions. Thus we also want to understand the region's political turmoil and its roots in economic change. We seek to explain the emergence of electoral democracy, and to explore its quality and prospects for the future.

We begin with a section examining Central America's poverty and its causes, with special attention to the economic situation of Central Americans at the beginning of the twenty-first century. We then inventory Central America's political regime changes from 1970 onward and put forward a theory to explain them.

Poverty and Its Causes

Commonsense interpretations of the causes of Central America's 1970s and 1980s turmoil often stress poverty. Indeed, poverty has always been a serious problem in the region. Even in relatively prosperous Costa Rica severe economic difficulties afflict many. Most experts and observers of the region recognize that poverty constitutes a persistent crisis of great human cost and cries out for social and economic reforms.

Common sense betrays us, however, if we attempt to explain Central America's 1970s and 1980s rebellions as simply the product of poverty. Most of the world's population lives in poverty, yet rebellion by those worst off is rare. Poverty alone cannot account for the revolts in Nicaragua, El Salvador, or Guatemala. Indeed, if poverty alone were sufficient to cause rebellions, Honduras should have exploded with popular fury long before Nicaragua or El Salvador. We thus encounter the paradox that among Central America's five nations, the poorest historically (Honduras) and the richest (Costa Rica) have been the most stable, while those that had the most rapid industrialization and economic growth in the 1960s and 1970s have been the most unsettled.

To affirm that poverty alone did not cause Central America's rebellions, however, is not to say that poverty did not contribute. In fact, there is an important link between *becoming* impoverished and popular unrest. Large segments of Central America's poor and middle classes *became* much worse off during the 1970s and early 1980s. It was not the grinding, long-term deprivation of persistent poverty, but this change—impoverishment, declining living conditions—that motivated much of the region's unrest. In this section we focus on the nature of Central American poverty—the long-standing, grinding deprivation that affects large segments of the population. We summarize some of what this severe poverty means for the lives of contemporary Central Americans. In the following country chapters we will examine how impoverishment contributed to popular unrest and rebellion in the 1970s and 1980s, and the prospects for its eventual abatement.

Poverty Measured

The human condition in Latin America generally lies somewhere between the extreme deprivation and despair of parts of Africa and the relative prosperity of North America, Europe, and Japan. Within Latin America, the economic indicators for Central America as a whole fall well below the median for the entire region. Latin America in 2007 had a gross domestic product (GDP) per capita (in constant 2000 US dollars) of roughly \$4,730. Only the relatively wealthy Costa Rica, with a GDP per capita of \$5,085, exceeded that figure. The other four ranged from El Salvador, with a 2007 per capita GDP of \$3,547, down to Nicaragua, with \$885.²

GDP per capita figures require some explanation and context. First, for comparison, overall economic activity in the United States in 2007 (GDP per capita), at \$38,000, was over nineteen times that of the average for Central America (\$1,962).³ Second, remember that the “average” indicated GDP in per capita figures is a statistic that distorts reality. GDP per capita divides annual total value of goods and services produced in a given country by the total population. In Central America, where a small minority controls most of the resources and earns most of the income, averaging the income of the wealthy with that of the rest of the population gives per capita GDP values that grossly overstate the real condition of most people. Indeed, the real income per capita of the poorer half of the population in most of Central America probably runs between \$500 and \$1,000 per year. Finally, while “average” Salvadorans thus struggled to make do on roughly one-twentieth of what the average US citizen had to work with, they and other Central Americans faced prices for many consumer products—food, clothing, health care—almost as high as those in the United States.

Table 2.1 presents dramatic data about poverty’s dynamics. Severe income inequality characterizes most of Central America. In four countries in the late 1990s almost two-thirds of the population lived on less than US\$2 a day. Twenty-six percent of Costa Ricans had incomes below the regional poverty line in the early 1990s; that figure improved to 20.5 percent in 2004. In the early 1990s, from 54 to 81 percent of the rest of Central Americans’ incomes were below the poverty line. Very modest improvement by 2004 left the number in poverty in those countries ranging from 48 to 75 percent. Moreover, these data provide no assurance that the ranks of the more than 20 million Central Americans who remained trapped below the \$2 per person per day poverty standard (constituting truly deep poverty) in 2004 will not grow considerably as the growing world recession takes hold in 2009 and beyond.

Table 2.1 illustrates the importance of income distribution to poverty. Even in Costa Rica, with the region’s highest national average income, the wealthiest tenth (decile) of the people earned, on average, 25 times more income than the poorest tenth. Compared to the rest of the region, however, Costa Rica’s income ratio

TABLE 2.1 DYNAMICS OF POVERTY IN CENTRAL AMERICA

	<i>Costa Rica</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Honduras</i>	<i>Nicaragua</i>
EDUCATIONAL INEQUALITY					
Percent of population attending school of					
ages 6–12	96	86	77	85	85
ages 13–17	66	70	53	52	62
ages 18–23	34	27	21	20	28
Mean years schooling (population over 25),					
In 1960	3.9	1.7	1.4	1.7	2.1
In 2000	6.0	4.5	3.1	4.1	4.4
Percent of population over 25 with no schooling, c. 2000					
	9.4	35.0	47.1	25.9	18.0
Gini index of education inequality ^a , population ages 25–65, c. 2000					
	29.7	47.3	61.8	47.7	48.3
INCOME INEQUALITY					
Percent below poverty line, early 1990s (Hammill)					
	26.2	54.0	64.6	80.5	73.6
Percent below poverty line, late 2004 (Hammill)					
	20.5	47.5	56.0 ^b	74.6	69.3
Percent of families with female heads of household, 2004 (% change since 1990)					
	27.6	32.2	19.3	25.7	32.2
	(+8.7)	(+5.5)	(+2.4)	(+4.3)	(+4.1)
Percent of children ages 10–14 who work					
	3.5	8.4	27.7	15.5	12.2
Percent of individuals living on less than \$2.00 US per day, late 1990s					
	30	63	68 ^c	75	72
Ratio of incomes of wealthiest 10% to poorest 10% of population, c. 2000					
	25.1	47.4	63.3	49.1	56.2
Gini index of income inequality ^a , c. 2004					
	0.46	0.46	0.62b	0.55	0.56

^aThe Gini index is a measure of inequality that ranges from zero (perfect equality) to 1.00 (perfect inequality); the higher the index score, the greater the inequality among members of a population.

^bValue for Guatemala is for 2000.

^cAuthors' estimate based on percent below poverty line and GDP per capita from de Ferranti et al., *Inequality in Latin America: Breaking with History?*

SOURCES: David E. de Ferranti, et al., *Inequality in Latin America: Breaking with History?*, Washington D.C., The World Bank, 2004, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2004/06/22/000160016_20040622141728/Rendered/PDF/28989.pdf, accessed July 29, 2008; Matthew Hammill, "Growth Poverty and Inequality in Central America," Serie Subregional de la CEPAL en México, United Nations, Economic Commission for Latin America, Social Development Unit, Mexico, D.F., 2007.

between the richest and poorest deciles appears modest. In sharp contrast, the next-highest rich-to-poor income ratio was El Salvador's, at 47, and the other countries' ratios ranged upward, to as high as 63 in Guatemala. Thus the wealthiest 10 percent of Guatemalans earned, on average, 63 times more income per person than those among the poorest tenth. Put concretely, if we estimate, not unreasonably, that the poorest Guatemalans each eked out a living on \$500 per year around the year 2000, the wealthiest tenth of Guatemalans would have enjoyed a comfortable \$31,500 apiece.

Education can provide one way out of poverty, but data reveal the difficulties Central Americans confront. Literacy among those fifteen and older in 2005 ran from a high of 96 percent in Costa Rica to a low of 68 percent in Nicaragua. Honduras, El Salvador, and Guatemala registered 78 percent, 81 percent, and 72 percent literacy, respectively (see Table 1.1). In addition, many who can read have only basic education because elite-dominated systems have long placed scant emphasis on public education. Table 2.1 illustrates this with data for 2000: Except for Costa Rica's 96 percent attendance rate, from 14 to 23 percent of Central Americans ages six to twelve did not attend school. Secondary school-age attendance rates are worse. Attendance rates for higher education (ages eighteen to twenty-three) ranged from only one in five Guatemalans and Hondurans to a regional high of one in three Costa Ricans. The average total schooling of adults (over age twenty-five) was highest in Costa Rica, at 6 years, and then ranged downward from 4.5 years in El Salvador to only 3.1 in Guatemala. Almost half of Guatemala's adult population and a third of El Salvador's had no schooling. An index of inequality of education among those between twenty-five and sixty-five years of age in 2000 reflected great distortions in access to education. On a scale running from 0 (everyone having equal education) to 100 (very unequal education), Costa Rica had a low score of 30; Nicaragua, Honduras, and El Salvador scored in the high forties; and Guatemala scored a highly unequal 62.

For the region as a whole, therefore, one may fairly say that the typical Central American is poor—meaning poorly fed, housed, and educated, and with little or no access to medical care or cultural and recreational opportunities.⁴ Modest improvements in income occurred in the 1990s and early 2000s, but these gains appeared very vulnerable to looming world economic problems in 2009.

Basic food production illustrates some of the problems stemming from greater economic inequality. Land in the region is very inequitably distributed. Typically, the rich and powerful control the best land and on it grow export products rather than food staples. In a capitalist economy, this makes good sense to landowners because export products earn greater profits than domestically marketed staples. But over time this process has allowed export producers to progressively buy up and concentrate land in fewer hands, and so countries produced fewer staples in relation to population. Meanwhile, the prices of these scarcer staples rose inexorably

with population growth and thus forced the common citizen to make do on less and cheaper food. At present, Central Americans generally eat very little animal protein, deriving their essential amino acids, instead, from corn and beans. But even these foods are expensive because costly imported staples have replaced insufficient domestic production.

Conditions and trends are somewhat better in public health. Especially since World War II, improved techniques against several communicable diseases have allowed international health organizations and Central American governments to reduce the frequency of certain killer diseases. This has lowered death rates and raised life expectancies, which for 2000 to 2005 ranged from a regional mean of around 69 to 71 years for four countries, but was a respectably high 78 in Costa Rica (see Table 1.1). Costa Rica, whose governments excelled for decades in providing decent, low-cost health care to much of the populace, widely beat out its neighbors in reducing infant mortality. Costa Rica for 2000 to 2005 reported 11 infant deaths per 1,000 live births (similar to advanced industrial countries). El Salvador and Nicaragua, in contrast, reported 26 infant deaths per 1,000, Honduras 31, and Guatemala 39.

Improved preventive medicine has extended the life span of Central Americans, but most still faced serious health problems in the early twenty-first century. Local hygiene normally remained poor. Most rural and many urban houses lacked interior plumbing, and many lacked even backyard latrines. Except for Costa Rica, the curative medical system was grossly inadequate. Private medical care—nearly as expensive in Central America as in the United States—lay mostly beyond the reach of many. Hospitals, doctors, and pharmaceuticals in most countries remained scarce, expensive, and usually consistently available only to the wealthy and a minority of the urban middle class. As a result, good health was largely a matter of privilege or luck. That said, Table 1.1 reveals that that national efforts to provide better health services were having beneficial effects. Between 1990–1995 and 2000–2005 all Central American nations reduced infant mortality rates. Nicaragua made the most progress, reducing infant mortality by 22 per 1000 live births.

High natural population growth rates exacerbate poverty. For 2000 to 2005, annual population growth rates were 1.3 percent in Nicaragua, 1.8 percent in El Salvador, 1.9 percent in Costa Rica, 2.0 percent in Honduras, and 2.5 percent in Guatemala (see Table 1.1). If Central America's current rates of growth persist, its population will reach 61 million by 2040—an increase of 56 percent.⁵ The population grows rapidly for several reasons. Advances in public health have reduced death rates. Second, the median age of four of five countries is around twenty (as opposed to around thirty in the United States). Thus a substantial proportion of the female population is of childbearing age. Costa Rica's median age is the highest, at 27.5.⁶

Finally, high fertility is normally related to poverty and low levels of urbanization. While poverty persists, much of Central America has significantly urbanized in recent decades. As Table 1.1 shows, Costa Rica in 2005 was the most urban (63 percent urban population), followed by El Salvador and Nicaragua (58 and 57 percent, respectively). Guatemala's population was half urban in 2005, and 48 percent of Hondurans lived in urban areas. Urbanization makes education more widely available to women and encourages wider use of birth control. Persistent high population growth makes efforts to reduce social inequities and improve living conditions more difficult, but some progress has occurred. The much higher population growth rates of previous decades have begun to tail off across the region as urbanization has increased and the median age has risen.

The Causes of Poverty

Poverty in Central America is neither completely natural nor inevitable. Foreigners once argued that Central Americans were poor because they were racially inferior. For instance, one geography text used widely in US primary schools in the 1920s claimed that "except where white men have established plantations, the resources [of Central America] are poorly developed. Most of the Indians, mestizos, and negroes are poor and ignorant . . . few care to work hard. More white men are needed to start plantations and to fight tropical diseases."⁷ Today we recognize such statements, also found in prominent encyclopedias of the same era, to be racist nonsense. Likewise, one cannot maintain that the region lacks sufficient resources to support its human population. El Salvador *is* overpopulated. But Central America as a whole has enough good land not only to produce some primary products for export and foreign exchange but also to grow sufficient staples to feed its people. And though not exceptionally blessed in this regard, the region also has some mineral resources and significant hydroelectric energy resources and potential.

In fact, much of Central America's poverty is largely a human artifact—produced by exploitation of the many by the region's powerful upper classes as they operate within the larger world economic system. Powerful foreign interests often joined and supported Central America's local elites in this exploitative behavior. Evidence that it need not have been so—that human volition caused much of the region's poverty—leaps out of some of the data in Tables 1.1 and 2.1. In these facts, one repeatedly finds that Costa Rica has done better than its neighbors in economic growth, economic equality, poverty reduction, providing education and literacy, and promoting its citizens' health. Moreover, Costa Rica accomplished these things while also exporting agricultural commodities and having only modest resources. It also did so despite starting the second half of the twentieth century ranked second in per capita income behind El Salvador. How did Costa Rica do so much better by its citizens than its four northern neighbors since 1950? The

answer, we contend, stems from the political will of Costa Rican leaders. Even though they shared the same disadvantageous economic context of the rest of Central America, Costa Rica's leaders adopted and kept democracy, abolished the armed forces, moderated income inequality, and invested in education and health over the long haul. The leaders of the other nations did not make these choices, at least not consistently enough to do the job.

Dependency. What developed over time and accounts for much of the Central American economic system, was what many scholars call *dependency*.⁸ Though there is some disagreement on specifics, most experts view dependency as a complex political, economic, and social phenomenon that retards the human development of the majority in certain privilege-dominated Third World countries with heavily externally oriented economies. In such countries, even during periods of rapid economic growth, the benefits of growth normally do not meaningfully "trickle down" to the majority of the people. The *dependistas* (dependency theorists) argue that the social stagnation of dependent countries derives from the combination of an income-concentrating, externally oriented, and externally conditioned form of capitalism with political systems controlled by privileged minorities who benefit from such poorly distributed growth.

We hasten to emphasize that in order for the *dependency syndrome*—with all of its negative human consequences—to exist, a country must have *both* an externally oriented economy (specializing in commodity exporting) *and* a socially irresponsible political elite. External economic orientation, though essential, is not enough alone to cause the socially regressive dependency syndrome. The Korean and Japanese economies are both heavily externally oriented, but their elites seem to have a greater sense of social responsibility than Latin America's and have allowed growth to promote generally improved living standards. Cuba from 1959 to the collapse of the Socialist bloc and Soviet Union in 1989 provides another example of dependence without the poverty-generating dependency syndrome. Critics of Cuba argue that the island republic's revolutionary government simply replaced dependence on the United States with dependence on the Socialist bloc. Quite so. However, a crucial difference was that the Cuban political elite distributed the income from its externally dependent economy so as to significantly improve general levels of public health, education, and nutrition. Thus while dependent on the Soviet bloc for aid, Cuba for a time avoided the dependency syndrome *per se*.

Capitalist development in dependent countries such as those of Central America differs sharply from what occurred in the industrialized countries. In the Western industrial nations common citizens became crucially important to the economy as consumers. In the United States for much of the twentieth century, for instance, domestic consumers absorbed much of the industrial production. So for at least a century it was not in the US ruling class' interest to exploit common citizens to the extent that they could no longer consume. In an internally oriented

economic system like that of the United States, income redistribution through the graduated income tax, social-welfare programs, and a free labor movement actually served the interest of the moneyed elite as well as that of the common citizen. However, in dependent Third World countries, the tiny upper and middle classes that control the political systems derive most of their income directly or indirectly from exports or from the products manufactured by multinational corporations that the upper and middle classes—but not the masses—consume. In such a system the common citizen becomes important not as a consumer but as a vulnerable source of cheap labor.

Under this type of system, average citizens have little opportunity to lift themselves up by the bootstraps because they have little access either to the means of production or to the riches that flow therefrom. By its nature, the elite-run dependency system produces an inexorable concentration of both property and income. In rural areas, stimulated by the growing lure of high profits through export, the rich and the powerful simply buy out or drive poor peasants from the land. In the cities, local elites and foreign enterprises dominate the usually modest industrial production. Foreign firms enjoy huge advantages in technology and brand recognition that tends to retard the formation of locally based industry. Nevertheless, the local elites benefit from contracts, services, and employment for the educated few, as well as occasional payoffs and bribes. Meanwhile, only limited advantages accrue to a host country from the presence of foreign firms that export both profits and earnings from licenses, patents, and materials sold at inflated prices by parent companies. They tend to use capital-intensive rather than labor-intensive technology, thus draining foreign exchange for the purchase of costly industrial equipment and providing limited “trickle-down” in the form of wages. And finally, by obtaining much of their capital locally, they dry up domestic capital that might otherwise be available to native entrepreneurs.

This system favors a privileged local elite and its foreign associates while ignoring the interests of the vast majority. Elites face powerful economic disincentives to improve the miserable condition of the masses. Any switch to a more socially responsible, mixed economic system could involve much economic dislocation and personal sacrifice that many among Central America's dominant elites simply would not accept without a fight. Indeed, the two main Central America experiments with such a more socially responsible, state-led development model only arose at least in part from violent political conflicts—the Costa Rican civil war of 1948 and the Nicaragua revolution of 1979.

At this point, one might reasonably ask why the dependency system developed in Central America while a consumer-driven economy arose in North America. And why have the great bulk of the Central American people not been able to alter a system that is so contrary to their interests? Much of the answer to the first question lies in the distinct ways in which North America and Central

America were colonized. European nonconformists originally settled North America seeking a new life and greater freedom. These people tamed the land with their own labor and eventually developed into a large class of freeholders. North America did develop an aristocracy of sorts, but it never completely dominated the common citizen.

In Central America, the conquistadores sought quick riches. They superimposed their administration over that of the indigenous peoples and immediately began exacting tribute in gold and slaves. Within decades, the Spaniards plundered the region's gold and decimated much of its native population by slavery and contagion with European diseases. The Spanish mercantile system steadily drained resources from the region. Subjugated masses of indigenous peones, mestizos, and eventually, black slaves and mulattoes supplied most of the physical labor. Only in Costa Rica, with few easily exploitable resources and not many native peoples, did even a few Spaniards come to till the soil. Costa Rican economic and political elites, absent a coercible indigenous workforce, learned to coopt and cajole their working classes.

Small wonder, then, that nearly five centuries later, the four northern countries of Central America had severe mass poverty and huge class disparities, whereas Costa Rica had developed a relatively more democratic, egalitarian, and socially just system. Evidence that elite decisions underlie these within-region differences stands out in certain facts: After 1950 Costa Rica's governments directed far more of their national budgets to social spending (health, education, and welfare) than other Central American governments. Costa Rica consistently dedicated more of its budget to social welfare partly because, after 1949, it had no armed forces to support. The Costa Rican governments' overall spending and social spending as a percent of GDP were nearly always greater than those in other isthmian countries.⁹ Even after sharp curtailment under international pressure in the 1990s, Costa Rica's 1998 social welfare spending was 16.8 percent of GDP, compared to the next-best effort (Nicaragua at 12.7 percent) (see Table 2.2). In contrast, the Salvadoran government's social spending—a crude measure of elite commitment to reducing poverty—was at 4.3 percent of GDP, the region's least, but exceeded modestly by Guatemala (6.2 percent) and Honduras (7.4 percent).

This also leads us to the answer to the second question as to why the mass of citizens have not changed these systems for the better: Rather than docilely accept their imposed and sorry lot, numerous groups have revolted when things got rapidly worse: Indigenous peoples resisted the conquistadores. Peasants revolted against land concentration caused by the late-nineteenth-century Liberal reforms and the spread of coffee cultivation. Peasants and workers under Nicaraguan nationalist Augusto C. Sandino resisted US occupation from 1927 to 1933. Workers led by El Salvador's homegrown Communist Agustín Farabundo Martí revolted in 1932. Nicaraguans en masse successfully rebelled against the Somoza regime in

TABLE 2.2 RECENT ECONOMIC DATA ON CENTRAL AMERICAN GOVERNMENTS

	<i>Costa Rica</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Honduras</i>	<i>Nicaragua</i>
Government spending overall as percent of gross domestic product in 2007	15.5	14.6	13.1	19.0	23.2
Government social spending as percent of gross domestic product, c. 1998	16.8	4.3	6.2	7.4	12.7
External debt as percent of gross domestic product in					
1982	110.3	42.0	17.6	69.4	121.5
1991	73.0	36.7	29.8	118.9	649.1
2007	13.8	24.5	11.1	41.7	93.8

SOURCES: Economic Commission for Latin America and the Caribbean, www.websie.eclac.org/sisgen/ConsultaIntegradaFlashProc.asp, accessed January 25, 2009; Interamerican Development Bank, www.iadb.org/gl/, accessed January 25, 2009; Interamerican Development Bank, *Economic and Social Progress in Latin America*, 1983 Report (Washington, DC, 1983), country profiles; Interamerican Development Bank, *Economic and Social Progress in Latin America*, 1992 Report (Washington, DC, 1992), country profiles.

1978 and 1979. And mass-based insurrections took place in El Salvador and Guatemala beginning in the late 1970s.

Such struggles between popularly based movements and those in power, however, have usually been very unequal. The entrenched elites have typically enjoyed huge advantages in military, economic, and propaganda resources. And the privileged elites have normally also counted on the support of foreign powers—Spain in the colonial period and the United States in the twentieth century. During the Cold War, Central America's ruling classes learned that merely by labeling their opposition as "Bolshevik" or "Communist" they could usually win US support, ranging from direct armed intervention to economic and military aid. From 1946 through 1992 the United States provided US\$1.8 billion in military assistance to the region (98 percent of it to Guatemala, El Salvador, Honduras, and to prerevolutionary Nicaragua) to shore up authoritarian regimes against challenges from the left (see Appendix, Table A.3).

During the 1960s the United States assisted Central American governments economically via the Alliance for Progress. From 1962 through 1972 the Alliance provided US\$617 million (see Appendix, Table A.3) in aid to help build Central America's roads, ports, schools, and service infrastructures. This complemented the five-nation Central American Common Market's (CACM) effort to promote a jointly state-directed, import-substitution industrialization program and customs union. Intended to advance both economic-development and security objectives, the CACM stimulated rapid economic growth, but national elites

mismanaged the distribution of its benefits. Following a very distinct strategy from that of Costa Rican leaders, the regimes of Guatemala, El Salvador, and Nicaragua resisted sharing the benefits of growth with most citizens.

Afflicted by rising oil prices and falling commodity prices in the mid-1970s, the Common Market development model failed spectacularly. For every isthian country this crisis brought high inflation, unemployment, and foreign debt while sharply lowering productivity and real wages. Worsening circumstances mobilized many citizens in protest, and some to violence, destabilizing several governments. Despite US\$5.6 billion in economic aid from 1977 to 1988 (see Appendix, Table A.3) plus assistance from other nations, turmoil blocked Central America's economic recovery. Eventually under pressure from the United States and the major world multilateral lending organizations such as the International Monetary Fund, all five countries embraced a new economic model known as *neoliberalism* and embarked on programs of *structural adjustment*, economic reforms mandated by foreign lenders.

The new strategy of neoliberalism went hand-in-hand with regional and international political efforts to end the civil wars and promote electoral democracy. That outside elites and Central American leaders pushed together for peace, democratization, and neoliberal economic reform is no accident. Robinson summarizes:

As the transnational ruling bloc emerged in the 1980s and 1990s it carried out a "revolution from above," involving modifications in global social and economic structures through the agency of [transnational system] apparatuses aimed at promoting the most propitious conditions around the world for . . . the new global capitalist production system. This global restructuring, the so-called "Washington consensus," [or] neo-liberalism, is a doctrine . . . [that calls for] worldwide market liberalization, . . . the internal restructuring and global integration of each national economy . . . [and] an explicitly political component . . . [that] revolved around the promotion of "democracy."¹⁰

The transnational apparatuses pushing the neoliberal model in Central America included the US Agency for International Development (USAID) and several multilateral lending entities such as the International Monetary Fund and Inter-american Development Bank. Together they exacted internal political and economic "reforms" from debt-ridden Central American nations in exchange for critically needed loans to keep their economies functioning.

Pushed energetically by international lenders, the United States, and Europe, this neoliberal development model advocated certain basic changes: (1) downsizing government by laying off public employees; (2) balancing public budgets by

cutting programs and subsidies to food, transport, and public services; (3) privatization of state-owned enterprises; (4) deregulation of private enterprise; (5) currency devaluations to discourage imports and encourage investment; and (6) sharp reduction of tariff barriers to foreign trade. Neoliberalism's external and domestic advocates believed such measures would eliminate inflation, increase productivity, stimulate international trade (especially exports), and lay a foundation for future economic growth. Although many would be dislocated and suffer in the short run, long-term economic growth would eventually "trickle down" to everyone.

For Central Americans with a sense of history, neoliberalism portended mixed blessings. It shares many characteristics with the raw liberalism of the region's economic model of the late nineteenth and early twentieth centuries. In the short term peace and democracy plus monetary and price stability brought parts of the region economic recovery through improved growth, investment, and trade. Operating under the new rules mandating economic austerity for the state, Central American governments substantially reduced the heavy foreign debt they had accumulated by the early 1990s (see Table 2.2). On the other hand, because these policies, including debt repayment, reduced governments' capacity to protect and assist their citizens, they also had great potential to worsen the disparities between the rich and poor and to hurt the small middle class. Ironically, then, after achieving hard-fought political reforms, Central Americans found their governments still pursuing (or in Costa Rica's case newly pursuing) economic policies that might aggravate economic and social inequality—one of the central problems that contributed to the violence of the 1970s and 1980s.

Whether the newly democratic institutions born of those struggles will allow Central American nations to prevent impoverishment remains to be seen. Will their elites somehow balance growth with equity, as Costa Rica did for five decades, or will the old elites' greedy habits take hold again and become the norm for new elites? In short, will neoliberalism accommodate socially conscious government policies, or will it provide an excuse to stifle them?

Regime Change in Central America

We turn now to the recent transformations of the political systems of Central America, and specifically of their political regimes. Observers concur that much changed in the isthmus since 1970 but disagree about the meaning of these changes overall and in individual cases. We believe regional political transformations and the economic processes just discussed are related and largely driven by common forces.

Regimes are coherent systems of rule over mass publics normally established among a coalition of a nation's dominant political actors. The coherence of a system of rule refers to a persistent and identifiable set of political rules determining access to power and decision making.¹¹ Political regimes thus stand distinct from the particular governments or administrations that operate under the same general rules. For instance, Costa Rica has had a single civilian democratic regime since the 1950s, consisting of a series of constitutionally elected presidential administrations. Likewise, Guatemala in the 1970s had a military authoritarian regime, subdivided into governments headed by various president-generals.

A new regime differentiates itself from its precursor when change occurs in *both the fundamental rules of politics and the makeup of its ruling coalition* (a regime shift). We propose seven basic regime types that roughly cover the Central American experience between 1970 and 2004: *military authoritarian*, dominated by a corporate military establishment in coalition with a narrow range of civilian sectors; *personalistic military*, the only case of which was Nicaragua, dominated by the Somoza family and military in coalition with segments of the Liberal and Conservative parties and key financial sectors; *reformist military*, dominated by reformist military elements and willing to liberalize or democratize the political system; *civilian transitional*, with elected civilian rulers backed by a strong military and mainly incorporating center and rightist parties. There are also a *revolutionary regime* (dominated by a weakly restrained revolutionary party with a center-left coalition) and a *revolutionary transitional regime* (civilian-dominated and moving toward accommodating the revolutionary party and toward constitutional restraints), which only occurred in Nicaragua. Finally, *civilian democratic regimes* have elected, civilian, constitutionally restrained governments, broad ruling coalitions, and political competition open to parties from left to right.

Table 2.3 displays Central America's political regimes since 1970 according to this scheme. Over three decades only Costa Rica remained politically stable. Among the other four countries we count thirteen regime shifts (changes between categories).¹² Nicaragua's 1978–1979 insurrection culminated in a four-and-a-half-year period of revolutionary rule until internationally observed elections took place in 1984. With new members in the ruling coalition and National Assembly and top public officials separated from the revolutionary armed forces, the new revolutionary transitional regime's National Assembly drafted a new constitution (1985–1987), the promulgation of which instituted constitutional civilian democracy in 1987. El Salvador and Guatemala traversed three similar stages after military authoritarian rule: In both, a military-led transitional regime during civil war engineered changes that led to a civilian transitional regime; the settlement of each war eventually ushered in a much more inclusive civilian democratic government. Honduras' military regime, anxiously eyeing neighboring

TABLE 2.3 CENTRAL AMERICAN REGIME TYPES, 1970–2009*

<i>Costa Rica</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Honduras</i>	<i>Nicaragua</i>
CD ^a	MA	MA	MA	PM
	RM (1979)	RM (1982)	RM (1980)	Rev (1979)
	CT (1984)	CT (1985)	CT (1982)	RevT (1984)
	CD (1992)	CD (1996)	CD (1996)	CD (1987)
			De facto** (2009)	

*NOTE: Explanation of regime types notation: CD = civilian democratic, CT = civilian transitional, MA = military authoritarian, PM = personalistic military, RM = reformist military, Rev = revolutionary, and RevT=revolutionary transitional. See text for fuller explanation of types. Date of inception of new regimes is in parentheses.

**“De facto” refers to a CD regime that experiences significant deviation from constitutional democracy. In this case the Honduran coup d’état of June 28, 2009 instituted a *de facto* regime. As this went to press in early November of 2009, the outcome of the coup and the situation of the Honduran *de facto* regime remained to be determined.

^aUninterrupted from 1949 to present.

Nicaragua’s revolutionary turmoil at the end of the 1970s, moved quickly toward transitional civilian democratic rule. The military retained veto authority for a long time—full civilian democracy came only in 1996. Hopes for consolidation of full civilian democracy proved vain. The democratic regime of Honduras failed dramatically in June 2009 when a constitutional dispute between President Manuel Zelaya, his critics, and the head of the armed forces became a coup d’état. The army arrested the Honduran president and exiled him to Costa Rica, and the National Congress named Roberto Micheletti as interim president.

How and why did these regime shifts occur? We examine both what caused the changes and the mechanisms or processes of change.

Causes. Several factors, interacting in complex ways, drove most regime change: Rapid economic growth in the 1960s followed by severe reversals in the 1970s impoverished many and generated widespread mobilization and demands for political and economic reform. Grave economic problems and mass unrest also undermined authoritarian coalitions. Violent resistance to and repression of those demanding reform by some governments drove opposition unification, radicalization, and revolutionary insurrection. Fear of a revolution like Nicaragua’s prompted the militaries of other nations, some with US aid, to initiate very gradual political changes and eventually to accept transitional civilian regimes with liberalized rules. During the wars themselves, the failure of the armed forces to defeat the insurgents added impetus to calls from international actors (neighboring Latin American states, Europe, and the Catholic Church) to accept negotiated regime change. Finally, the end of the Cold War convinced the

United States in the early 1990s that it was now in its interest to accept or promote rather than resist the negotiated settlements all Central American regimes had agreed to in principle in 1987.

Processes. If these were the likely causes, how did the changes occur? A widely based mass insurrection initiated the revolutionary regime in Nicaragua by defeating the authoritarian Somoza regime in 1979. The Nicaraguan revolutionary government enacted party and electoral laws similar to those of Western Europe and Costa Rica in 1983 and won internationally observed elections in 1984. In the ensuing revolutionary transitional period the National Assembly wrote a new constitution that took effect in 1987, ushering in the civilian democratic regime.

The overthrow of Somoza and beginning of the Nicaraguan revolution in 1979 were political earthquakes that motivated regime change elsewhere in the isthmus. Despite certain differences among them, military coups d'état ushered in transitional military episodes in El Salvador, Guatemala, and Honduras. The new military regimes in El Salvador and Guatemala at first continued high levels of repression. Their critics rightly remained quite skeptical that meaningful changes in political rules might have taken place. But gradually the military transitional leaders produced new constitutions (some exculpating the military for their crimes while in power). They then allowed elections that brought civilians to nominal power while permitting at least some formerly excluded centrist and center-left civilian groups back into the political arena.

Isthmian nations have much of their history, global contexts, and political and economic development in common. As noted, these common attributes demonstrate that Central America exists within a larger world dynamic that constrains its component states in similar ways. Just as common forces caused Central America's three great national revolts in the 1970s, the same forces influenced the overall process of regime change leading from authoritarianism toward electoral democracy. In fact, the revolutionary movements were key steps in the process of regime change that led to the region's formal democratization.

A Theory of Regime Change in Central America

Our explanatory argument integrating Central America's insurrections and other regime changes employs elements of regime change theory and the dependency and world-system theories already discussed. We will briefly review the political science literatures on regime change, revolution, and democratization and show the considerable extent to which the three overlap and inform each other. These common features lead us toward a more general explanation of the recent remarkable transformation of Central American politics.

Students of regime change examine the causes, processes, and outcomes of regime change. Barrington Moore explored how the characteristics of several established regimes and the interaction of their various social classes shaped the

particular characteristics of new regimes.¹³ Guillermo O'Donnell examined the role of military–middle class coalitions as bureaucratic authoritarianism replaced civilian governments in Argentina and Brazil.¹⁴ The contributors to Guillermo O'Donnell et al.'s *The Transitions from Authoritarian Rule* examined the nature of authoritarian regimes and the causes and processes involved in the breakdown of authoritarian governments of southern Europe and Latin America.¹⁵ Mark Gasiorowski has employed quantitative analysis to account for factors that contribute to regime change.¹⁶ Dietrich Rueschemeyer and Evelyne and John Stephens' *Capitalist Development and Democracy* contends that regimes shift toward democracy when organized working- or middle-class groups have sufficient power to undermine the wealth of entrenched elites. In essence, threatened elites coopt those below with political reform.¹⁷ Carles Boix takes a slightly different tack, contending that democratic regimes arise when pressed by masses from below, if key elites have mobile capital (for example, industrial or financial assets) rather than fixed assets (extensive landholdings or mineral deposits). Capital mobility, he believes, makes elites more flexible and willing to negotiate concessions to those pressing them for change.¹⁸

In sum, despite the difference among these theories, the regime-change literature clearly views regimes as systems of rule over mass publics established among a coalition of a nation's dominant political actors. Regime coalition members benefit from inclusion in the regime. Social and especially economic change can generate and mobilize new political actors who may seek inclusion into the ruling coalition and its benefits. They may or may not be admitted by those within the regime (details of why concessions occur are disputed). Contented, indifferent, unorganized, or effectively repressed populations and groups do not seek inclusion in the regime, nor do they violently rebel. Strong, flexible regimes with satisfied allies rarely collapse or wage war against their populations.

Charles Anderson's classic work explains that Latin American regimes have corporatist tendencies, meaning that new actors usually win admission to the regime coalition only when they prove themselves capable, if excluded, of destabilizing the existing regime. Regime transformations in the region therefore often involve conflict because excluded forces must fight for inclusion.¹⁹ This view accounts for the well-documented case of Costa Rica's last regime shift. The narrowly based coffee grower–dominated quasi-democracy of the 1930s was disrupted first by emergent Communist-led unions, who made a pact with the reformist president to enact key social protections in the early 1940s. Six years later, middle-class actors and elements of the coffee elite coalesced to rebel in a brief but violent civil war in 1948. The latter forces forged a new regime after winning the civil war.²⁰

The second relevant literature concerns political violence and revolution, part of which involves regime change. We have extensively reviewed this literature in earlier editions, so we merely highlight key portions here.²¹ First, for a rebellion to

occur a fundamental basis of conflict must exist that defines groups or categories of affected persons that provide "recruiting grounds for organizations."²² What bases of conflict are most likely to lead citizens to widespread rebellion, a phenomenon that John Walton usefully designates the *national revolt*?²³ Walton, Theda Skocpol, Jeffrey Paige, Mancur Olson, David Mason, and many others argue that rapid economic change and evolving class relations typically drive the mobilization required for a violent challenge to a regime.²⁴ For agrarian societies, inclusion into the world capitalist economy through a shift to heavy reliance upon export agriculture may harm huge sectors of the peasantry, urban poor, and middle sectors and thus provide large numbers of aggrieved citizens.

Once motivated, groups must organize and focus their struggle for change upon some target, most likely the regime in power. Rod Aya and Charles Tilly have shown that effective organization for opposition requires the mobilization of resources. They emphasize the key role of the state in shaping rebellion. The state is not only the target of the rebels, but it also reciprocally affects the revolt as it both represses rebels and promotes change.²⁵ Walton, Skocpol, Jack Goldstone, and Ted Gurr concur that once a contest over sovereignty begins, political factors such as organization and resource mobilization by both sides eventually determine the outcome.²⁶ Goldstone, James DeFronzo, and Bill Robinson particularly emphasize the contribution to successful revolutionary movements of both external actors and interelite competition, elite alienation, and factors that may weaken the state's capacity to act.²⁷ Perhaps the most satisfactory explanation is that offered by Timothy Wickham-Crowley.²⁸ Rejecting single-factor theories, he argues that Latin American history in recent decades demonstrates that successful insurrection requires a combination of four factors: the right social conditions in the countryside; an intelligent and flexible guerrilla movement; a despicable target regime ("mafocracy"); and the right international conditions. The last of these can include economic forces (e.g., falling international commodity prices that impoverish and thus mobilize local actors) and political ones (e.g., something that distracts a hegemonic actor from its normal clients, or overt decisions not to intervene on behalf of a regime).

The third literature is the growing body of scholarship on democratization. What domestic forces lead to democratization, the process of moving from an authoritarian to a democratic regime? The four main explanations focus on political culture, political processes, social structures and forces (both domestic and external), and elites. The cultural approach argues that the ideal of political democracy can evolve within a society or spread among nations by cultural diffusion among elite and mass political actors.²⁹ Elite and mass preferences for democracy promote its adoption and help sustain it. Process approaches examine the mechanics of and paths toward democratic transition.³⁰ In these emphases they resemble and overlap the regime change literature.

Structural theories emphasize how shifts in the distribution of critical material and organizational resources among political actors can lead to democracy.³¹ Democratic regimes emerge when the distribution of political and economic resources and the mobilization of actors permit formerly excluded actors to disrupt the extant authoritarian coalition. Elites are more likely to allow democratization when they enjoy capital mobility rather than capital rigidity (such as having wealth-based large landholdings). Another structural approach examines the imposition of democracy by external actors.³² The fourth approach examines the roles of leaders.³³ Key societal elites must engineer specific democratic arrangements (elite settlements) and agree to operate by them. The broader the coalition of political forces involved, the more stable and consolidated a democratic regime will be. Weak elite commitment to constitutional democratic norms can undermine a democratic regime as opportunistic elites act undemocratically to seek their narrow advantage. Robinson's explanation of the emergence of what he calls "polyarchy," a minimalist variant of formal electoral democracy, encompasses aspects of structural democratization theory (global economic and political forces and institutions impinge on the local) and elite democratization theory (external, international, and global elites cooperate with and impose democratic rules of the game on local elites).³⁴

While different in emphasis, these three literatures have much in common. All three concern regime change or efforts to promote it, although the democratization literature emphasizes transition in one particular direction. Elements of all three envision a polity as having numerous actors, whose makeup and roles can evolve, and they all treat political regimes as coalitions of key actors that survive through successful mobilization of resources in and around the state or governmental apparatus. All three recognize that regimes can experience crisis, whether through challenge from without, deterioration from within, or the erosion of state capacity. All have causal explanations for change, although there are divergent emphases and outright disagreements both within and between fields over the importance of such factors as psychology, political culture, leaders and elites, masses, and social structures. However, the more sophisticated treatments in the revolution/violence and democratization literatures tend to treat causality as both complex and multiple.

Finally, each of these fields and a substantial literature on foreign policy recognize that international constraints can shape regime change.³⁵ Foreign governments, international institutions and other actors from outside a nation can act as players in domestic economics and politics. They can strengthen a prevailing regime by supporting it, or can weaken it through opposition or withheld support. External actors can supply resources to domestic actors, altering their capacity to act and relative strength. Key external actors can pressure domestic actors to adopt certain policies or regime types, employing as inducements such

vital resources as money, trade, arms, and political cooperation. The international context can also constrain a nation's regime type by demonstration effect—having mostly democratic neighbors makes it easier to adopt or retain a democratic regime.

Though these bodies of literature do not explicitly address this matter, we believe that by drawing from these elements we may advance the following outline of a theory of regime change: Political systems are, for our purposes, nation-states with defined populations and territorial boundaries. Political systems exist within an international context consisting of various types of actors, including nation-states, formal and informal alliances among nations, corporations, the world political economy, international organizations, and political and ideological groupings. Political regimes are coherent systems of rule over mass publics established among a coalition of the nation's dominant political actors. Political actors within nations include individuals but, more importantly, encompass organized groups, factions, ideological groupings, parties, interest sectors, or institutions, each pursuing objectives within the political system and each with resources to bring to bear. Actors may or may not constitute part of the regime coalition, the group of actors who dominate and benefit most from the state, its resources, and its policy-making capacity.

Political regimes persist based upon two things: They must constantly manage the state and economy well enough to retain coalition members' loyalty. And they must continuously keep actual and potential outside-the-regime actors (both domestic and external) content or indifferent or, if neither of these, keep them disorganized, uninterested, distracted, immobilized, or otherwise effectively repressed. Many factors can potentially destabilize a regime. International or domestic economic forces may disrupt the political economy (harm a nation's established economic system or the security of a regime coalition's members or other actors). Such forces may include rapid economic growth followed by a sharp downturn, or a sharp recessive episode by itself. Powerful external actors (a major regional power or hegemon, for instance) may withdraw support and resources from a regime or may shift from tacit support to active opposition, thus creating a permissive external environment for opponents. Ideologies or different real-world polities may suggest alternative political and economic rules (republicanism instead of monarchy, socialism instead of capitalism, or civilian democracy instead of military authoritarianism) to key actors within or outside the regime coalition.

A regime experiences a crisis when such forces (1) undermine the loyalty and cooperation of some or all of the coalition members, (2) undermine the resource base and capacity of the regime to respond to challengers, or (3) mobilize external actors against the regime. Regime crises can take various forms based upon the severity of the challenge and distribution of resources among actors. Regime coalition members may renegotiate the regime's political rules and benefits and

deny significant adjustments to outside actors. Regimes may make policy changes to mollify aggrieved outside actors. Regimes may initiate cooptative incorporation of new coalition members to quell a disruptive challenge; this will typically involve reforming extant political rules and payoffs. Outside-the-regime actors may initiate a violent challenge to the regime's sovereignty via a coup d'état, insurrection, or even an external invasion. Inside-the-regime actors may also employ a coup to displace incumbents or, more interestingly, to initiate a new regime. It is also possible for leaders of a regime voluntarily to institute regime change on their own terms, even in the absence of a regime crisis, although one might reasonably expect such transformations to take place in response to anticipated challenges to the regime or polity. (Whatever the motivation, we consider this combination of alterations—change in the coalition membership plus an adjustment of the rules—to constitute the minimum adjustments necessary to be classified as a regime change.)

The evolution and outcome of a regime crisis will depend upon the ability of the regime and its challengers to mobilize and deploy their respective resources. The closer the regime and its challengers are to resource parity and the stronger both are, the longer and more violently they will struggle over power. A dominant actor (such as the military) in a weak to moderately strong regime confronted with a significant but potentially growing opposition might initiate a regime change (cooptative reform including new actors to minimize expected damage to its interests. We have such a regime type, "military transitional," above, in discussing Central American cases.) Other things equal, a strong, flexible, resource-rich regime will be likely to reform and/or successfully repress or continue to exclude its opponents and to survive. A weak regime confronting a strong opposition coalition may be overthrown and replaced by a revolutionary regime likely to then exclude some of the old regime's coalition. A protracted crisis, especially a lengthy civil war, eventually increases the likelihood of a negotiated settlement and regime transformation with new political and economic rules, redistributed benefits, and the inclusion into the political game of both former challengers and old-regime actors.

The settlement upon a new regime will derive from the eventual resolution of forces among the various political actors, and may, in turn, depend heavily upon the role of external actors. A single regime shift may not bring enough change to permit political stability. Military reformism (a transitional military regime), for instance, although intended to pacify a polity by including certain new actors and by enacting policy reforms, may utterly fail to satisfy violent, ideologically antagonistic opponents. Despite establishing a new coalition, new rules, and new policies, a revolutionary regime may quickly attract direct or indirect external opposition. If important actors (internal or external) remain unsatisfied or unsuccessfully repressed, the new regime may be unstable. Protracted instability for a newly con-

stituted regime, we believe, increases the likelihood of its failure and further regime shifts.

Explaining Regime Change in Central America

From the common elements of the theories examined above we offer the following propositions to account for the origin and development of regime change in Central America since the 1970s. The argument emphasizes the world economic and geopolitical and ideological context and its evolution, the regimes present in the 1970s and the causes of the crises that undermined them, regimes' and actors' responses to crisis, and the interplay of resources and external forces that shaped the ultimate outcome.

The Evolving Context from the US Viewpoint. The geopolitics of the Cold War predominated on the world scene in the 1970s and set the context for Central American geopolitics. US policy was preoccupied with the threat of the Soviet Union (and eventually also Cuba) and their perceived desire to expand their influence within the Western Hemisphere. The United States therefore tended to regard most of the region's political and economic reformists and the opponents of Central America's friendly, anti-Communist, authoritarian regimes as unacceptable potential allies of pro-Soviet or pro-Cuban communism. Civilian democracy, though an ideological preference of the United States, remained secondary to security concerns in this tense world environment. US promotion of civilian democracy was therefore seen as too risky because it might encourage leftists.

Central America's authoritarian regimes thus usually enjoyed the political, military, and economic support of the United States. Indeed, US military personnel trained Latin American officers during the Cold War using special manuals that explicitly advocated the use of illegal detention, torture, and murder (state-sponsored terror) against a wide spectrum of groups opposed to pro-US regimes.³⁶ This behavior created a profound contradiction between the proclaimed values of the United States and the reality of US policy in the region. It also caused some Central Americans in the center and on the left to be highly skeptical of the virtues of formal electoral "democracy" as practiced against a backdrop of unprecedented levels of state terror under pro-US regimes.

US thinking regarding the ideological geopolitics of Central America took several twists and turns from the late 1970s through the early 2000s. In the latter half of the 1970s, Congress and the Carter administration came to view the inhumane anti-Communist authoritarian regimes of Nicaragua, Guatemala, and El Salvador as unacceptable. This policy change encouraged Central America's reformists and revolutionaries and briefly created a more favorable international environment for regime change. After the Sandinistas' victory in 1979, however, US human rights policy in Central America was "put on the back burner,"³⁷ and Washington once again began advising Central American regimes to clamp down on

“subversives.” When that posture ran up against congressional opposition in the first few years of the Reagan administration, US diplomats once again began stressing democracy by insisting on formal elections in pro-US countries, albeit against a background of state terror. This policy was continued under the first President Bush until the end of the Cold War in 1989–1990. After that Washington’s second-order preference for civilian democracy could come to the fore, thus allowing support for the peace process and the emergence of cleaner, more inclusive elections in El Salvador and Guatemala. Under the second President Bush US commitment to formal democracy slipped. The White House applauded the unsuccessful 2002 attempted coup against constitutionally elected Venezuelan president Hugo Chávez. The United States also interfered in elections in Brazil, Bolivia, El Salvador, and Nicaragua by telling voters there that to elect leftist candidates would be viewed negatively and could lead to unspecified US sanctions. Such warnings notwithstanding, Nicaragua in 2006 and El Salvador in 2009 elected leftist leaders. In 2009 the Obama administration reversed field from the posture of its predecessor in 2002, by forcefully stating its opposition to the coup that ousted Honduran president Manuel Zelaya and by imposing sanctions upon the resulting *de facto* government.

The Evolving Context from Central American Viewpoints. Prior to 1979 many leftists in Central America shared Fidel Castro’s profound distrust of US-sponsored electoral democracy. (Most moderate reformers likely preferred real electoral democracy but were repressed by US-sponsored regimes.) However, from the time of their victory in 1979, many Sandinistas viewed electoral democracy as compatible with the economic/participatory democracy it sought to construct. The FSLN (Frente Sandinista de Liberación Nacional, or Sandinista National Liberation Front) also viewed electoral democracy as a stratagem that might enhance the acceptability of their revolution to the openly hostile United States and to their Central American neighbors. Thus in 1983 and 1984 they enacted a well-designed electoral system for selecting the government.

Whatever they initially envisioned as their ideal post-victory government, the insurgents in El Salvador (by 1982) and Guatemala (by 1986) had decided not to fight for all-out victory but rather for a negotiated settlement including demilitarization and civilian rule in which they would be able to take part. Much later, with the Cold War waning and the US opposition to negotiated settlements ended, the armed forces of each nation—exhausted by the long civil wars—decided they could accept electoral rules of the game, with the leftists included, in exchange for peace and institutional survival.

Certain emergent capitalist sectors sympathetic to trade liberalization, involved in nontraditional exporting and linked to transnational capital, emerged to challenge traditional economic elites for control of private-sector organizations and rightist parties. These groups embraced electoral democracy as a key to

peace, neoliberal economic reforms, and revitalized economies. Operating both through business-dominated organizations and political parties and supported by powerful external actors like USAID and the IMF, these transnationally oriented groups would eventually become dominant ruling coalition members across the region, and play major roles in negotiating peace and running transitional governments and post-settlement governments, and managing economic policy.

The June 2009 Honduran coup offered a useful cautionary note. Just as elites can embrace democracy because it is useful to them, they may also turn away from it or fail to embrace it completely. Honduras' democratic breakdown demonstrated that, at least for many among its elites, support for constitutional democratic rules of the game was highly contingent. The crisis dragged on for months as the *de facto* government and its elite backers resisted international mediation seeking to restore president Zelaya to power.

The Views of Other Actors. European nations, other Latin American nations, and such international organizations as the United Nations and Organization of American States once largely deferred to US influence in the region. However, during the 1980s they became increasingly fearful that the isthmian civil wars and US intervention could escalate further. These external actors therefore embraced and promoted electoral democracy as the mechanism for promoting their interest in the pacification of Central America. The preference for formal democratization at first put Europe at odds with the strenuous US military and diplomatic efforts to contain Central American leftist movements. Eventually, especially with the Cold War's waning, the shared concern of major industrial powers for a healthy global capitalist environment operating along neoliberal lines contributed to the emergence of the Washington consensus favoring formal democracy (and neoliberal economic policies).

The Catholic Church in the isthmus was influenced by liberation theology in the 1960s and 1970s, a phenomenon that encouraged social mobilization, which in some cases contributed to insurrection. By the 1980s, however, the institutional Church reined in and downplayed liberation theology while emphasizing formal democratization and improved human rights as a means toward achieving social justice. Catholic hierarchs on balance became more politically conservative. Some variation in practice and policy remained, as indicated by the performance differences among Church human rights offices in the region. With the main exception of Nicaragua in the 1970s, evangelical Protestants (growing rapidly in number since the 1960s) tended to either eschew politics or identify during elections with conservative and sometimes antidemocratic forces.

The 1970s Regimes. In the early 1970s only Costa Rica among the region's nations had a broadly inclusive, constitutional, civilian-led democratic regime. It had evolved from that country's 1948 civil war and 1948–1949 revolution.

The other four nations had military-dominated authoritarian regimes: Nicaragua's was a personalistic military regime dominated by the Somoza clan, a narrow coalition of key business interests and parts of the two major parties. Guatemala and El Salvador had corporately run military authoritarian regimes, allied with some business and large-scale agricultural interests and with the collaboration of weak political parties. Honduras had a military authoritarian regime that incorporated one of the two strong traditional political parties and tolerated a very strong but anti-Communist labor sector.

Causes of Regime Crises. A wave of economic problems afflicted all Central American countries in the late 1970s and early 1980s. Rapidly escalating oil prices and resultant inflation, the deterioration of the Central American Common Market (in the mid- and late 1970s), and natural or economic catastrophes (e.g., the 1972 Managua earthquake, 1978–1979 Common Market trade disruptions) greatly reduced real income and employment among working-class and some white-collar sectors.

The grievances caused by increasing inequalities, declining real income, economic/natural catastrophes, and the political dissatisfactions of would-be competing elites led in the mid- and late 1970s to various events: the development of opposition parties; the rapid growth of agrarian, labor, neighborhood, and community self-help organization; and reformist demands upon the state and protests of public policy. Regime coalitions experienced some defections, and the economic resources of all five regimes eroded.

Regime Responses to Crisis. In both the short and long term, Central American regimes responded quite differently to unrest, mobilization, and demands for change. In the short term, the divergences were most striking. Where regimes responded to demands with ameliorative policies to ease poverty and permit the recovery of real wages, with political reform, and with low or modest levels of force or repression, protests failed to escalate further or subsided.

Costa Rica's regime did not shift. Honduras' military authoritarian regime voluntarily returned nominal control to civilians and the armed forces gradually reduced military tutelage of national politics. In contrast, regimes in Nicaragua, El Salvador, and Guatemala in the short run rejected ameliorative policies and with US assistance sharply escalated repression by public security forces. They then experienced increased protests and opposition organization and resource mobilization. In the longer run, the regimes that responded with violent repression and refusal to ameliorate the effects of economic crisis found themselves facing violent, broadly based insurrections. They struggled to mobilize the economic and political resources to resist the revolts, including seeking external assistance, especially from the United States. They also eventually undertook extensive policy changes in their struggles to manage, repress, divide, and isolate their violent challengers. Nicaragua under Somoza was the least flexible. Military authoritarian

regimes in El Salvador and Guatemala were overthrown from within by military reformers whose transitional regimes gradually adopted more flexible policies that eventually moved toward civilian transitional regimes.

Outcomes. The outcomes of Central America's regime crises depended upon the relative success of each regime in mobilizing and maintaining domestic and external material support and organization. Failure to stabilize the situation (to placate or repress enough outside-the-regime actors) led to regime shifts.

In Nicaragua, Somoza lost direct US and regional support and vital economic resources, helping the Sandinistas oust him and establish the revolutionary regime. The Somoza wing of the old Liberal Party was discredited and Somoza's National Guard was defeated and disbanded. The Sandinistas formed a center-left coalition and governed by revolutionary rules for several years. Under the revolutionary regime, top FSLN leaders dominated the executive, the Sandinista armed forces replaced all security forces, and center and right political forces grew increasingly unhappy with the regime. There was some division within the FSLN between a more "vanguardist," less democratic faction on the one hand and more genuine democrats on the other. Perhaps because the revolutionary regime knew it was in the world media spotlight and needed to retain as much international support as possible, the democratic faction prevailed. Somocista Liberals and an increasing number of other disaffected economic and political elements formed various outside-the-regime forces, including the US-backed Contra rebels. The revolutionary regime's response to this challenge and the counterrevolutionary war included nearly continuous economic and political reform, including adopting democratic electoral rules and holding the 1984 election. The resulting elected revolutionary transitional regime's National Assembly began drafting a new constitution. We consider the adoption of the constitution in early 1987 the beginning of civilian democratic rule in Nicaragua because it formalized the rules of the political game along traditional liberal-democratic lines, with clear division of powers and checks on executive authority.³⁸

The Honduran military regime, faced in 1979 with domestic turmoil and the Nicaraguan revolution next door, preemptively initiated transition to civilian democracy. The traditional Liberal and National parties dominated the fairly inclusive transitional civilian regime. However, flush with massive political, economic, and military resources, earned by cooperating with US efforts to defeat the revolutionary left in Nicaragua and El Salvador, the armed forces retained great power and influence. This delayed transition to civilian democracy until after the military's power was eventually trimmed by further reforms in the mid-1990s. As noted, democracy failed in Honduras with the June 2009 ouster and exile of President Zelaya. The military that had engineered the transition to civilian rule in the 1980s suddenly abandoned its temporary subservience to civilian rule and resumed its traditional role of interfering in national politics, this time in collaboration

with the Honduran Congress and Supreme Court. Whether the resulting de facto government would survive, would be replaced by an elected government in early 2010 on the regular constitutional schedule, or Zelaya would return to office remained to be determined at this writing.

A 1979 coup d'état in El Salvador and another in Guatemala in 1982 instituted ostensibly transformation-oriented military regimes (although their reformist intent early on appeared questionable). These governments at first repressed moderates and centrists who remained outside the regime coalitions while they attempted but failed to defeat leftist rebel coalitions. The failure of this strategy, plus pressure from the United States (a major resource supplier to the Salvadoran regime), led the transitional military regimes to complete the transfer of nominal power to civilian transitional governments. These transitional civilian regimes, although weak, governed with broader coalitions and liberalized rules. This behavior won over some of the political center in each country, depriving the rebel coalitions of important allies and resources and contributing to the stagnation of both civil wars. The Central American Peace Accord of 1987 provided a mechanism for eventual negotiations between the parties to the stalemated civil conflicts. Military exhaustion, US exasperation with the Central American quagmires, the rise of new domestic transnational elites, and the Cold War's end moved all actors' positions. The United States, other outside actors, national militaries, the civilian reformist regimes, and the rebels all eventually embraced more inclusive civilian democracy and some economic reforms, position changes that helped settle both wars.

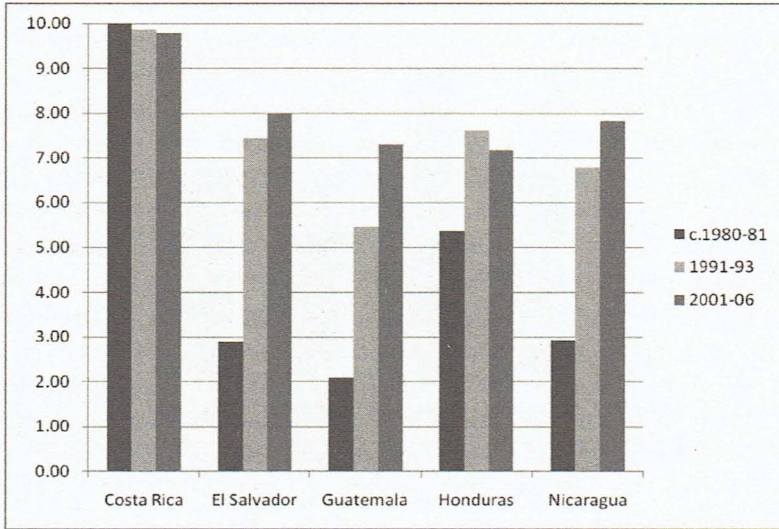
Discussion

What has regime change actually meant? Many observers have expressed doubts about the quality of the new regimes in Central America, deriding them as "democracy light" or "low-intensity democracy" to emphasize their shortcomings. Robinson uses the term "polyarchy" to describe these civilian electoral regimes that remain dominated by elites and unresponsive to the interests of mass publics despite the rupture with open authoritarianism. The 2009 Honduran coup underscores just how fragile these regimes may be.

We share many of these misgivings, but nevertheless reject the idea that regime change lacks political meaning for the ordinary citizen. Impressionistic evidence that democracy, however flawed, has made life less dangerous and fearsome has been seen by the authors in the bearing of Central Americans on recent trips to the region. Citizens express more support for their governments than they did a decade ago (see Chapter 9). Evaluations by outside observers as summarized in Figure 2.1 show how much democracy measures have improved since the early

FIGURE 2.1 CHANGE IN DEMOCRACY LEVELS FROM THE EARLY 1980S TO THE EARLY 2000s

(measure combines and averages Polity IV and Freedom House scores on a scale of 0=least democratic to 10=most democratic).

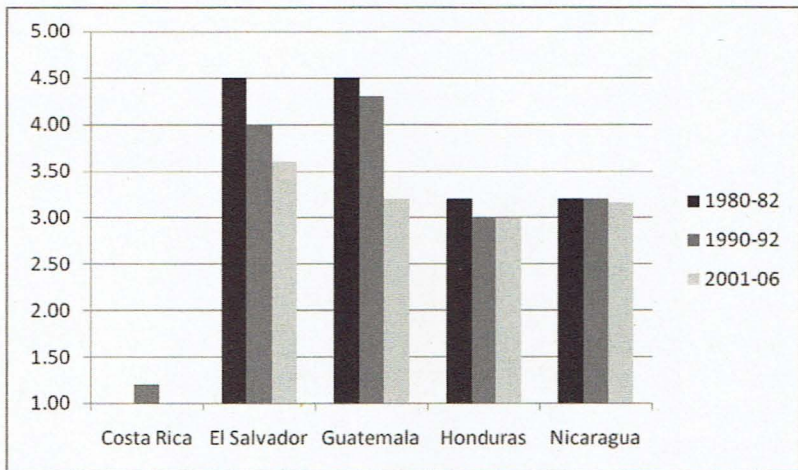


SOURCES: Freedom House, *Freedom in the World*, Historical Data, Comparative scores for all countries from 1973 to 2008, <http://www.freedomhouse.org/uploads/FIWALLScores.xls>, accessed August 14, 2008; and Polity IV, Integrated Network for Societal Conflict Research (INSCR), 2007 Time Series data, <http://www.systemicpeace.org/inscr/pv42007.xls>, accessed August 14, 2008.

1980s. For each country, the left-hand bar represents a composite democracy measure ranging from 0 (the lowest) to 10 (the highest possible score) in 1980 to 1981, while the middle bar corresponds to the 1991 to 1993 period and the right-hand bar to 2001 to 2006.³⁹ Starting at the highest possible level of democracy registered by the rating agencies in the early 1980s, Costa Rica's score changed only negligibly during the twenty-six-year period. In contrast, real change stands out in the scores for the other four nations. Each country's scores increased sharply over the decades, and all finished well in the democratic end of the scale by the 2000s. El Salvador, Guatemala, and Nicaragua moved from well in the non-democratic part of the scale (below 5.0) to scores above 7.0, on the democratic end of the scale.⁴⁰ (Honduras' democracy score for 2009 would obviously fall sharply, but remained outside the scoring period and data available for this analysis.)

Levels of violence and repression have also declined somewhat in some countries from the early 1980s (left-hand bar for each nation in Figure 2.2), through the early 1990s (middle bar), and into the early 2000s (right-hand bar). Costa Rica's score hovered near 1.0, the lowest score across the entire period. Levels of

FIGURE 2.2 EVOLUTION OF POLITICAL VIOLENCE AND REPRESSION OVER TIME (1=very low, 5 =very high; values are means for each period for the Political Terror Scale, a combination of the U.S. State Department and Amnesty International ratings.



SOURCES: Source: Mark Gibney, Political Terror Scale 1980–2006, accessed August 13, 2008 at <http://www.politicalterrorscale.org/comparisons.html>. The Political Terror Scale is a combination of two scored based on the U.S. Department of State ranking of repression and violence and on the Amnesty International score of repression and violence. Gibney's documentation describes the meanings of the scores as: "**Level 5:** Terror has expanded to the whole population. The leaders of these societies place no limits on the means or thoroughness with which they pursue personal or ideological goals. **Level 4:** Civil and political rights violations have expanded to large numbers of the population. Murders, disappearances, and torture are a common part of life. In spite of its generality, on this level terror affects those who interest themselves in politics or ideas. **Level 3:** There is extensive political imprisonment, or a recent history of such imprisonment. Execution or other political murders and brutality may be common. Unlimited detention, with or without a trial, for political views is accepted. **Level 2:** There is a limited amount of imprisonment for nonviolent political activity. However, few persons are affected, torture and beatings are exceptional. Political murder is rare. **Level 1:** Countries under a secure rule of law, people are not imprisoned for their view, and torture is rare or exceptional. Political murders are extremely rare."

violence and repression in El Salvador and Guatemala dropped from 4.5 in the early 1980s (with civil wars still under way) to levels between 3.2 and 3.6 on the five-point PTS scale by the 2000s. PTS scores in Nicaragua and Honduras changed little from the early 1980s to the early 2000s, although the nature of the violence there did evolve, something not shown by the PTS scale. That four of five countries have violence and repression scores of 3.0 or higher in the early 2000s testifies to the failure of their governments on several scores. They have not managed criminal behavior (gangs, narcotics trafficking) rooted in social pathologies (extreme poverty, gang members deported from the United States, homeless children in urban areas), and police have responded very heavy-handedly to such crime and problems.

These dry statistics have real meaning for real people in Central America. Repression scores and rights and liberties and democracy indexes are not mere numbers. They stand for political murders and rights abuses by government. Improved democracy scores reflect an enhanced ability to exercise rights and liberties and an improved quality of government. Improved scores mean that fewer Central Americans are being murdered and repressed by their governments than two decades ago. Many flaws remain in these performances. Even Costa Rica could do better on civil liberties, according to Freedom House. The other four nations obviously have considerable room to improve. The security situation in Honduras and Nicaragua (PTS scores) was middling in the early 1980s and improved little with further democratization. But regime change to even low-intensity democracy in several countries filled the glass of political freedom at least part way up, if not to the brim. The glass may empty quickly. The de facto government that seized power in Honduras in 2009 suspended constitutional protections and security forces implemented heavy repression of protests.

Since the 1970s, Central American polities have undergone dramatic transformations: Rapid, inequitable economic development drove mass mobilization and protest that shattered several seemingly stable, US-backed authoritarian regimes. These authoritarian breakdowns occurred variously through military-led transformation, violent insurrection, and revolutionary transition. From such disparate initial outcomes, however, a new and coherent pattern emerged in the late 1980s and 1990s—all of Central America's governments became civilian electoral democracies. The outcome has brought measurable improvements in the freedom and political lives of citizens of at least three of the region's five countries, opportunities for further progress notwithstanding. Democratic regimes can break down, too, as the Honduran coup of 2009 demonstrated. The coup, driven largely by internal forces operating counter to the preferences of key international actors including their next-door neighbors, broke the regional pattern of constitutional electoral democracy. Whether this democratic breakdown would prove lasting or serve as a harbinger of antidemocratic changes elsewhere in the isthmus could be the most important questions about Central America for some time to come.

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