

# CHAPTER 6

## Central America

### LEARNING OBJECTIVES

- Identify how the three levels of analysis interact in Central America.
- Use theoretical propositions to understand political and economic development in Central America.
- Explain how and why political and economic development in Central America differs from other Latin American countries.

### TIMELINE

1821	Independence declared
1914	Panama Canal first used
1933	Anastasio Somoza named head of National Guard in Nicaragua
1949	Costa Rica abolishes military
1954	United States overthrows Jacobo Arbenz in Guatemala
1961	FSLN created
1979	Sandinistas overthrow Anastasio Somoza
1980	Civil war in El Salvador begins
1989	United States invades Panama
1990	Violeta Chamorro wins Nicaraguan presidential election
1992	Civil war in El Salvador ends
1996	Civil war in Guatemala ends
2005	CAFTA passed
2009	First leftist president in El Salvador (Mauricio Funes) elected
2009	Coup in Honduras

International influence has been a crucial part of Central American political and economic development. At times this has even led to a sort of chameleon politics, where political elites shift their political preferences according to changes in international political winds. **Daniel Ortega** led a successful revolution in Nicaragua, overthrowing a dictator who remained in power primarily because of support from the United States. Decrying that influence, he embarked on a Marxist-inspired transformation of the country. Yet years later, as a democratically elected president in the postrevolutionary era, he praised free trade with the United States and forged agreements with the International Monetary Fund. As two scholars of Nicaragua put it, despite the fact that Ortega periodically criticized the United States, he was “curiously submissive to the demands of its old enemy.”<sup>1</sup> Such is the power of international actors.

Central American countries have faced immense challenges since independence. Persistent poverty and inequality, elite politics, economic dependence, foreign intervention, and military coups are just a few of the obstacles the subregion continues to deal with. International influence in Central America has been very high. A mixture of foreign investors, mercenaries, and external



Regional Map of Central America

intervention of varying kinds has always strongly affected Central American political and economic development. Honduras, for example, was the country for which the term *banana republic* was first used, denoting the very opposite of modern. Instead, Central American countries were considered backward, corrupt, and tied to primary products like bananas.

Yet despite important similarities, the countries of Central America have evolved in different ways. This chapter analyzes the conceptual and empirical similarities between the countries but will then also pay attention to the specific ways in which they have diverged. Costa Rica in particular will offer a very different picture than its neighbors. Central American countries differ considerably in terms of political parties. Guatemala has a fairly chaotic party system, where none remains in existence for long, while the parties in El Salvador have roots going back to the civil wars. Nicaragua is somewhere in between because it has a party (the Sandinistas) dating back to the 1980s, but it has been badly fragmented by defections. All have strong presidential systems.

All Central American countries have unitary governments, and power has traditionally rested within the executive branch. There are still elections for local offices (such as mayors), but local government depends to a significant degree on the central government in the capital. Central government officials can also manipulate rules to harass local candidates and even to disqualify them. In the case of El Salvador, for example, this has been labeled *electoral authoritarianism*.<sup>2</sup>

## Historical Roots of Political and Economic Development

Central American countries declared their independence in 1821, at the same time as Mexico. Mexico controlled the region for two years, at which point Central America declared itself independent. Until 1838 it remained a loose confederation. The dream of some sort of Central American union has never completely died, but nationalist rivalries remain a permanent impediment. In the nineteenth century, those antagonisms were even more complex because they included internal divisions within Liberal and Conservative ranks, who were already at each other's throats.

Costa Rica had similar characteristics but was different in important ways. The Spanish considered it a backwater because it had only a small indigenous population (and therefore no source of forced labor) and no precious metals for quick profit. As a result, it developed with less repression and more autonomy. The relative lack of labor meant there were more small landowners and a broader distribution of land. This combination of factors tempered Liberal–Conservative conflicts and reduced the violence associated with them.

Dependency theory is particularly relevant for Central America, which from the beginning was reliant on foreign capital for economic growth and primary products for exports. By the late nineteenth century, fruit and coffee in particular were the main exports, and low-wage laborers remained tied to land owned by a small wealthy elite, much of which was foreign. That in turn led to greater

international attention from governments, investors, and mercenaries from other countries. Foreign intervention was a serious problem in the nineteenth century, as in Nicaragua where a U.S. citizen named William Walker briefly took control in the midst of a civil war and proclaimed himself president in 1856. In addition to adventurers, there were many investors seeking their fortunes, both from the United States and from Europe (particularly Great Britain). They built infrastructure, such as railroads, and soon became interested in constructing an isthmus canal. That even led to the Clayton-Bulwer Treaty in 1850, where the United States and Great Britain agreed not to build a canal without the consent of the other. Central American consent was not considered relevant.

Throughout most of the nineteenth and well into the twentieth century, Central Americans lived under dictatorships of varying stripes. As in other parts of Latin America, the struggles between liberal and conservative regimes fostered instability, and all governments were dominated by small minorities that controlled the vast majority of resources. Liberal governments gained supremacy by the latter part of the century, which meant they oriented their economies to exports and invited foreign investment as part of an overall economic development strategy. Liberal governance was aided by an influential international presence, most notably Great Britain (especially in the nineteenth century) and the United States, but also Germany, which had interests in the coffee industry, shipping, and manufacturing. The export of primary products constituted the backbone of the economies, and local needs are all too often ignored.

The late nineteenth and early twentieth centuries are important for understanding the trajectories that each country took. Sociologist James Mahoney argues that decisions made by liberal governments at that time pushed each country in different directions that had long-term local consequences.<sup>3</sup> Liberal elites either attacked communal landholding patterns, which entailed harsh dictatorships (in El Salvador and Guatemala), preserved small farms, which led to more democratic structures (e.g., Costa Rica), or maintained existing traditional structures, which led to less harsh dictatorships (in Nicaragua and Honduras).

## Costa Rica

Costa Rica suffered similar national liberal–conservative disputes as its neighbors, including military governments, but they tended to be less violent and both sides were more willing to enact local reforms for small farmers, for example, that served to avoid total domination by a small elite. In the early twentieth century, this contributed to the expansion of suffrage and the introduction of direct elections that provided for greater political competition and vertical accountability. The result was that in 1919 the last military dictatorship left power.

The Great Depression was an important turning point for Costa Rican democracy, as the working class and middle class alike looked for solutions to the economic crisis, but were wary of authoritarian rule. Fraudulent elections in the 1940s, however, intensified political polarization in the country, as did Communist participation in the government. The dominant figure of the times was José Figueres, a coffee grower who had been vocal about the problems of

## COSTA RICA'S POLITICAL INSTITUTIONS

### Last constitution: 1953 (1949)

#### Unitary government with seven provinces

**Executive:** President with four-year term, one nonconsecutive reelection

**Legislative:** Unicameral Legislative Assembly with fifty-seven members elected by proportional representation

**Judicial:** Supreme Court of Justice with judicial review

corruption in the country (and who planned a so-called Caribbean Pact, intended to overthrow dictatorships across Central America, such as Anastasio Somoza in Nicaragua). Fighting broke out after the 1948 presidential election, and Figueres organized his own troops to defeat the Costa Rican army (which he then disbanded). He set up a junta that ruled until 1949, and a commission wrote a new constitution that abolished the army entirely.

Abolishing the military was an essential element of Costa Rica's future stability and prosperity. Research has shown that the buildup of large militaries had severe consequences for democracy, equity, and long-term economic growth in Central America.<sup>4</sup> In the Costa Rican case, successive governments were able to spend more on economic development projects and social welfare than on defense. In addition, even when political conflict arose (such as in the 1950s), there were only civilian institutions involved and no military to act as political arbiter, as militaries across Latin America often did. The Costa Rican model was not copied elsewhere, and the confluence of domestic and international contexts did not last long. In particular, the Cold War made militaries the most important actors in fighting Communism.

As Costa Rican democracy developed, it was marked by a weak executive, which is exceptional in the region. For example, if the president calls for emergency powers, they must be approved by Congress immediately; the president cannot veto the national budget; presidents must wait eight years before running for reelection; the legislature must approve all treaties; and cabinet members may be censured.<sup>5</sup> The effect has been to enhance the importance of political parties. The National Liberation Party (PLN) has been the dominant party in Costa Rican politics, although it has faced criticism for the effects of market reforms it pushed through in the 1990s. That has led to a split within the party as well as the rise of others, such as the Social Christian Party (PUSC). The PUSC, however, has had its own internal squabbles and smaller third parties have grown significantly in the 2000s.

Costa Rica firmly entered the international stage under President Oscar Arias, who was first president from 1986 until 1990. He won the Nobel Peace Prize for his efforts to forge the Esquipulas II Accords in 1987 (named for the town in Guatemala where it was signed), which sought to end civil war in Central America and

assembled a plan for political reconciliation, the end of hostilities, and a path toward democratization. Arias won the presidency again in 2006 and took an active international role by taking the diplomatic lead after the Honduran coup in 2009. Although he was unsuccessful in restoring President José Manuel (“Mel”) Zelaya to the Honduran presidency (discussed later in the chapter), his efforts were a symbol of the continued relevance of Costa Rica for regional politics.

Like other Central American countries, Costa Rica faces the ever-growing internationally driven problem of drug trafficking, as drugs make their way from South America through Mexico to the United States. That brings violence with it, which is a relatively new phenomenon for the country. For example, it was the last country in Central America to have an MS-13 gang presence. It was also one of the last to sign agreements with the United States to share intelligence and coordinate antigang activities, such as the Central American Law Enforcement Exchange (which brings law enforcement officials from the United States and Central America together), but eventually policy makers felt it was necessary. Although the problem is far less severe than in El Salvador or Guatemala, it is greater than it was a decade ago.

Given the growth of drug trafficking organizations across Central America, it is unfortunately likely that Costa Rica will begin to suffer economic and social costs. Unlike its neighbors, however, it has a more solid economic base to cushion the potential blows. Costa Rica serves as an example that even countries traditionally dependent on primary products can democratize and diversify. Its stability has led to a thriving tourist industry and solid economic growth since the mid-2000s after an economic downturn from 2000 to 2003. Like the rest of the region, Costa Rica experienced contraction after 2008, but both poverty and inequality are still much lower than its counterparts.

## El Salvador

In the wake of the global depression, the early 1930s were marked by political upheaval. A 1931 coup brought General Maximiliano Hernández Martínez to power, and the following year he crushed a peasant uprising so violently that it became known just as *la Matanza* (*the killing*). Among the 30,000 dead was Farabundo Martí, an activist in the Communist Party and the leader of a guerrilla organization dedicated to overthrowing the government. Like Augusto Sandino in Nicaragua, he became a martyr and the namesake of a future guerrilla group and later political party, the **Farabundo Martí National Liberation Front (FMLN)**.

The military never left its position of political importance, and from 1931 until 1979 the president was a military officer (sometimes elected, other times not). The Cuban revolution started a process of greater paranoia and increased repression. Political parties did form, most notably the Christian Democratic Party (PDC) and the National Conciliation Party (PCN). The PDC in particular (under the leadership of José Napoleón Duarte) sought to weaken the grip of the small oligarchy on politics, and ideological splinters also appeared in the army. A 1979 coup briefly brought reformist elements within the army to power in alliance with the PDC, but it was badly divided and could not control the more conservative military elements that favored a very hardline response

## EL SALVADOR'S POLITICAL INSTITUTIONS

### Last constitution: 1983

#### Unitary government with fourteen departments

**Executive:** President with five-year term, no reelection

**Legislative:** Unicameral Legislative Assembly with eighty-four members elected by proportional representation

**Judicial:** Supreme Court with judicial review

to reform. The FMLN was created in 1980 as a coalition to begin leftist armed insurrection, and the Salvadoran civil war began. That same year, Salvadoran Archbishop Oscar Romero was murdered by a death squad as he gave mass in the cathedral, in retaliation for his strong criticisms of the government. That continues to resound: President Barack Obama even visited his crypt in 2011.

The tipping point of international influence was the election of U.S. President Ronald Reagan, who in 1981 began sending more economic and military aid to the government. Throughout the 1980s, the United States sent upward of \$6 billion to El Salvador. The essence of President Reagan's policy toward Central America was that the conflicts were international rather than national and local. From that perspective, unrest should be blamed on Cuba and the Soviet Union rather than on Salvadoran politics. In other words, because of the Marxist flavor of revolutionary movements, especially in El Salvador and Nicaragua, the world was watching and would look for any sign of weakness on the part of the United States. Intervention was therefore not simply desirable but required. Otherwise, U.S. allies would lose faith in the country's resolve, and enemies would be emboldened by the superpower's inaction.

The war lasted until 1992, when the Chapultepec Accords were signed. The FMLN successfully fought the government to a standstill, including high-profile attacks in the capital San Salvador itself. The Cold War was winding down, so international pressures faded. As a result, negotiations began in the late 1980s to end the fighting. The Truth Commission for El Salvador, completed in 1993, lays out the grim facts. Each side targeted anyone deemed even remotely connected to the other down to the smallest village so that thousands of innocent people, even "pleasure-seekers," were killed. The commission report sums it up succinctly: "The warped psychology engendered by the conflict led to a convulsion of violence."

## ANALYZING DOCUMENTS

*The Commission on the Truth in El Salvador was commissioned in 1992 by the United Nations to investigate human rights abuses committed during the civil war (1980–1992). It details the horrific crimes committed against more than 7,000 Salvadorans. As in other Central American wars, international factors—especially the Cold War and the role of the United States—were central.*

(Continued)

**El Salvador Truth Commission Report (2003)**

Between 1980 and 1991, the Republic of El Salvador in Central America was engulfed in a war which plunged Salvadorian society into violence, left it with thousands and thousands of people dead and exposed it to appalling crimes, until the day—16 January 1992—when the parties, reconciled, signed the Peace Agreement in the Castle of Chapultepec, Mexico, and brought back the light and the chance to re-emerge from madness to hope.

...

The warped psychology engendered by the conflict led to a convulsion of violence. The civilian population in disputed or guerrilla-controlled areas was automatically assumed to be the enemy, as at El Mozote and the Sumpul river. The opposing side behaved likewise, as when mayors were executed, the killings justified as acts of war because the victims had obstructed the delivery of supplies to combatants, or when defenceless pleasure-seekers became military targets, as in the case of the United States marines in the Zona Rosa of San Salvador. Meanwhile, the doctrine of national salvation and the principle of “he who is not for me is against me” were cited to ignore the neutrality, passivity and defencelessness of journalists and church workers, who served the community in various ways.

Such behaviour also led to the clandestine refinement of the death squads:

The bullet which struck Monsignor Romero in the chest while he was celebrating mass on 24 March 1980 in a San Salvador church is a brutal symbol of the nightmare the country experienced during the war. And the murder of the six Jesuit priests 10 years later was the final outburst of the delirium that had infected the armed forces and the innermost recesses of certain government circles. The bullet in the portrait of Monsignor Romero, mute witness to this latest crime, repeats the nightmare image of those days.

...

The mass of reports, testimony, newspaper and magazine articles and books published in Spanish and other languages that was accumulated prompted the establishment within the Commission on the Truth itself of a centre for documentation on the different forms of violence in El Salvador. The public information relating to the war (books, pamphlets, research carried out by Salvadorian and international bodies); testimony from 2,000 primary sources referring to more than 7,000 victims; information from secondary sources relating to more than 20,000 victims; information from official bodies in the United States and other countries; information provided by government bodies and FMLN; an abundant photographic and videotape record of the conflict and even of the Commission’s own activities; all of this material constitutes an invaluable resource—a part of El Salvador’s heritage because (despite the painful reality it records) a part of the country’s contemporary history—for historians and analysts of this most distressing period and for those who wish to study this painful reality in order to reinforce the effort to spread the message “never again.”

**Discussion Questions**

- What were some of the local effects of the political violence in El Salvador?
- According to the report, what was the overall attitude of the national government during that period?

Source: <http://www.derechos.org/nizkor/salvador/informes/truth.html>



That intensity of violence prompted large-scale migration to the United States, which connected the two countries well into the future. Not only did the Salvadoran immigrant population grow in the United States, but Salvadoran youth formed the extremely violent Mara Salvatrucha gang in Los Angeles to protect themselves from Mexican-American gangs. The *maras* then exported themselves (or in some cases were forcibly deported) back to El Salvador, where they became heavily involved in drug trafficking. It became a vicious cycle with no clear end in sight.

In the aftermath of the war, the FMLN became incorporated as a political party, but the conservative Republican Alliance (ARENA) party took the presidency and held it until 2009. Since 1992, El Salvador has had a polyarchy without illegal interruptions of government. The FMLN did well in congressional elections, and the balance between the two parties slowly strengthened horizontal accountability. Nonetheless, the country faced daunting problems, especially gang and drug-related violence. ARENA's promarket policies did not reduce poverty or inequality significantly, and the minimal local impact left many Salvadorans more and more dependent on remittances (to the tune of about \$4 billion a year). The net result has been a surge in violent crime, with transnational ties. Insecurity is a major complaint of Salvadorans, and has yet to be addressed effectively.

Yet there is potential. Salvador has one of the most industrialized economies of Central America. Widespread privatization in the 1990s spurred foreign industrial investment, especially in the maquiladora industries. Textiles, metals, and chemical fertilizers are examples of these exports. The country also continues to focus on coffee production. Foreign investment has also been encouraged by dollarization, which occurred in 2001. Unlike Ecuador, where dollarization was implemented in 2000, in El Salvador it took place within a context of macroeconomic stability, with solid gross domestic product (GDP) growth and low inflation. The old *colón* can legally circulate with the dollar, but business transactions are denominated in dollars. Its purpose was to create an economic environment conducive to investment. Dollarization followed a policy of a fixed exchange rate with the U.S. dollar, which was put in place in 1993. These measures, accompanied by the Central American Free Trade Agreement (known as **CAFTA-DR** because the Dominican Republic is also a member), have kept the Salvadoran economy very closely tied to the United States, with about two-thirds of exports going there. CAFTA went into effect with El Salvador in 2006 and had been viewed as a way to maintain guaranteed access of Salvadoran goods in the U.S. market. The economy depends heavily on services and light industry exports. Dollarization has served to keep inflation down and to bring in foreign investment, such as maquiladoras, but poverty is high and violence has become economically disruptive.

In El Salvador political conflicts did remain relatively peaceful (though drug-related conflict worsened) in the postwar era, though it offered some drama. In 2009 an FMLN candidate, the journalist Mauricio Funes, won the presidential election with a majority over the ARENA candidate, thus marking the first presidential victory for the FMLN. That opened fissures in ARENA, as later in the year twelve members of Congress split from the party and created their own group, the Grand Alliance for National Unity, or GANA (which is Spanish for *win*). Subsequently the party expelled Antonio Saca, a former

president, for supporting that group. Legislative-executive relations immediately shifted, as the GANA members voted in favor of Funes' annual budget, whereas the ARENA members abstained.

Polyarchy in El Salvador has endured since the end of the Cold War, which is a major accomplishment, but the difficulty of changing socioeconomic conditions remains entrenched. The growing and disruptive presence of drug-trafficking organizations seriously complicates any push for reform.

## Nicaragua

Nicaragua's political development has been influenced significantly by international actors, especially the United States. In 1856, an adventurer named William Walker took advantage of a Liberal–Conservative civil war to bring troops and proclaim himself president. Because of the opposition of neighboring countries, as well as Cornelius Vanderbilt's, whose effort to expand his railroad empire was being stymied by Walker, he was soon forced out. But U.S. investors remained, as did an interest in possibly building a canal. Eventually, however, the administration of Theodore Roosevelt chose Panama instead. The Liberal–Conservative divide ravaged the country, and relative stability was not achieved until the liberal dictatorship of José Santos Zelaya, who ruled from 1893 until the U.S. government overthrew him for his resistance to U.S. plans to build and operate a canal. Interim governments briefly ruled, but between 1911 and 1933 the United States occupied and controlled Nicaragua. That led to rebellion and to the growing influence of Augusto Sandino, a guerrilla leader who fought against the occupation.

Ultimately, Franklin Roosevelt's Good Neighbor Policy ended direct U.S. intervention, but the strong international influence did not end. Juan Bautista Sacasa became president in 1933, and U.S. officials pushed to have Anastasio Somoza García named as head of the National Guard. The following year, Somoza lured Sandino to a meeting and had him murdered. In 1936, he forced Sacasa to resign and soon took over the presidency himself. The last shreds of polyarchy and either vertical or horizontal accountability disappeared

## NICARAGUA'S POLITICAL INSTITUTIONS

### Last constitution: 1987 (extensive reforms in 1995)

**Unitary government with fifteen departments and two autonomous regions**

**Executive:** President with five-year term, no reelection

**Legislative:** Unicameral National Assembly with ninety-two members, ninety elected by party-list proportional representation

**Judicial:** Supreme Court

completely. The Somoza family took virtually complete control over Nicaragua, amassing a vast fortune and passing along a personalistic dictatorship. After the first Somoza's assassination in 1956, his son Luís took over, and after his death by heart attack in 1967, his younger son **Anastasio Somoza Debayle** assumed power. The political system was highly clientelist, emanating from the Somoza family itself, and repressive.

In 1961, a group of dissidents formed a local group that would become known as the **Sandinista National Liberation Front**. Inspired by the Cuban revolution and named for the rebel Sandino, the Sandinistas embraced Marxism and sought to overthrow the Somoza dynasty through guerrilla warfare based on local support. One of the movement's leaders was Daniel Ortega, whose family had been targeted by the dictatorship and who would later become president. The Sandinistas gained momentum in the aftermath of a massive earthquake in 1972, when Somoza and his close supporters stole relief aid and profited while the capital Managua went unrepaired and large numbers of Nicaraguans suffered without assistance. At the same time, more moderate groups, even within business, began calling for political liberalization, a call that became even more intense after a prominent newspaper editor, Pedro Joaquín Chamorro, was murdered in 1978. This prompted greater national and international isolation of the Somoza regime.

Even those who disagreed with the Sandinistas' ideology believed that Somoza represented an obstacle to both modernization and democracy. That sentiment spread to the administration of Jimmy Carter, which exerted pressure on him to step down. In 1979, Somoza fled into exile (he was killed the following year in Paraguay) and the Sandinistas took over the country. Somoza left unrepentant: "In my conduct of the presidency, I have no remorsefulness. The people of Nicaragua know that I tried to do my job properly. They also understand that our small nation did not have the power or the means to taken on the International Conspiracy which destroyed our country."<sup>6</sup>

The initial government was broadly inclusive because anti-Somoza sentiment spanned the political spectrum, but soon a small Sandinista directorate led by Daniel Ortega established control over policy making. That soon put many former allies (albeit uneasy ones given ideological differences) into the opposition.

Women played an important role in Somoza's overthrow (in which they constituted about 20 percent of the combatants) and then the Sandinista government, both at the national and local levels. The Louisa Amanda Espinosa Women's Association (AMNLAE) was a broad-based local organization that affiliated with the Sandinista party, and attracted many housewives and mothers of those killed, who had previously not been involved in politics.<sup>7</sup> As in so many conflict-ridden countries, women bore a tremendous burden as they balanced work at home with war-created shortages of food, fuel, and other necessities. The *Frente Sandinista de Liberación Nacional* (FSLN) created a draft that included women, so they were also called to bear arms. The AMNLAE was tied closely to the Sandinistas, so at times came under criticism for

following orders from the leadership even if that meant putting gender issues on the backburner.

Even under the Carter administration, which recognized the new government, relations with the Sandinistas were strained because of the Cold War. Republicans in the United States lashed out at the idea of “another Cuba.” Indeed, Fidel Castro immediately sent advisors and brought the new Nicaraguan leaders to Havana to discuss strategy and begin the process of strengthening the Sandinista army.

The CIA (along with the Argentine military regime) helped organize former National Guardsmen in Honduras to begin sabotage operations. When Ronald Reagan took office, he immediately increased funding for these programs, and the “Contra” (Spanish for *against*) force became stronger and bolder. The 1980s in Nicaragua were therefore marked by almost constant war, which killed tens of thousands and displaced even more. In 1985 that effort would include an illegal operation (dubbed “Iran-Contra”) whereby U.S. National Security Council official Oliver North ignored Congress and sold weapons to Iran in exchange for cash that would go to the Contras. Peace negotiations were finally launched in 1988 as the Cold War wound down and similar to El Salvador it became clear that neither side could achieve victory. Mutual recognition of stalemate eventually led to elections in 1990. The end of the Cold War greatly facilitated the process because the war lost its international ideological importance. For years, Nicaragua disappeared from the U.S. foreign policy radar.

Economically, the Sandinista government did not copy policies of other socialist governments such as Cuba. It did implement programs designed to improve health and education for the poor. The government empowered local groups, down to the neighborhood level, to find solutions, in a way that did resemble Cuba under Fidel Castro, though with much more autonomy and less repression. Nonetheless, there was periodic harassment of the political opposition and media censorship, which grew worse as the war intensified. Despite its professed Marxist orientation, the Sandinista government felt compelled to impose austerity policies in the late 1980s to curb runaway inflation (which had exceeded 30,000 percent). Elections were scheduled for 1990, and weariness from the extended war plus concern about the economy put Daniel Ortega on the defensive. He ran against Violeta Chamorro, the widow of the slain newspaper publisher. Chamorro won with 55 percent versus Ortega’s 41 percent. The revolutionary era thus ended. Before leaving power, the Sandinistas gave supporters money and properties in what became known as the “piñata,” a final seizing of resources before handing over the government.

After the conclusion of the civil war, vertical accountability in Nicaragua—which had improved during the Sandinista era versus the Somozas—increased even more. The country’s experience with social mobilization required presidents to take heed of local popular sentiment.<sup>8</sup> That has been essential for pushing the legislature to resist the executive. Such resistance was bolstered by the continued strong presence of the FSLN (which

became a formal political party) in the legislature. The Chamorro administration was marked by economic stagnation and strikes, though inflation was finally reined in.

Since then, politics in Nicaragua have been characterized by unusual and shifting coalitions. Despite his revolutionary pedigree, Daniel Ortega (who ran and lost in every presidential election until he finally won in 2006) forged an alliance with the conservative Constitutional Liberal Party (PLC), especially with Arnoldo Alemán, who was president from 1997 to 2002 (and then later convicted of corruption). That agreement involved giving the Sandinistas important bureaucratic positions in exchange for political support, which had the effect of blocking other political parties.

When Daniel Ortega won the 2006 election, he was much different politically from the 1980s. He had rejected Marxism, embraced Catholicism, and owed his ability to govern by a political alliance with conservatives who previously had been his enemies. In fact, in 2009 the Supreme Court overturned Alemán's conviction and set him free, which was widely viewed as Ortega's doing. Ortega's term in office has received much criticism for its exertion of presidential power, including a successful lobbying of the Supreme Court to remove the restriction on his running (and then winning) for another term in 2011, a move of dubious legality. Journalists have also complained of harassment and/or criminal charges against them when they write critically of the government.

Like so many other countries, the Nicaraguan economy depends heavily on remittances, which grew to over \$1 billion a year. Given its high level of dependence on the United States, after the global crash in 2008, the country's GDP went into negative figures. There has been very little diversification, as the main exports are agricultural goods (like coffee) and textiles. Becoming part of the CAFTA has also facilitated the development of maquiladoras. Given Ortega's ideological affinity with Hugo Chávez and Nicolás Maduro, Nicaragua has also benefited from aid through the Bolivarian Alliance for the Americas, or ALBA, as Venezuelan initiative that channels development funds to poor member countries. Both poverty and unemployment remain high, so Nicaragua faces serious challenges.

## Guatemala

The overthrow of Jacobo Arbenz in 1954 set in motion decades of civil war deeply tied to international influences, during which 200,000 Guatemalans were killed. As one army general put it, "Before, the strategy was to kill 100 percent . . . But you don't need to kill everybody to complete the job . . . There are more sophisticated means . . . We instituted civil affairs [in 1982], which provides development for 70 percent of the population while we kill 30 percent."<sup>9</sup>

Military governments and military-backed civilian governments engaged in a violent counterinsurgency effort, and the civil war would not officially end until 1996. The country experienced both military governments and oligarchic civilian regimes, but the armed forces were always a dominant force.

## GUATEMALA'S POLITICAL INSTITUTIONS

### Last constitution: 1985

**Unitary government with twenty-two departments (though mayors are elected)**

**Executive:** President with four-year term, no reelection

**Legislative:** Unicameral Congress with 158 members elected by party-list proportional representation

**Judicial:** Supreme Court and Constitutional Court with broad judicial review

That in turn led to widespread repression and consequent launching of rebel movements to fight back, such as the Rebel Armed Forces (FAR). One major army offensive in 1968 killed 10,000 people. Using counterinsurgency techniques taught by the United States, the government maintained ongoing war in the countryside.

In 1987 representatives of the government and the rebels met for the first time as a result of the Esquipulas Agreement, led by Costa Rican president Oscar Arias. They did not come to an agreement, but it set a precedent for future negotiations. There was some resistance from the army because its campaign against the guerrilla organization Guatemalan National Revolutionary Unity (URNG) had been successful. By 1990, these negotiation efforts received a boost when the United States became more vocal about human rights violations. Not only was the Cold War ending, but also the administration of George H. W. Bush was much more pragmatic and less ideological than Ronald Reagan. As part of the peace process, a truth commission was established, known as the Commission for Historical Clarification. It noted the abuses of the Guatemalan security forces, especially for Mayans. The plight of the Maya is best exemplified by Rigoberta Menchú (see Box 6.1), who received international fame for her efforts to make her suffering public. The Truth Commission labeled the violence against the indigenous as genocidal, and her story highlighted how pervasive the repression became.

### BOX 6.1

#### The Local Becomes International Rigoberta Menchú

**International:** International influence was always central to Guatemala's civil war, as the country was a Cold War ideological battleground. But it took an indigenous (Quiche Mayan) Guatemalan

woman named Rigoberta Menchú to make the local suffering of the conflict better publicized internationally. She lived in a village that was attacked both by guerrillas and by the Guatemalan

army. She lost members of her family (including her parents and two brothers), killed by the army or paramilitary groups tied to the government. As time went on she became more active politically in the Committee of the Peasant Union (CUC). Fearing persecution for her own activism, she eventually escaped to Mexico, where she met the anthropologist Elizabeth Burgos, who assisted her in publishing a first-person testimonial book *I, Rigoberta Menchú*.

**National:** The book attracted attention from across the world and highlighted the atrocities being committed, particularly in the Guatemalan countryside. Yet it was also important in Guatemala itself, where many nonindigenous people did not believe atrocities were occurring or that they were overstated. Menchú had come out of obscurity and raised issues no one had been able to raise beyond the local level. She traveled extensively to promote human rights—particularly for indigenous peoples—not only in Guatemala but across Latin America. For this work, she was awarded the Nobel Peace Prize in 1996.

**Local:** It is a no holds barred view of life in the countryside during civil war and

how villages came together to protect themselves. “The moment I learned to identify our enemies was very important for me. For me now the landowner was a big enemy, an evil one. The soldier too was a criminal enemy.”<sup>10</sup>

Yet even the local depictions connected to the international level. Anthropologist David Stoll investigated her claims, and in 1999 Stoll published a book refuting some of them, including the status of her father’s land, her own education, and the way some of her family members were killed. He argued further that Rigoberta Menchú’s book painted the guerrillas in too positive a light. His book was controversial and generated considerable public and academic debate. Regardless, the essential elements of the story, such as the violence, repression, and indiscriminate murder of indigenous rural Guatemalans, are true.

### Discussion Questions

- How can local political actors raise international awareness about their plight?
- How did international factors help create Rigoberta Menchú’s plight in the first place?

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The civil war generated a culture of impunity that has lasted. Horacio Castellanos Moya’s novel *Senselessness*, first published in Spanish in 2004, wonderfully (and sadly) captures the fear, suspicion, and paranoia that persisted after the end of the conflicts as civilians attempted to investigate past abuses. The military was very strong, with close political allies as well as the means to intimidate those who threatened its members, including the novel’s protagonist. Although he is sometimes delusional, the legitimate root of his paranoia is made clear at the end, as Bishop Juan Gerardi was assassinated in 1998 for his role in assembling a document detailing human rights abuses, echoing the murder of Archbishop Romero in El Salvador. Before and since, countless judges,

prosecutors, and witnesses have been murdered or “persuaded” not to continue their work under threat of death.

Problems with Guatemalan democracy were also evident when in 1993 President Jorge Serrano suspended the constitution and announced the dissolution of the legislature. He hoped to emulate the so-called self-coup (or *autogolpe* in Spanish) of Peruvian President Alberto Fujimori in 1990, but failed when both national and international protests forced his resignation. Another example is the continued political presence of former dictator Efraín Ríos Montt, who was in power during 1982–1983 at the height of the vicious campaign against accused “subversives” in the countryside. He founded the Guatemalan Republican Front (FRG), which became a platform for a postauthoritarian political career. He attempted to run for president in 1990, but was forbidden because the 1985 constitution ruled out anyone who had previously taken part in a coup. However, he did get elected to Congress, where he served from 1990 until 2004 (which also provided him with immunity from prosecution for human rights abuses). Then in 2003 the Constitutional Court ruled that he could run, though he received only 11 percent of the vote. His presence all those years, however, symbolized the continued presence of the civil war years after it concluded.

Of even greater concern is the spillover of international drug trafficking and its associated violence in Guatemala. All of Central America had become a transshipment area for drugs going from Colombia to the United States, but as the drug trade grew in Mexico, organized gang activity also increased in neighboring Guatemala. The Mexican drug-trafficking organization Zetas are active in Guatemala, not only in shipping drugs but also in stockpiling weapons. Drug smugglers also take advantage of ties to active duty and retired members of the Guatemalan military. Not coincidentally, the homicide rate rose 40 percent between 2002 and 2008, from 4,507 to 6,292. The police are inefficient and often corrupt, while the court system is unable or unwilling to pursue prosecution. Overall, this leads to a condition of impunity, where perpetrators of crimes feel emboldened. This is devastating down to the local level, because Guatemalans feel almost as insecure as they did during the civil war, which prompts emigration.

A brighter point for Guatemala is that in 2007 it elected its first leftist president, Alvaro Colom of the National Union of Hope Party (UNE), since Jacobo Arbenz. Although no radical, Colom’s election demonstrated that, as in El Salvador (2009), the right could cede power without armed conflict. He vowed to reduce poverty, but the struggle against drug trafficking is often overwhelming. Plus, UNE won only 30 of 158 seats in the unicameral Congress, which makes reforms of any kind problematic. Yet even Colom’s presidency ran into controversy. Because the constitution prohibits relatives of the president from running for the office, in 2011 his wife divorced him in the hopes that she could become a candidate for that year’s presidential election, though eventually the Constitutional Court turned down her petition. Instead, given their fears about violence, Guatemalans leaned toward a more conservative, “iron fist” candidate, retired General Otto Pérez Molina, in the first round.

The Guatemalan economy has never emerged from its dependent agricultural roots. It does have a solid tourist industry, but this is threatened by the



expansion of drug-trafficking organizations whose violence at times is indiscriminate. Poverty rates are high, and even higher for the indigenous population, while Guatemala has the greatest income inequality of any Central American country. The economy depends greatly on remittances, which are roughly 10 percent of GDP, and is the fourth highest in Latin America. That growth has been dramatic, as in 2001 remittances constituted only about 3 percent of GDP.

Overall, then, international factors well out of Guatemala's control condition both politics and economics. Both economic growth and political stability were already weak as a result of Cold War–fuelled war and tentacles of international drug trafficking threaten to choke them further, regardless of whether the presidency is controlled by the left or the right.

## Honduras

Honduras was the novelist O. Henry's inspiration for the phrase *banana republic* in his book *Cabbages and Kings*. The name stuck, and evoked an image of underdevelopment, foreign intervention, and a fruit-based economy. All of these were true of Honduras, where the United Fruit Company had large banana plantations and the political elites of the National and Liberal parties shared power, with periodic authoritarian governments. During the Cold War, the country was not as repressive as its neighbors, in particular since its elites did not have a long history of unity. However, the country did enter into the conflict, remaining firmly anti-Communist and serving as the staging point for the Contra war in Nicaragua. However, the armed forces allowed parties to function as a way to avoid the polarization of its neighbors, particularly after 1979. Thus a pacted transition occurred in 1982 rather than more violent political change. The military left power, but was still very influential. The 1982 constitution was intended to instill a pattern of one-term presidential rule, and the single-term limit was one of the constitution's unreformable articles (i.e., the constitution prohibits the reform of some specific articles). That stability, however, would not arrive until the 1990s, when presidents began alternating power without military interruptions.

The Honduran political system is highly centralized, with power concentrated in the presidency. Regardless of which party has been in power, corruption is rampant and poverty rates high. Polls routinely show that Hondurans have one of the lowest rates of confidence in government institutions and in democracy more generally. There are elections for local government, but patronage and clientelism are hallmarks of elections at all levels.

In 1990, President Rafael Callejas implemented structural adjustment reforms that liberalized the Honduran economy and brought more foreign investment. The number of *maquiladoras* increased to promote exports, and privatization of state-owned industries also accelerated. The serious downside to these reforms has been increased poverty and unemployment, exacerbated by serious natural disasters like Hurricane Mitch in 1998, which killed over 10,000 Hondurans. Further, crime and drug trafficking grew along with popular dissatisfaction. The homicide rate is now among the highest in the world, a prevalent problem across Central America.

## HONDURAS' POLITICAL INSTITUTIONS

### Last constitution: 1982

#### Unitary government with eighteen departments

**Executive:** President with four-year term, no reelection

**Legislative:** National Congress with 128 members elected by proportional representation

**Judicial:** Supreme Court

The continued power of the armed forces in Central America came into sharp relief in June 2009, when President José Manuel Zelaya was detained by the military and then forced out of the country. In the case of Brazil, we discuss the idea of the armed forces being a “moderating power” in Chapter 11, which certainly was the case in Honduras. Zelaya attempted to hold a national referendum asking whether Hondurans wished to allow for a constitutional convention. The Supreme Court ruled that the vote should not go forward, but Zelaya pressed on anyway. The court then ordered his arrest, but the military proceeded to forcibly exile him to Costa Rica in clear violation of the constitution.

Once again in Latin America, the military had stepped in mediate disputes between other state institutions. Afterward, international actors were central to resolving the conflict. Months of internationally sponsored mediation failed to bring a solution, as the de facto government insisted that Zelaya could not be reinstated and that only the upcoming presidential election would resolve the crisis. He even snuck back into the Honduras and took refuge at the Brazilian embassy. Ultimately the “Tegucigalpa–San José Accord” was signed by all parties, and it had stipulations about the way to proceed. Among the points was that no one would seek to reform the constitution, in either direct or indirect form.

## ANALYZING DOCUMENTS

*The overthrow of José Manuel Zelaya rocked all of Central America and sent presidents and international organizations scrambling to respond. The crisis demonstrated the continued weakness of national political institutions in Central America. A fragile agreement was reached in 2009, though it still left many questions—such as Zelaya’s own fate—unanswered.*

#### San José–Tegucigalpa Accord (2009)

We, Honduran citizens, men and women convinced of the necessity to strengthen the state of law, to protect our constitution and the laws of our Republic, deepen democracy and assure a climate of peace and tranquility for our people, have carried

out an intense and frank process of political dialogue to seek a peaceful and negotiated exit to the crisis in which our country has been submerged in recent months.

As fruit of this dialogue, in which the wisdom, tolerance, and patriotic spirit of all the participants has predominated, we have drafted a political accord that will permit the reestablishment of civic harmony and assure an appropriate climate for democratic governability in our country. This accord, we are sure, will mark the road to peace, reconciliation, and democracy, which are urgent demands of Honduran society.

The agreement on this accord demonstrates once again that Honduran men and women are capable of successfully carrying out dialogue and thanks to that and by means of it, reach the high goals that society demands and the country requires.

In virtue of the forgoing, we have agreed on the following accords:

### **The Government of National Reconciliation and Unity**

To achieve reconciliation and strengthen democracy, we will form a Government of Unity and National Reconciliation made up of representatives of the various political parties and social organizations, recognized for their capabilities, honesty, aptness, and willingness to dialogue, who will occupy the distinct secretariats and subsecretariats, as well as other dependencies of the State, in conformity with article 246 and following of the constitution of the Republic of Honduras.

In light of the fact that before the 28th of June, the Executive Power had not submitted a General Budget of Income and Expenses for consideration to the National Congress, in conformity with that established in article 205, number 32 of the Constitution of the Republic of Honduras, this government of unity and national reconciliation will respect and function on the basis of the general budget, recently approved by the National Congress for fiscal year 2009.

### **Renouncing the Convocation of a National Constituent Assembly or Reforming the Unreformable Articles of the Constitution**

To achieve reconciliation and strengthen democracy, we reiterate our respect for the Constitution and the laws of our country, abstaining from making calls for the convening of a National Constituent Assembly, in direct or indirect manner and renouncing also promoting or aiding any popular poll with the goal of reforming the Constitution in order to permit presidential reelection, modify the form of government or contravene any of the unreformable articles of our Magna Carta.

In particular, we will not make public declarations nor exercise any type of influence inconsistent with articles 5, 239, 373, and 374 of the Constitution of the Republic of Honduras, and we reject energetically every manifestation contrary to the spirit of said articles and of the special law that regulates the referendum and the plebiscite.

### **The General Elections and the Transfer of Government**

To achieve reconciliation and fortify democracy, we reiterate that, in conformity with the articles 44 and 51 of the Constitution of the Republic of Honduras, the vote is universal, obligatory, egalitarian, direct, free and secret, and it corresponds to the

*(Continued)*

Supreme Electoral Tribunal, with full autonomy and independence, to supervise and execute everything related to the electoral acts and processes.

At the same time, we make a call to the Honduran people to peacefully participate in the next general elections and to avoid all kinds of demonstrations that would oppose the elections or their results, or promote insurrection, antijudicial conduct, civil disobedience or other acts that could produce violent confrontations or transgressions of the law.

With the goal of demonstrating the transparency and legitimacy of the electoral process, we ask urgently that the Supreme Electoral Tribunal that it authorize and accredit the presence of international missions from now until the declaration of the results of the general elections, as well as the transfer of powers that will take place, in conformity with Article 237 of the Constitution of the Republic, the 27 of January of 2010.

### **The Armed Forces and National Police**

To reach reconciliation and strengthen democracy, we affirm our will to comply in all its measures with article 272 of the Constitution of the Republic of Honduras, according to which the Armed Forces remain at the disposition of the Supreme Electoral Tribunal from one month before the general elections, for the purpose of guaranteeing the free exercise of suffrage, the custody, transparency, and guarding of the electoral materials and all the other aspects of security of the process. We reaffirm the professional, apolitical, obedient and nondeliberative character of the Honduran Armed Forces. In the same way, we agree that the national police should be strictly subject to that prescribed in its special legislation.

### **Executive Power**

To achieve reconciliation and strengthen democracy, in the spirit of the themes of the proposed San José Accord, both negotiating commissions have decided, respectfully, that the National Congress, as an institutional expression of popular sovereignty, in the use of its powers, in consultation with the points that the Supreme Court of Justice should consider pertinent and in conformity with the law, should resolve in that proceeding in respect to return the incumbency of Executive Power to its state previous to the 28 of June until the conclusion of the present governmental period, the 27 of January of 2010. The decision that the National Congress adopts should lay the foundations to achieve social peace, political tranquility and governability that society demands and the country needs.

### **The Normalization of Relations of the Republic of Honduras with the International Community**

On committing ourselves to faithfully comply with the promises assumed in the present Accord, we respectfully ask the immediate revocation of those measures and sanctions adopted at a bilateral or multilateral level, that in any manner would affect the reinsertion and full participation of the Republic of Honduras in the international community and its access to all forms of cooperation.

We make a call to the international community that it should reactivate as soon as possible the projects of cooperation in effect with the Republic of Honduras and continue with the negotiation of future ones. In particular, we ask urgently that, on the request of competent authorities the international cooperation be made effective that might be

necessary and opportune for the Verification Commission and the future Truth Commission to assure the faithful completion and follow-through of the commitments acquired in this Accord.

### Discussion Questions

- What was the report's main strategy for promoting national unity?
- What importance does the report attach to international actors?

Source: <http://web.archive.org/web/20101022072136/http://www.latribuna.hr/web2.0/?p=57987&cpage=1> (translation by author)

The 2009 elections went forward and Porfirio “Pepe” Lobo, a member of the National Party, became the new president. Zelaya left the country—flew into exile to the Dominican Republic—and did not return until 2011. There have been widespread demonstrations against the government, organized by an umbrella group, the National Front of Popular Resistance (FNRP), which has brought people together at the local level. It has endeavored to remain united even after Roberto Micheletti, who served as the interim *de facto* president from June 28, 2009, to January 27, 2010, left office.

Honduran economic growth has been weak and damaged further by hurricanes, organized crime, the global recession, and the aftermath of the 2009 coup because aid and trade were both reduced. One particularly pernicious international influence has been the drug trade, as Mexican cartels have become more active in the absence of a strong national government. In 2011, for the first time a cocaine lab was found in rural Honduras, yet more evidence of growing drug-related activities and violence. Thus, even the rural local level is deeply affected. This combination of factors led to negative GDP growth, while over 40 percent of the population lives on about \$2 a day. Coffee and bananas are still key exports (mostly going to the United States) while as elsewhere CAFTA has fostered foreign investment in maquiladoras, particularly textiles. Honduras has been, and still is, one of the least developed and most poverty-stricken countries in the Western Hemisphere.

## Panama

The timing of Panama's independence from Colombia is tied directly to international influences, namely, the administration of Theodore Roosevelt in the United States. As noted in the Nicaraguan case, the United States had long sought a canal to span the Central American isthmus as a way to facilitate trade from the Pacific to Atlantic oceans. Costa Rica had even been considered. But the Panama route became more attractive when a French company began a project and then went bankrupt, meaning that a U.S. company could step in and continue (and the French company lobbied heavily for that outcome so that it could repay its debts). In addition, Nicaraguan

## PANAMA'S POLITICAL INSTITUTIONS

### Last constitution: 1972

#### Unitary government with nine provinces

**Executive:** President with five-year term, no reelection

**Legislative:** Unicameral National Assembly with seventy-one members (mixed plurality and proportional representation)

**Judicial:** Supreme Court of Justice

President José Santos Zelaya was making demands that the United States refused to accept.

Although Panama was part of Colombia at the time of independence, there had been numerous secessionist movements in the eighteenth century clamoring for local autonomy. At various times the U.S. government had even sent troops with the consent of Panamanian authorities to protect its railroad interests when unrest broke out. Panama was a remote part of Colombia, which only sporadically enforced centralized control. Once the Roosevelt administration decided Panama was a propitious location for the canal, in 1902 it sent troops that blocked the already weak Colombian military from responding and the following year Panama declared its independence. In 1914, the canal opened for business, a process entirely driven by international intervention.

From then on, Panama was unique because of the official central role of the U.S. government, which had sovereignty over the ten-mile wide Panama Canal Zone. From a dependency perspective, this arrangement simply formalized the economic domination of the United States. Because of the U.S. presence, the economy has focused predominantly on the service sector and the U.S. dollar circulated. From a modernization viewpoint, however, the United States provided Panama with opportunities it otherwise would not have enjoyed. It promoted relative political stability and a flow of foreign investment.

The United States also created a National Guard in place of the army, which had already unsuccessfully tried to overthrow the government in 1904. Although there was no formal army to intervene in politics, the National Guard became both highly politicized and militarized. That eventually led to a coup in 1968, and in 1969 Colonel Martín Torrijos took the presidency. His rule was both authoritarian and nationalist, with a strong emphasis on asserting control over the Panama Canal. After long negotiations, in 1977 he signed the Torrijos–Carter Treaties, which stipulated handing the operation of the canal to Panama and removing U.S. forces by 1999. The treaties were very popular in Panama across the ideological spectrum. Torrijos died in a 1981 plane crash and was replaced by his intelligence chief (and eventual commander of the National Guard) **Manuel Noriega**.

Noriega's years as executive were marked by authoritarianism, corruption, drug trafficking, and assistance in the U.S. fight against Marxism in Central

America. He nullified presidential elections in both 1984 and 1989 because opposition candidates were clearly going to win, and also reorganized the National Guard, turning it into the Panamanian Defense Forces under his control. The end of his rule was related entirely to international influence.

Given the Cold War context and Noriega's support for the Nicaraguan Contras, the Reagan administration was willing to overlook the drug ties and repression. As the peace process got going in the rest of Central America, however, Noriega's services were no longer needed and the U.S. government ended its support. Most importantly, in 1989 a U.S. federal court indicted him on drug charges. After Noriega annulled the 1989 presidential election, the administration of George H. W. Bush invaded the country, and within a few days captured Noriega after a chase that led him to the Vatican diplomatic mission in Panama City. He was taken to Miami, convicted, and imprisoned. By 2010, his sentence was up, and he was extradited to France, where he started a seven-year term for money laundering.

Panama stabilized considerably in the years after the invasion, which is not always typical of violent political transitions initiated by a foreign power. Although the postinvasion presidency of Guillermo Endara was marked by continued drug trafficking and corruption (which called into question the original rationale for the invasion), the 1994 elections were largely free and fair. Ernesto Pérez Balladares of Torrijos' Democratic Revolution Party won, and Panamanian politics became less violent and more competitive, to the point that the transfer of the Panama Canal in 1999 occurred without a hitch. From then, presidential elections have been both stable and democratic, including a term by Torrijos' son Martín. Polyarchy, if not democracy, was the norm. Panama's socioeconomic indicators, such as poverty rates and the Human Development Index, have been better than its neighbors as well.

Given the long-time presence of the United States, the Panamanian economy is dollarized. As in El Salvador, that has been a source of financial stability. Of course, unique to the country is the canal itself, which is a source of considerable revenue, and which has transformed the service industry into a central economic motor. In 2006 the government announced a plan to widen the canal and double its capacity by 2014, at a cost of about \$20 billion. The canal and its associated businesses also cushioned Panama more than its neighbors after 2008, as it continued to have positive, albeit sluggish, GDP growth. Poverty is also slightly lower than in the rest of Central America, but is still over 25 percent.

## Regional Issues

International factors continue to affect all of Central America on a constant basis. National and local political dynamics are conditioned in some way by forces originating outside the region. Unfortunately, for the most part this complicates economic development and democratization and leaves Central America more vulnerable.

## Migration and Economics

Since the end of the Cold War, remittances have become a rapidly growing source of income as well. In El Salvador, Honduras, and Nicaragua remittances totaled an astonishing 18 to 20 percent of GDP.<sup>11</sup> In Guatemala they reach 13 percent. As discussed in the case of Mexico, this raises important questions about economic dependence. When the U.S. economy crashed in September 2008, Central America was also hit hard not only because trade fell, but because emigrants could no longer send the same amount of money as they had before. Remittances also prompt Central American presidents to spend a considerable amount of time lobbying the U.S. government on behalf of their citizens and for more open immigration policies. This puts a new spin on dependence, as the economic impact of mass migration becomes almost as important as the movement of goods.

Political leaders feel compelled to lobby for temporary protected status (TPS) for many of their citizens. The United States extends TPS to foreign nationals in times of specific crises. For Central America, this referred to civil war in the 1980s, but in more recent years has been granted in the context of natural disasters such as hurricanes, which often hammer the area. The U.S. Congress must renew TPS every 18 months, and in some cases, it has been extended many times. The core problem is that the countries hit by these disasters do not soon recover to the extent that they can absorb a large-scale return of their citizens from abroad.

## The Judiciary in Central America

Judicial systems in the region had historically been enmeshed in the families and political elites that governed, so there has been little horizontal accountability. Foreign intervention further weakened it. They were neither insulated from political pressure nor immune to corruption. As a result, in the post-Cold War era judicial reform has been a key goal. In El Salvador, for example, reforms in the 1990s required a two-third majority in the legislature to choose a Supreme Court justice, to ensure that party loyalty alone did not dictate the selection. Reforms also instituted a more rigorous procedure for determining the qualifications of the candidates. Budgets for the judiciary are also a perennial problem, so in Guatemala the Peace Accords included a phased budget increase of 50 percent.<sup>12</sup> Budgets pose two dilemmas. First, inadequate funds mean that courts at all levels develop major backlogs and cannot process cases. Second, if budgets rely too much on the goodwill of the executive or legislative branches, then they can apply pressure on judges with the threat of withholding critical funds.

A broader problem for the judicial branch in Central America is politicization with regard to the investigation of human rights abuses. Outside Costa Rica, the armed forces have exerted considerable influence, including open threats. Of course, this poses a major obstacle to democratization and horizontal accountability. In general, the judiciary enjoys relatively little trust from the public, both in macro terms of major human rights cases or micro terms of simply getting individual civil or criminal cases addressed in a timely and fair manner.



## Women and Politics in Central America

Not all international influence has had a negative effect. Women were granted the right to vote relatively late in Central America—the earliest was Guatemala in 1945. Prior to 1945, they were denied many basic rights of citizenship and in fact some constitutions referred specifically to men rather than women.

**TABLE 6.1 Costa Rican Economic Indicators, 1991–2011**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	2.2	25.3	6.0	—	0.883
1992	7.1	17.0	4.3	—	0.848
1993	5.8	9.0	4.0	—	0.884
1994	4.3	19.9	4.3	23.1	0.889
1995	2.2	22.6	5.7	—	0.889
1996	−0.5	13.9	6.6	—	—
1997	3.7	11.5	5.9	22.5	0.801
1998	5.5	12.4	5.4	—	—
1999	8.2	10.1	6.2	20.3	—
2000	1.8	10.2	5.3	—	—
2001	1.1	11.0	5.8	—	0.832
2002	2.9	9.7	6.8	20.3	—
2003	6.4	9.9	6.7	—	—
2004	4.3	13.3	6.7	20.5	—
2005	5.9	14.1	6.6	21.1	0.846
2006	7.9	9.4	6.0	19.0	—
2007	7.9	10.8	4.6	18.6	0.854
2008	2.8	13.9	4.8	16.4	—
2009	−1.1	4.0	8.4	18.9	—
2010	4.0	6.1	7.1	—	0.768
2011	4.2	4.9	7.7	—	0.770

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

**TABLE 6.2 Salvadoran Economic Indicators, 1991–2011**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	2.8	9.8	7.9	—	0.579
1992	7.3	19.9	8.2	—	0.543
1993	6.4	12.1	8.1	—	0.576
1994	6.0	8.9	7.0	—	0.592
1995	6.2	11.4	7.0	47.6	0.604
1996	2.0	7.4	7.5	—	—
1997	4.0	2.2	7.5	48.0	0.674
1998	3.5	4.2	7.6	—	0.696
1999	3.4	-1.0	6.9	43.5	—
2000	2.2	4.3	6.5	—	—
2001	1.7	1.4	7.0	48.9	0.719
2002	2.3	2.8	6.2	—	0.720
2003	2.3	2.6	6.2	—	—
2004	1.8	5.3	6.5	47.5	—
2005	2.8	4.3	7.3	—	0.735
2006	4.2	4.9	5.7	—	—
2007	4.7	4.9	5.8	—	—
2008	3.0	5.5	5.5	42.7	0.747
2009	-3.5	-0.2	7.1	47.9	—
2010	1.0	3.2	6.8	—	0.678
2011	1.5	5.1	6.6	—	0.679

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

International influences were important in this regard, as international nongovernmental organizations worked with local groups to lobby for suffrage. Over the long term that has yielded some important advances. Since 1985 the sub-region has matched or exceeded the world average of the percentage of female legislators at the national level.<sup>13</sup>

**TABLE 6.3** Nicaraguan Economic Indicators, 1991–2011

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	−0.3	865.6	14.2	—	0.611
1992	0.8	3.5	17.8	—	0.583
1993	−0.4	19.5	21.8	68.1	0.568
1994	4.0	14.4	20.7	—	0.530
1995	4.5	11.1	18.2	—	0.547
1996	4.8	12.1	16.1	—	—
1997	5.0	8.6	14.3	—	0.616
1998	3.5	18.5	13.2	65.1	0.631
1999	7.0	7.2	10.7	—	—
2000	4.1	9.9	7.8	—	—
2001	3.0	4.7	11.3	69.3	0.643
2002	0.8	4.0	11.6	—	0.667
2003	2.5	6.6	10.2	—	—
2004	5.3	10.1	9.3	—	—
2005	4.3	9.7	7.0	61.9	0.710
2006	3.7	10.2	7.0	—	—
2007	3.1	16.2	6.9	—	0.699
2008	2.8	12.7	8.0	—	—
2009	−1.5	1.8	10.5	—	—
2010	3.0	7.7	9.7	—	0.593
2011	5.1	8.5	—	—	0.597

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

Why is that? The upheaval of the 1970s and 1980s politicized many women and prompted them to seek political office. This has led to more legislative proposals on issues related to women, more focus on social issues that impact everyone (such as human rights) and more efforts by female legislators to bring women's issues to the nation's attention—especially the impact of economic

**TABLE 6.4 Guatemalan Economic Indicators, 1991–2011**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	3.7	10.2	4.0	—	0.591
1992	4.9	14.2	1.5	—	0.564
1993	4.0	11.6	2.5	—	0.580
1994	4.1	11.6	3.3	—	0.572
1995	5.0	8.6	3.7	—	0.615
1996	3.0	10.9	3.7	—	
1997	4.1	7.1	5.0	—	0.624
1998	5.0	7.5	5.9	53.5	0.619
1999	3.8	4.9	—	—	
2000	3.6	5.1	—	—	
2001	2.3	8.9	—	—	0.652
2002	3.9	6.3	5.4	—	0.649
2003	2.5	5.9	5.2	60.2	
2004	3.2	9.2	4.4	—	
2005	3.3	8.6	—	—	0.689
2006	5.4	5.8	—	—	
2007	6.3	8.7	—	54.8	0.704
2008	3.3	9.4	—	—	—
2009	0.5	−0.3	—	—	—
2010	2.5	5.3	4.8	—	0.579
2011	3.9	6.2	3.1	—	0.580

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

crisis on women and continued discrimination—and then keep them there as best they can.

National political institutions have an impact on women's elections as well. Women have tended to obtain more representation in countries (such as Costa Rica, El Salvador, and Nicaragua) that utilize proportional representation

**TABLE 6.5 Honduran Economic Indicators, 1991–2011**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	1.8	21.4	7.4	—	0.578
1992	6.3	6.5	6.0	—	0.524
1993	7.2	13.0	7.0	—	0.576
1994	−2.6	28.9	4.0	73.1	0.575
1995	5.1	26.8	5.6	—	0.573
1996	3.3	25.4	6.5	—	—
1997	4.3	15.0	5.8	73.8	0.641
1998	3.0	15.7	5.2	—	0.653
1999	−1.9	11.0	5.3	74.4	—
2000	5.7	10.1	—	—	—
2001	2.6	8.8	5.9	—	0.667
2002	2.7	8.1	6.1	77.3	0.672
2003	3.5	6.8	7.6	—	—
2004	5.0	9.1	8.0	—	—
2005	4.1	7.7	6.5	—	0.700
2006	6.6	5.3	4.9	71.5	—
2007	6.3	8.9	4.0	68.9	0.732
2008	4.0	10.8	4.1	—	—
2009	−1.9	3.0	4.9	—	—
2010	2.5	4.4	6.4	—	0.629
2011	3.6	6.8	6.8	—	0.630

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

because that entails expanded options for voters. All countries use party lists, meaning that the political parties determine the rank order list of candidates. The combination of party lists and proportional representation has created an incentive to include more women as a way to increase the party's share of seats.

**TABLE 6.6 Panamanian Economic Indicators, 1991–2011**

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	9.0	1.6	19.3	36.3	0.856
1992	8.2	1.6	17.5	—	0.816
1993	5.3	1.0	15.6	—	0.859
1994	3.1	1.3	16.0	29.7	—
1995	1.9	0.8	16.6	—	0.868
1996	2.7	2.3	16.4	—	—
1997	4.4	1.8	15.5	27.3	0.791
1998	3.5	1.4	15.5	—	0.776
1999	4.0	1.5	13.6	24.2	—
2000	2.7	0.7	15.2	—	—
2001	0.6	0.0	17.0	—	0.788
2002	2.2	1.9	16.5	36.9	0.791
2003	4.2	1.5	15.9	—	—
2004	7.5	2.5	14.1	32.9	—
2005	6.9	3.4	12.1	31.0	0.812
2006	8.1	2.2	10.4	29.9	—
2007	12.1	6.4	7.7	29.0	0.840
2008	10.7	6.8	6.5	27.7	—
2009	3.2	1.9	7.9	26.4	—
2010	6.3	4.1	7.7	—	0.770
2011	10.8	5.9	5.4	—	0.776

Sources: Unemployment: *GDP and Inflation: Preliminary Overview of the Economies of Latin America and the Caribbean*, 1994–2012.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report*, 1990–2013.

## Conclusion and Comparative Perspective

Daniel Ortega's return to the presidency in Nicaragua highlights the connections between the national and international levels. He had fought against a U.S.-backed dictator, then found his Sandinista government attacked by U.S.-backed

forces. Later, through national machinations with his opposition, he was able to win election under very different circumstances. Despite serious challenges, in many ways political development in Central America has strengthened considerably in recent years. As the authors of a prominent book on Central American politics point out about elected officials: “They campaigned, tried to persuade others how to vote, attended party meetings, contacted officials, and protested.”<sup>14</sup> There is, therefore, growing engagement with democratic institutions and an interest within civil society to participate politically. In El Salvador, for example, a former guerrilla movement became a political party and successfully gained the presidency with a newly moderate message of reform.

Nonetheless, the 2009 Honduran coup is a stark reminder that Central American politics remains oligarchic, and the armed forces are still powerful political actors, which damages vertical accountability. Central American economies are also heavily dependent on foreign imports, particularly from the United States, for most finished goods while they export many of the same primary products they have exported for many years. The *maquila* industries have brought modest growth and employment, but much of the profit leaves the country.

The history of liberal-conservative conflict is similar to countries like Colombia, where its intensity resulted in widespread killings in the nineteenth and twentieth centuries. The disruption of Cold War–fuelled guerrilla wars resembles Colombia as well, though in fact they were resolved much more effectively in Central America. The effects, however, in countries like El Salvador and Guatemala are still being felt. Insecurity, inequality, and poverty are all high. The combination of indigenous marginalization, poverty, inequality, and instability are quite similar to Bolivia, Ecuador, and Peru, with similar unscheduled changes of government and military intervention.

International influences continue to be central. Drug trafficking and gang activity have been sources of instability and violence, with drugs moving from South America to the United States. That creates a ripple effect into national and local institutions because corruption and intimidation go along with it. Dealing with those problems will be both essential and difficult. Colombia and more recently Mexico have dealt with similar issues, but Central America has much weaker political institutions and its history is more replete with repression.

The importance of remittances is echoed elsewhere in the Caribbean, particularly with Cuba. These economies are tightly intertwined with the United States and heavily dependent on it. El Salvador is fully dollarized, but the dollar is a valuable commodity in countries outside the region as well, including Cuba. Small economies dependent on exporting commodities to the United States are much less able to chart their own economic futures.

## Key Terms

- Daniel Ortega
- José Manuel Zelaya
- Farabundo Martí National Liberation Front (FMLN)
- CAFTA-DR
- Anastasio Somoza Debayle
- Sandinista National Liberation Front
- Manuel Noriega

## Discussion Questions

- In what ways have international influences hindered or encouraged democracy in Central America?
- In what ways does the local population suffer when there is civil war?
- Does it seem likely that other Central American countries could copy the more stable Costa Rican political model?
- What are the pros and cons of so much Central American emigration to the United States?
- How does drug trafficking affect the local, national, and international levels simultaneously?

## Further Sources

### Books

Booth, John A., Christine J. Wade, and Thomas W. Walker, *Understanding Central America*, 5th Edition (Boulder: Westview Press, 2009). An informative and well-written analysis of Central American politics. It includes both regional chapters and specific chapters on each country, along with a discussion of the role of the United States.

Dunkerley, James. *The Pacification of Central America* (New York: Verso, 1994). This book provides a good overview of how the conflicts in El Salvador, Guatemala, and Nicaragua ended in the late 1980s and early 1990s. It also includes a lengthy and detailed timeline for each country between 1987 and 1993.

García, María Cristina. *Seeking Refuge: Central American Migration to Mexico, the United States, and Canada* (Berkeley: University of California Press, 2006). García analyzes the political dynamics surrounding the mass emigration of Central Americans and the way they were received. It focuses on the transnational advocacy networks that formed and how that contributed to improved treatment of refugees.

LeoGrande, William. *Our Own Backyard: The United States in Central America* (Chapel Hill: University of North Carolina Press, 1998). A comprehensive look at the policy of the United States during the most intense era of civil war in Central America. It focuses in particular on how U.S. policy makers considered Central America a global threat in the context of the Cold War.

Saint-Germain, Michelle A. and Cynthia Chavez Metoyer, *Women Legislators in Central America* (Austin: University of Texas Press, 2008). This analysis seeks to explain why there has been such an increase of women elected to national legislatures in Central America. It combines primary data and personal interviews to provide a very nuanced view of women in politics.

### Web Sites

*Office of the United States Trade Representative Page on CAFTA-DR* (<http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/cafta-dr-tcb>). The USTR provides a host of links to primary documents (including the text of the agreement itself) and a good view of how the U.S. government views the benefits of CAFTA.

*Guatemala: Memory of Silence* ([http://www.aaas.org/sites/default/files/migrate/uploads/mos\\_en.pdf](http://www.aaas.org/sites/default/files/migrate/uploads/mos_en.pdf)). This is the Web site in English of the Guatemala Truth Commission, with details about the effects of the civil war, particularly on the indigenous populations.



*Panama Canal Authority* (<http://www.pancanal.com/eng/index.html>). The PCA's Web site provides information (including webcams) of the Panama Canal, but also extensive information about its functions, its expansion, and its finances.

*Tico Times* (<http://www.ticotimes.net/>). The *Tico Times* is an English-language online newspaper based in Costa Rica that covers Central American news.

*CISPES* (<http://www.cispes.org/index.php>). The Committee in Solidarity with the People of El Salvador is a pro-FMLN NGO that updates information on political events, focusing in particular on workers, the poor, and free trade.

## Endnotes

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14. Booth et al. 2010, 189.

