The politics of civil society building: European private aid agencies and democratic transitions in Central America
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Citation for published version (APA):

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PART II

CENTRAL AMERICA
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The theoretical framework of the previous chapters provides an analytical basis for examining the role of private aid agencies during democratic transitions in Central America. This traditional ‘backyard’ of the United States attracted international attention in the early 1980s, when civil wars in three of the five small countries affected regional stability during the last phase of the Cold War. Although fuelled by external forces, in particular by the Reagan administrations, these conflicts were the eruption of profound internal tensions in civil society rooted in a history of social and political exclusion of the impoverished majority. They were signs of a deep crisis of sustained authoritarian rule, eventually triggering processes of democratic transition all over the region. To avoid abstract ‘transitology’, the meaning of ‘democratic transition’ in the Central American context needs to be considered more carefully. For that purpose, four premises are examined in this chapter.

A first premise is that the dynamics of current democratic transitions have to be understood within a wider historical context, in which the stubborn permanency of the authoritarian state has obstructed the development of political society. Following Moore’s argument discussed in Chapter 1, a historical examination of the key obstacles to democratic transition is a necessary exercise, as past conflicts and institutional structures have long-term effects and are of critical importance for later developments. What were these key obstacles in the Central American context, and what were the driving forces shifting the balance between the authoritarian states and exclusionary civil societies? A second premise highlights the relationship between democratic transition and peace. Frustrated efforts to democratise the system fuelled a violent climate of political repression and civil wars. But in the process of searching for peace, all parties finally realised that democratisation was an essential condition for peace, and vice versa. In other words, the civil conflicts during early transition stages obstructed democratic transition in the short term, but enhanced it in the longer run, which was most clearly illustrated by the Salvadorean civil war (1980-91). A third premise states that democratic transitions in Central America are not yet completed. Various observers have grappled with this problem, either by labelling the incomplete process ‘pacification’ (Dunkerly 1994: 3) or by calling the new regimes ‘hybrids’ of previous authoritarianism and newly emerging democratic politics (Karl 1995: 73). This confusion about the nature of democracy in Central America can be cleared up by carefully analysing the transition stages that were proposed in the theoretical framework. A fourth premise is about the role of external actors: it is assumed these
have played an important role in stimulating democratic transitions, in particular by contributing to depolarisation of civil society and peaceful settlements and by (re)building the political centre.

Each of these premises will be examined separately, providing the following structure to this chapter on Central America’s democratic transitions. The first section examines the long period of authoritarian rule and early efforts at civil society building, while trying to explain the causes of postponed democratic transitions. The second identifies the key actors in civil and political society that opposed the authoritarian state, and analyses how the latter entered into a serious crisis in the 1970s. Section three examines shifting power balances in three selected countries during the early, mid and late transition stages. The fourth section looks at the role of external actors and distinguishes between governmental and non-governmental actors intervening in the region. Based on this analysis, the premises are reconsidered in the final section, where they are discussed in the light of future prospects for democratic consolidation in Central America.

4.1 Causes of postponed democratic transitions

Democratic transitions in Central America have differed essentially from most transitions in South America, as argued earlier. They were not concerned with re-establishing a form of democracy that had existed previously, but were rather transitions in a process of constructing democracy. The origins of South American democratisation can be traced back to the depression of the 1930s, when populist regimes came to power and contributed to the growth and diversification of civil societies. In Central America, democratic rule simply had been non-existent up to the late 1940s, when it emerged in Costa Rica and (only temporarily) in Guatemala. Since the emergence of independent nation states in the post-colonial period of the early nineteenth century, the dominant classes in Central America considered the state to be an instrument for prolonging authoritarian rule and seldom a product of political legitimacy. The continuity of authoritarian rule in Central America (and the recurrent failures of democratisation) can be understood by looking at the permanency of family networks, commerce, forms of political interaction, cultures and the mentality of the dominant classes (Acuña 1995). The history of Central American authoritarianism is marked by three more or less distinct stages, before its demise in the violent crisis of the late 1970s and early 1980s.

The first period of authoritarianism was characterised by caudillo regimes, ruling the whole of Central America in the first half of the nineteenth century. The term ‘ruling’ is probably overstated, for it was actually a period of civil wars between Conservative and Liberal elites reflecting frustrated efforts to construct nation states on the remnants of the Spanish colonial administration. The Conservatives generally represented traditional large landowners who had acquired special licenses
from the Spanish crown for land titles and export monopolies. They advocated authoritarian rule, centralised government and special privileges for the Catholic Church. Liberals represented large landholders and tradesmen without privileges derived from the colonial period, and therefore promoted decentralised government, (limited) representative democracy, less economic regulation and a separation between the Church and the state. Liberals advocated a modernisation of the economy by an export-led growth model, facilitated by the state (Booth and Walker 1993). Conservatives and Liberals were the core political currents in the nineteenth century, although differences gradually disappeared. Rivalry and open warfare between these two factions of the dominant classes contributed to the dissolution of the Central American Federal Republic (1824-1838) into five separate nations: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

This period of anarchy gradually ended in the 1870s with the introduction of moderate Liberal reforms to facilitate landownership for coffee production. The second stage of authoritarian rule was marked by the start of massive coffee cultivation as a primary export crop for the world market, with profound social and political consequences for the entire region. A new coffee oligarchy emerged as a hegemonic force in civil society, backing legislation to guarantee private property and the availability of cheap labour necessary to institute a competitive agro-export development model. Communal lands of indigenous communities and Church-owned lands were expropriated. Under the slogan 'order and progress' the new Liberal regimes used the armed forces to repress campesino revolts and protests from oppositional elites. It was in this period that the basis was laid for a firm interdependent alliance between the military and the coffee oligarchy that would last until the 1980s. The 'progress' promised by the Liberal rulers (such as education and universal suffrage) was not realised in practice, which illustrated the two golden rules of the new elite: 'The rich do not pay taxes, nor concede any concessions to the poor.'

Progress had a different meaning for the Liberal rulers, such as the construction of ports and railways to encourage foreign investment and European immigration. As Paige (1997: 14) remarks in his detailed account of the Central American coffee elite: 'They built new wealth and created vast poverty.' Indirectly, the agro-export model provided the basis for consolidating the process of constructing nation states, although built on social exclusion. The third stage of authoritarian rule would run from the 1930s to the 1980s, and will be analysed in more detail below. A key characteristic of this period was the prominent role of the armed forces, who not only acquired political power but gradually also substantial economic power. Their investments in banking, industry and agriculture converted the armed forces into a powerful and autonomous institution, whose officers developed from the guardians to full members of the political and economic elite (Rouquié 1987; Cerdas 1992).

Although continuity of authoritarian rule was a general pattern all over Central America, differences in political systems have existed among the five countries ever since the colonial period. Guatemala and Costa Rica, for example, inherited
opposite colonial arrangements. In Guatemala, the cultivation of indigo contributed to a feudal structure in which the indigenous population was exploited via involuntary servitude, determining social relations up to the late twentieth century. The large landowners together with merchant elites formed a powerful oligarchy, directly controlling the state or indirectly ruling via the armed forces. In Costa Rica, the indigenous population was smaller and had been largely eliminated during the conquest. Costa Rica's rather marginal role in colonial trade permitted a more balanced development based on subsistence farming. Due to a relatively weak oligarchy and a growing rural middle class, social relations were more egalitarian; authoritarian rule in Costa Rica was therefore short-lived. El Salvador's development resembled that of Guatemala, but was less extreme as a result of a smaller indigenous population. In the Liberal period, Guatemala, El Salvador and Costa Rica managed to achieve relative political stability, whereas the absence of a hegemonic social power in Honduras and Nicaragua led to disorder and civil wars, eventually leading to US interventions in the early twentieth century.

Furthermore, due to differences in social relations and levels of institutionalised repression, coffee cultivation had remarkably diverse effects: in Costa Rica it contributed to democratisation, whereas in Guatemala and El Salvador it actually reinforced authoritarian trends (Cerdas 1992). In Honduras and Nicaragua, with their absence of a strong oligarchy, the state was generally controlled by military officers, often part of an economic-military dynasty such as the Somoza clan in Nicaragua. In Honduras, the development of the political system was very much determined by US investments in the banana enclaves on the northern coast, where US companies ruled autonomously from the Honduran state. While the dominant presence of the United States in Honduras and Nicaragua certainly reinforced existing authoritarian practice, I tend to agree with Acuña (1995) who argues that authoritarian rule in Central America had its roots long before the United States became the hegemonic external power in the early twentieth century. Continuing patterns of colonial dominance and the impact of the agro-export model, visible in an unequal system of land tenure combined with coerced labour, were probably more decisive for the permanency of the ruling classes than external intervention.

The first period of civil society building (1919-32)
What about the balance between the state and civil society prior to the late 1920s, the first period in which authoritarian rule was questioned? After a few decades of nation building, the Liberal governments had not really managed to build strong state institutions. Permanent debt and a lack of public resources hampered the consolidation of nation states. As there were no domestic markets with a taxable wealth base, the major source of income for the state was provided by introducing fiscal policies directly linked to the export economy (Torres Rivas 1971). Increasing import and export taxes thus made the customs authority one of the earliest stable state institutions. But the armed forces certainly were the strongest institution of the state. They were professionalised under the Liberal governments and gradually
increased their power during the third period of authoritarian rule. The development of other state institutions in most of the countries generally started only after the Second World War (Acuña 1995).

Civil society also was quite weak until the early 1920s. Family networks of the coffee elite and their associations were the only strong actors in civil society in the Liberal period, and their power often remained unchallenged up to the 1990s. In rural areas semi-servitude predominated and rural workers were unable to organise, due to their full dependence upon the hacienda system. Civil associations actually started in urban areas, where foreign investment attracted skilled workers and craftsmen (artesanos), and in the banana enclaves. Since the coming to power of Liberal regimes workers in the cities had been forming craft guilds (mutuales), which started as associations for mutual help and developed after the First World War into the first labour unions. This type of urban organising was most diverse in Costa Rica, where the first trade union (of bakers) in the region was founded in 1919, inspired by European anarcho-syndicalism. Similar small sindicatos of shoemakers, bakers, typographers and carpenters emerged in the 1920s all over Central America, followed by the formation of broader federations – such as the combative Salvadorean Regional Workers Federation (FRTS) – and several women’s organisations. Many of these new federations of trade unions were influenced by international political networks linked to Mexican and Russian revolutionary parties, which also stimulated the formation of Communist parties throughout the region.

These newly emerging actors in civil society were still small-scale, urban-based and rather fragile. But by the late 1920s they started to question authoritarian rule by Liberal governments. It was not so much the popular overthrow of the Estrada Cabrera regime in Guatemala in 1920, following mobilisations organised by the Liga Obrema, that alarmed the Liberal rulers. Neither was it the wave of strikes and the Labour Day marches in 1925, leading to formal approval of an eight-hour working day. What worried the Liberal governments was the risk that the spark of social mobilisation could leap from the cities to the coffee plantations in the countryside. This concern was aggravated by the impact of the worldwide Depression, leading to a dramatic fall in coffee prices on the world market after 1929. In addition, Central America lost important export markets to other coffee-producing countries, such as Brazil. The resulting wage cuts and growing rural unemployment fuelled strikes and other social protest in the countryside. Prospects for change, such as the short-lived reformist attempt by Araujo in El Salvador, were soon eliminated by the armed forces who took power under the leadership of General Hernández Martínez in 1931. An armed rebellion by (largely Indian) peasants in the key coffee zone of western El Salvador, triggered by the Communist Party of Farabundo Martí, ended in a massacre. This so-called la matanza symbolised the violent way in which military regimes disrupted the first period of civil society building in Central America.

It can be argued that the newly emerging political parties in Central America
lacked the maturity to really provide an alternative to the prevailing two-party system. Indeed, the Partido Unionista in Guatemala (which briefly took over in 1920), the Partido Reformista in Costa Rica and the Partido Laborista in El Salvador (in power for ten months in 1931) were overwhelmed by their success and unable to provide a serious alternative, comparable to the populist regimes emerging in South America in the 1930s. But it was also clear to the Liberal oligarchies that the economic recession provided little space for social and political reforms, which made them decide to hand over political power to military caudillos. The chain of military take-overs in the early 1930s started with General Jorge Ubico in Guatemala (1931-44), who came to power in elections after the US had condemned an earlier coup. This was followed by General Maximiliano Hernández Martínez (1931-44) in El Salvador and General Tiburcio Carias Andino (1932-48) in Honduras. Nicaragua was somewhat different, as the rise to power of General Anastasio Somoza García (1936-56) was more a consequence of a popular guerrilla struggle led by dissident General Augusto César Sandino, opposing the invasion of US marines that wanted to end a civil war between Liberals and Conservatives. After Sandino’s army successfully expelled US troops, he was assassinated and Somoza took power as commander of the US-trained National Guard. Costa Rica again was the exception, in the sense that the rule by ‘civilian caudillo’ Léon Cortés Castro (1936-40) was short-lived. The Liberal oligarchy resisted armed take-overs and even introduced several reforms, such as a minimum wage for rural workers. The Communist Party entered parliament after staging a successful strike in the banana enclaves against the United Fruit Company in 1934. As will be shown later, the early enlargement of Costa Rica’s political society sharply contrasted with the repression of the political opposition in neighbouring countries, generating diverging patterns of democratisation in the region after the 1930s.

Attempts towards democratisation (1944-54)
Towards the end of the Second World War the military dictatorships entered a serious political crisis. In 1944, multisectoral alliances managed to overthrow the military regimes of Guatemala and El Salvador. In Honduras and Nicaragua similar alliances emerged, but with less national impact. These coalitions were formed by students, middle-class professionals, merchants and young military officers, and mobilised a popular urban class that had rapidly grown since the Depression of the 1930s. It was, as Torres Rivas (1971:117-8) points out, an ‘extremely heterogeneous, initially weak and inexperienced social group’. But their demands for social and political reform, postponed by the caudillos for over a decade, certainly had a powerful resonance. Particularly their demand for democracy stimulated the formation of new (mostly reformist) political parties challenging the traditional two-party systems. However, political society remained closed for these challengers, with the exceptions of Costa Rica and Guatemala. The Cold War environment and the reactivation of the export-based economies, with an
emphasis on cotton and meat in addition to coffee, would prolong authoritarian rule for another three decades.

The regional political crisis started in April 1944 in El Salvador, when an aborted coup attempt by young officers (who wanted to prevent a prolongation of General Martínez’s regime) unleashed a wave of repression, followed by a general strike. Martínez had to resign under US pressure (the US government was afraid that social protest would lead to radicalisation) and was temporarily replaced by General Menéndez who called for elections. But the reformist movement was gaining such strength (led by Romero’s National Democratic Union) that a bloody pre-emptive military coup was staged to prevent their electoral participation. Subsequent military coups gave power to a young and modern military elite that would rule El Salvador for the next three decades. Events in El Salvador contributed to an increase of popular mobilisations in Honduras and Nicaragua against the military regimes of Carias and Somoza, but were crushed without generating organised opposition in the form of new political parties (Bulmer-Thomas 1987). Costa Rica also was affected by the wave of political protests in the region, but the end of authoritarian rule would only come four years later. The first successful challenge to caudillismo occurred in Guatemala, where a general strike in June 1944 forced General Ubico to resign. Despite attempts by the parliament to appoint a successor who could prolong authoritarian rule, the opposition forged an alliance with young military officers that staged a successful coup in October 1944. A few months later, opposition leader Juan José Arévalo won the presidential election and launched one of the most remarkable episodes in Guatemalan history. Pérez-Brignoli (1989: 128) observes that the wave of reforms in the 1940s ‘was more important for the social forces it unleashed than for its legacy of success fulfillment’. This certainly applies to Guatemala, where the ‘revolution’ only lasted until 1954 when it was violently aborted by a CIA-supported coup. Although some important reforms were introduced under Arévalo – such as social security programmes, improved health and education, abolishment of forced labour and municipal elections – they were seldom more radical than those of neighbouring countries where authoritarian rule continued. The key difference, according to Dunkerly (1988: 135), was ‘that this developmentalist project was undertaken in conditions of unprecedented political democracy’. Important was the Labour Code of 1947, contributing to rapidly increased rural unionisation and a growing influence of the Communist Party in the large labour unions and federations. The large landowners and the United Fruit Company were concerned about the growth of social mobilisation, even more after new measures were introduced concerning the forced rental of uncultivated estates. Opposition also came from the military that staged a few dozen coup attempts against Arévalo, but none of these were successful. This was largely thanks to his defence minister Jacobo Arbenz, who would succeed Arévalo after winning the 1951 presidential elections. Reform policies radicalised under Arbenz, who derived his support from the popular sectors, particularly from the labour unions that were dominated by the (relatively
small) Communist Party.\(^\text{14}\) Bilateral relations with the United States deteriorated, especially after Arbenz launched a land reform programme largely affecting fallow lands of the United Fruit Company. After this North American company pressured its home government in Washington, the Arbenz regime was depicted as a ‘communist threat’ and overthrown in July 1954 following a covert US-led invasion. The armed forces took power under the leadership of Colonel Castillo Armas, reversed the reform programme and effectively destroyed unions and political parties previously supporting Arbenz.

Therefore, the only successful democratic transition as a result of the reformist winds blowing throughout Central America in the 1940s took place in Costa Rica. As was already pointed out, Costa Rica experienced a different political development than its northern neighbours due to the absence of profound political and social polarisation. A gradual but cautious process of ‘early’ democratic transition had been occurring since the 1930s with social reforms and a broadening of political society. However, political polarisation increased during the populist government of Rafael Calderón who came to power in the 1940 elections, defeating the weak Communist-led opposition with a large majority. Surprisingly, Calderón introduced a number of social reforms, such as a social security system and a Labour Code, thereby losing support from his original allies, among them the larger coffee growers. Calderón could only survive after forging an alliance with the Communist Party – renamed the Popular Vanguard Party (PVP) – and the Catholic Church. This alliance stayed in power after winning the 1944 elections, although they were accused by the opposition of committing electoral fraud. Increased competition among labour confederations was fuelled by Cold War rhetoric and seriously challenged Costa Rica’s traditional social equilibrium.\(^\text{15}\)

Political polarisation erupted into civil war after the opposition won the 1948 elections, although the victory was nullified by the ruling coalition which obtained a parliamentary majority. In response, a group of armed insurgents led by José Figueres and supported by President Arévalo of Guatemala managed to overthrow the government in little more than a month.\(^\text{16}\) The communist PVP and its unions were outlawed, a new constitution was drawn up endorsing the social reforms of the previous years, and most remarkably, the armed forces were abolished.

Social stability in Costa Rica was restored in the early 1950s and democratic transition was consolidated under Figueres’s presidency (1953–58) with his National Liberation Party (PLN), taking full advantage of the economic boom. Ever since, political society has been dominated by two political parties (PLN and the conservative Party of Social Christian Unity, PUSC) operating in the political centre and alternating power in regular elections. The Costa Rican model of gradual reformism would become a paradigmatic example of political stability for Latin America (Diamond et al. 1989). It functioned thanks to the existence of a diverse and autonomous middle class and a Liberal oligarchy that was not defeated but became dispersed over various political projects. However, the Costa Rican democratic transition also sacrificed the Communist movement, which had been a key actor
in the struggle for reforms in the 1940s. With the abolishment of the armed forces, a stable balance between civil society and the state was achieved in the 1950s in such a way that the ‘subsequent negotiation of political power was situated within the domain of civil society and that of economic mediation within the orbit of the state much more emphatically than elsewhere’ (Dunkerly 1988: 133). This balance would only become distorted during the regional crisis of the 1980s.

By the mid-1950s, in a flourishing Cold War, all other Central American governments were run by the armed forces. These had been modernised with US support and severely restricted labour unionisation. Only in Honduras did labour unions experience a boom after workers of the Tela Railroad Company went on strike in April 1954, shortly before the invasion in Guatemala to topple Arbenz. They demanded better social conditions and the right to unionise. The strike spread to other US banana estates along the Honduran coast and was finally (after the successful removal of Arbenz in Guatemala) resolved with promises for a Labour Code and social legislation. These measures were effectively introduced in the late 1950s by President Ramón Villeda Morales of the Liberal Party, who later also supported agrarian reform until he was removed by a coup in 1963. As a result of these modest reforms, social polarisation in Honduras would never acquire levels comparable to those in Nicaragua, El Salvador or Guatemala.

**Seeds of a social and political crisis**

For Central America, the 1944-54 period symbolises a lost opportunity for early democratic transition, which would have bitter consequences a few decades later. The violent crisis of the late 1970s and early 1980s was rooted in the persistence of authoritarian rule by the dominant classes (with an increasingly military component) over a long period of time, combined with the failure to introduce reforms to tackle the problems of social and political exclusion. Only Costa Rica, and to a certain extent Honduras, managed to escape the wave of political escalation starting in the late 1970s. What these ‘postponed democratic transitions’ in Guatemala, El Salvador and Nicaragua had in common was a ‘double denial’ of the dominant classes. On the one hand, they refused to introduce a series of social reforms necessary to confront growing social inequalities. On the other hand, they were unwilling to open up political society for new reformist political parties led by the urban middle sectors. The result was that social discontent and political exclusion in the twenty-five years between the violent end of the ‘Guatemalan revolution’ and the start of the Sandinista revolution had to be contained by state-led repression. Three additional factors that facilitated the postponement of democratic transitions and gradually aggravated its consequences became visible in the late 1970s: economic expansion, ambiguous policies of US governments and anti-communism fuelled by the Cold War.17

The first element was the recovery of the Central American economies in the 1950s, which suggests that the export-led growth model was not yet exhausted. Rising coffee prices and a diversification of export crops (cotton, beef and sugar)
contributed to a sharp increase in exports. This economic expansion facilitated a transformation in the export sector and contributed to an expanding and modernising state apparatus. The traditional member of the oligarchy also underwent a gradual transformation from a 'landlord-capitalist into a capitalist-landlord' who could prosper thanks to the over exploitation of rural labour (Torres Rivas 1989: 49-50). That is, the expanding modern export-economy also contributed to a semi-proletarisation of campesinos, the small agricultural producers of basic grains for local consumption. Rapid population growth (one hundred percent increase in twenty years) and uneven land distribution dramatically increased rural unemployment and contributed both to rural and urban impoverishment. This in turn would create a breeding ground for radical protest and social mobilisation in the 1970s.

A second factor influencing the outcome of these postponed transitions was the ambiguity of US foreign policy. Although US governments were aware of the need to introduce social reforms and to contribute to political liberalisation in Central America, these 'good intentions' (as President Kennedy called them) were overshadowed by Cold War imperatives. Two examples illustrate this ambiguity. One was the active US role in removing the reformist Arbenz government in Guatemala, which had been labelled as a communist threat to the hemisphere. But most reforms introduced during the Guatemalan revolution were quite moderate and would have been perfectly in line with the reform policies promoted by the United States in the early 1960s (Dunkerly 1988). Another example was Kennedy’s Alliance for Progress, a US aid programme intended to stimulate social reforms in Latin America in reaction to the 1959 Cuban revolution. However, this programme soon became a tool for counter-insurgency operations in which Central American armed forces received modern weapons and training to combat emerging guerrilla activity. Even if it is argued that US policy was only ambiguous on paper and that in practice it deliberately supported authoritarian regimes in their efforts to resist popular pressures, the outcome is the same: the United States was a key factor in postponing democratic transitions in Central America up to the 1980s.

A third factor that furthered the practice of social and political exclusion was ideological: a primitive and belligerent anti-communist culture that had been flourishing in the region since the 1930s. It was not simply Cold War anti-communism, stimulated by the United States and cultivated by the Catholic hierarchy and the armed forces that had taken root in Central America; especially after the removal of Arbenz (1954) and the Cuban revolution (1959), anti-communism became the leading ideology of Central America’s dominant sectors against the advocates of social and political change. Torres Rivas (1996a: 26) observes that it was more than just a political ideology, ‘as it also contained religious values, affirming the family, private property, tradition, a sense of obedience, authority, hierarchy, and therefore did not identify opponents but enemies, political enemies’. In the name of this right-wing nationalist ideology, the worst crimes against human rights were justified against leaders of popular
organisations, progressive intellectuals and any other opponent of the authoritarian system. The following section will take a closer look at the composition of this political opposition.

4.2 Polarisation prior to the crisis

The paradox of democratisation, according to Falk (1995a: 126-7), is that ‘it cannot be realized unless it overcomes hegemonic distortion, yet the non-violent means to control hegemony are themselves controlled hegemonically’. By obstructing democratic transitions and artificially closing off political society for several decades, a price had to be paid by Central America’s dominant sectors. That price was a radicalisation of the political opposition from a reformist to a revolutionary orientation. The revolutionary popular movements that gained strength in the 1970s transformed the struggle for democracy of the middle classes into an armed revolutionary struggle by those most marginalised by authoritarian rule. This happened in Nicaragua, El Salvador, Guatemala and Honduras, although in Honduras the process went somewhat differently. How to explain the role of these revolutionary movements during democratic transitions? This question will be examined by looking at the changes occurring in the composition of civil society, the exhausted options in political society, the reaction of the ‘counter-insurgency state’ and finally, by determining the key factors contributing to the crisis of the late 1970s.

- Expansion and polarisation of civil society

The growth of civil society in the 1960s and its polarisation in the 1970s partly explains the problematic start of Central America’s democratic transitions in the 1980s. Five social sectors particularly contributed to the expansion of civil society in this period: student and teachers’ unions, the Catholic Church, development NGOs, labour and peasant unions and political-military organisations. The emerging strength of these sectors had different origins. With the gradual growth of the education system and the autonomy claimed by universities in the 1940s, student and teachers’ unions represented a new generation of intellectuals that also would play a key role in other popular organisations, especially in the revolutionary movements of the 1970s. These intellectuals had been influenced by the reformist Guatemalan and Costa Rican experiences and by the Cuban revolution of 1959, and were able to stage sectoral protests that contributed to the growth of (urban) popular organising. Examples are the long and successful strike of the Salvadoran teachers’ union ANDES in 1968, and the Revolutionary Student Front (FER) in Nicaragua that became a driving force of the FSLN in the mid-1960s.

Changes in the Catholic Church also contributed to civil society growth. Influential was the change of doctrine proposed at the Second Vatican Council in 1962, which asserted that the Church had a social role to play in addition to its
spiritual role. The traditional conservative position of the Church in Latin America of allying with the armed forces and the dominant classes was challenged and gradually became politicised after the Second Latin American Episcopal Conference in Medellin in 1968. Here it was explicitly decided to take the position of a ‘preferential option for the poor’ and to ‘defend the rights of the oppressed’. The formation of Christian Base Communities (CEBS) to organise the poor and the active contribution of local priests to the formation of peasant unions had an enormous impact on civil society growth all over Central America. Writing on El Salvador, where Church activism was strongest, Montgomery (1995: 87) observes that CEBS had an impact on civil society in four ways: they offered an opportunity for organising people, they stimulated leadership, they offered an experience in participatory democracy and they were an important medium for liberation theology. As will be shown later in the case studies in Chapter 6, differences existed between the upper hierarchy of the Church and the (generally more progressive) priests at the local level, some of whom joined the armed struggle in the late 1970s.

Civil society growth also was boosted by a sustained increase in labour unionisation since the introduction of labour legislation in the 1950s, combined with the growth in the 1960s of the public sector and the manufacturing industry during the period of the Central American Common Market. Most of these labour federations were dominated by ORIT, a Latin American federation financed by the US labour organisation AFL-CIO, to neutralise communist influence in the labour movement. Not surprisingly, most of these federations were supported by the ruling parties, except in Honduras and Costa Rica. Here, labour federations were more autonomous and also proved to be more successful, largely because of the lower levels of repression (Bulmer-Thomas 1987). Although relatively weak and organising only a small share of the labour force in the 1960s, labour federations became more influential after the economic recession of the mid-1970s. The same happened with rural workers, which by the early 1960s were barely organised, except in Honduras. With support from the Catholic Church (and the new Christian Democratic parties), rural workers’ unions were set up all over the region in the 1960s to confront the proletarianisation of the peasantry. As a result of the economic crisis of the 1970s, these rural unions also radicalised and their leaders soon joined the ranks of revolutionary movements.

A fourth group of new actors in civil society that started to emerge in the late 1960s was a wide variety of development NGOs. They were either promoted by US aid programmes, or founded under the umbrella of the Catholic Church, as will be explained in Chapter 5. The church-related NGOs started their work at the grassroots level in rural and urban communities and were involved in training popular leaders, setting up research programmes or in the promotion of agricultural cooperatives. Financial support for these NGOs generally came from abroad, either from USAID (as part of the Alliance for Progress) or from North American and European Catholic organisations, such as CARE and the German Misereor. Although still small in number, in the 1970s most development NGOs started to
work closely with the growing popular movement and their activities became more politicised. The emphasis shifted towards popular education, communication training, setting up radio stations and directly supporting peasant organisations. Also involved in relief operations after several natural disasters in the mid-1970s (earthquakes and hurricanes), these NGOs gradually became the legal shield for a persecuted opposition. Their number would rapidly expand after foreign aid flows started to increase in the 1980s.

A fifth group that emerged (clandestinely) in civil society in the early 1960s would play an important role in the democratic transitions of the following decades: political-military organisations. The evolution of these revolutionary movements comprised two periods, or better, two generations. The first actually consisted of tiny political parties, inspired by the Cuban revolution, trying to set up *focos* of resistance in rural areas. In Guatemala these groups were initially formed by progressive military officers, who rebelled against government corruption and the absence of democratic liberties. Throughout the 1960s, the Guatemalan revolutionaries effectively managed to stage protracted guerrilla warfare, which was not paralleled in neighbouring countries. Not even in Nicaragua, where the Sandinista National Liberation Front (FSLN) undertook several aborted attempts to start an armed struggle against the Somoza regime. However, well-organised counter-insurgency operations by the US-trained security forces managed to defeat all these revolutionary guerrilla groups by the late 1960s, thereby unleashing a widespread campaign of terror that would continue for another decade. The second generation of political-military organisations – emerging in the early 1970s in Guatemala, Nicaragua and El Salvador – learned their lessons from the earlier defeats and therefore improved their organisational structures and acquired popular support in both rural and urban areas. In Guatemala, new guerrilla organisations (EGP and ORPA) started to build up popular support in the Indian highlands. The FSLN in Nicaragua, after going through a serious internal crisis, was slow in building up popular support and only expanded after 1977. The five small revolutionary groups in El Salvador, all emerging in the 1970s, would gain strength after exposure of extensive electoral fraud, also in 1977. It was something all these small political-military organisations had in common: only in the late 1970s would they transform into broader revolutionary movements.

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**Exhausted options for political society**

Several reformist opposition parties were founded throughout Central America in the early 1960s, responding to the resistance by ruling political parties and the armed forces to structural social and political reforms. The authoritarian governments were however pressured by the Kennedy administration to allow some political opposition, spurring the emergence of (mostly) Christian Democratic and Social Democratic parties with programmes for moderate social and political reforms as a ‘third option’ between right-wing military dictatorship and left-wing revolution. Although initially small, some of these parties managed to play an
important role in political society, such as the Christian Democratic Party in El Salvador; the Social Christian Party and the Independent Liberal Party in Nicaragua; and the Christian Democratic Party and the Revolutionary Party in Guatemala. Some of them even managed to get substantial electoral support from the middle class and the urban working class. But electoral victories by reformist opposition coalitions were systematically obstructed by the use of electoral fraud or pre-emptive military coups. Moreover, the militarisation of rural areas often made it impossible for these opposition parties to extend electoral campaigns into the countryside.

A good example of these new political parties that was initially successful in opening up the political centre was the Christian Democratic PDC in El Salvador. After achieving some success in the 1964 elections, the PDC gradually expanded until it became one of the strongest parties in parliament in the late 1960s. Led by José Napoleón Duarte, the PDC headed the National Opposition Union (UNO), a broad coalition of opposition parties that was formed to participate in the 1972 presidential elections. On election day, the government and the armed forces had to engage in widespread electoral fraud in order to thwart Duarte's victory. In Nicaragua and Guatemala similar broad opposition coalitions emerging in the late 1960s were intimidated by repression or became the victim of fraudulent elections.

In Honduras, political opposition beyond the two traditional political parties had been absent since the moderate reformist Liberal government of Villeda Morales (1957-63). The Honduran armed forces would rule the country until 1981. In other words, political society in Central America (outside Costa Rica) remained restricted or closed to opposition parties in the decades of economic prosperity. The frequency of elections had nothing to do with democratic openings, for they never resulted in handing over power to the opposition.

It would be incorrect to attribute the failure of these reformist opposition parties (to consolidate a democratic alternative in political society) only to repression and fraud by authoritarian regimes. Even though this was an important element, there were other problems in the 1970s that prevented them from acting as a political channel for their growing constituency in civil society; in fact, they ceased to be a solid alternative to US-backed authoritarianism. The reason, as Torres Rivas (1989: 78) points out, is that they were paralysed more by the fear of revolution than by the reality of authoritarianism: 'In the long run these moderate forces perceived the popular sectors as little more than an auxiliary force for their own struggles. They always feared, for example, the autonomous and radical behaviour of the working class. When push came to shove, they repeatedly chose to make deals with the most reactionary sectors of the bourgeoisie, with the military, and with imperialism.' This incapacity, or unwillingness, to incorporate new (popular and more radical) sectors into their ranks, would contribute to the political escalation of the late 1970s. It would also eliminate the prospects for a viable 'third option' between authoritarian rule and revolution.
The emergence of the counter-insurgency state

Having briefly examined developments in civil society and political society since the 1960s, the broad picture can now be made more complete by looking at developments at the level of the state. The post-war decades were a period of substantial growth of state institutions, parallel to the rapid growth and diversification of the export sector, combined with policies to promote import-substituting industrialisation. Government policies were determined by a commitment to prevent a repetition of the Cuban revolution in the region by stimulating economic development (and allowing minor social reforms) and strengthening the counter-revolutionary capacity of the state apparatus. Both policies were supported by the Alliance for Progress, the US aid programme that started in 1961. The economic component of this programme aimed at strengthening and modernising the state apparatus by creating state banks and planning institutions to promote production and to channel credits to new business activities and agricultural research institutes (Vilas 1995). Development funds were also supposed to establish programmes for agrarian reform, but a redistribution of land was either not implemented at all (El Salvador) or only in a very mild form (such as in Honduras). Economic aid largely benefited US-owned firms and banks, and enterprises of the Central American oligarchies (LaFeber 1993).

The military component of the Alliance for Progress had a deeper impact on the development of the state apparatus, particularly after the economic component was reduced by the Johnson administration in 1963. The goal of US military assistance was to enhance the quality of the Central American military and security bodies by providing training courses in modern methods of control of political and social unrest. A key element of this programme was to set up new military intelligence units, whose officers were trained in the tactics of counter-insurgency operations at special US academies (such as the School of the Americas in the Panama Canal zone). Since it was believed that the ‘communist threat’ would primarily mobilise in rural areas, a new system of rural intelligence with paramilitary groups was developed in which campesinos themselves became key actors in espionage and repression. Torres Rivas (1987) observes that this so-called ‘counter-insurgency state’ had a pro-active character, as it was established prior to the emergence of revolutionary movements in the region. The exception was Guatemala, where the counter-insurgency state was established as part of the counter-revolutionary offensive of the late 1960s and perfected in the following two decades. In El Salvador and Nicaragua the counter-insurgency state gradually developed from the institutionalisation of military dictatorships in which the armed forces were to become the executives of state power.

In her analysis of military dictatorship in Guatemala, Jonas (1991) mentions four key characteristics of the US-sponsored counter-insurgency state that emerged in the 1960s. First, it was a class-based corporate state consisting of the oligarchy and the armed forces, in which the latter protected the interests of the former. Second, the counter-insurgency state did not merely aim to defeat the enemy, but its
mission was to annihilate revolutionary movements and their social support base – a form of ‘state terrorism’ most radically employed in the Indian highlands of Guatemala. A third characteristic of the counter-insurgency state was discussed already: it precluded the possibility of pluralistic politics, as it ruled by coercion and denied the exercise of civil and political rights. It reflected also what Torres Rivas (1989: 97) calls ‘a profound vacuum of legitimacy of the dominant sectors’, underlining that ‘the state was well armoured, but weak’. Political society was closed, and subordinated sectors in civil society were repressed. A fourth characteristic mentioned by Jonas is somewhat controversial. She maintains that military rule (after successful counter-insurgency offensives) was sometimes replaced by restricted civilian rule, as long as military hegemony was not challenged. This is what apparently happened in the 1980s in El Salvador and Guatemala. But later in this chapter I will argue that this return to civilian rule, rather than an extension of the past, indeed announced the start of democratic transition.

**The crisis of authoritarian rule in the late 1970s**

Spurred by the worldwide economic recession of the mid-1970s, the authoritarian political systems of Central America entered into a serious political crisis with international repercussions. The crisis became visible in the second half of the 1970s and would lead in Nicaragua to the breakdown of the system of domination. In El Salvador and Guatemala the crisis would fuel violent civil wars, whereas in Honduras it would lead to a deepening of the militarisation of the state. Even Costa Rica was affected, as the regional crisis contributed to a US-induced militarisation of the police. However, in all countries the region-wide political crisis eventually developed into (fragile) processes of democratic transition, which had been postponed or interrupted a few decades earlier. Although different in rhythm and outcome in each of the Central American countries, four common factors contributed to unleashing the crisis of authoritarian rule. These can be interpreted as important shifts taking place in the late 1970s in civil society, political society, the state and within the international context.10

A first shift occurred in civil society, where political-military organisations rapidly expanded their popular base by incorporating radicalising urban and rural popular sectors, leading to the formation of well-organised unified revolutionary movements: URNG in Guatemala, FMLN in El Salvador and FSLN in Nicaragua. The Guatemalan revolutionary organisations drew their popular support mainly from the rural (Indian) population who had been the victims of an intensive campaign of state terror by the military regime of Lucas Garcia, which came to power in 1978. The new rural and urban organisation structure of the Guerrilla Army of the Poor (EGP) coincided with the emergence of the CUC, a new radical peasant organisation founded by Indian campesinos from the highlands. While military repression had seriously weakened the urban labour movement, the CUC managed to organise large demonstrations and a successful strike in the southern sugar and cotton plantations in early 1980, in which also migrant workers and poor
Ladinos took part. Continued repression on a large scale contributed to the unification of the revolutionary movement within the URNG in 1982.31

In El Salvador, popular support for guerrilla organisations increased both in rural and urban areas. Broad popular fronts of mass organisations emerged, such as the United Popular Action Front (FAPU) and the Revolutionary Popular Bloc (BPR). Their incorporation of strong labour unions such as ANDES and FECCAS typified a radicalisation of the Salvadoran popular movement. These popular fronts were either set up (BPR) or taken over (FAPU) by political-military organisations, among which five different political tendencies existed by 1979.32 Although primarily starting in urban areas, increased repression after the assassination of Archbishop Romero in 1980 forced these popular fronts to go underground and to shift their emphasis towards rural areas, where the FMLN was formed in 1981 to coordinate armed struggle.

The incorporation of popular organisations into a combined rural and urban revolutionary struggle started later (but advanced most rapidly) in Nicaragua, leading to the popular insurrection of 1979. The level of popular mobilisation was still low in late 1977 and only accelerated after the assassination of opposition leader Pedro Joaquin Chamorro in January 1978. By that time the FSLN was becoming united and had moral support from a group of prominent middle-class individuals (Los Doce), which later merged into a broader opposition coalition. The FSLN increased its popularity after demonstrations during Chamorro's funeral were called off by the moderate opposition to prevent escalation, and after successful attacks at army barracks and a spectacular raid on the National Palace in August 1979. Within a year, the FSLN managed to control the rural and urban unions and formed the United Popular Movement (MPU), demanding a series of social and political reforms. This programme was effectively implemented by the new Sandinista government after the FSLN defeated the National Guard in the large-scale offensive of 1979. More than in any other Central American country, the Nicaraguan state was directly challenged by civil society and finally taken over by force, which was facilitated by divisions among the dominant sectors.33

A second shift was visible in political society in the early 1970s. Despite growing support, reformist political parties were unable to take power, mainly as a result of manipulated electoral outcomes. The constituencies of these parties started to realise the limits of electoral politics, and mistrust arose about the viability of a 'third option' between authoritarianism and revolution. In 1972, electoral fraud in El Salvador prevented the victory of Christian Democratic presidential candidate Duarte. The same happened five years later, although the Christian Democrats presented even more moderate candidates.34 This time the exposure of electoral fraud produced a wave of popular protest, which led to many people becoming radicalised and, ultimately, civil war. Dunkerly (1988: 175) argues that the electoral fraud of 1977 'was the most decisive in modern Central American history'. It ushered in a period of repression against progressive forces, causing the Christian Democrats and other moderate forces to openly conclude that the legal path had
been exhausted. In Guatemala this turning point came in 1974, when the electoral victory of a broad opposition coalition led by the Christian Democrats was nullified by the military regime, unleashing a wave of popular protest. Voter turnout had already been low and would further drop to thirty percent in 1978, indicating a total loss of confidence by the electorate in the fraudulent and crumbling political system. After two prominent opposition leaders were assassinated by the military in 1979, any hope for moderate political reforms went up in smoke. The impossibility of opening up political society in Nicaragua was confirmed in the elections of 1974, leading to the formation of a moderate anti-Somoza front, the Democratic Union of Liberation (UDEL) headed by Pedro Joaquín Chamorro. The formation of UDEL was a sign that even conservative sectors of the business elite no longer believed in political changes through electoral politics. However, after Chamorro’s assassination UDEL merged with the larger, FSLN-dominated FAO alliance, and in the process lost control over a radicalising opposition and was condemned to play a secondary role after Somoza’s defeat.

A third shift occurred at the level of the state, where divisions within the dominant sectors contributed to undermining the system even further. Here the parallel between Guatemala and El Salvador is remarkable, as these divisions appeared inside the armed forces. Young military officers in both countries wanted to bring an end to military dictatorship and were (in the Salvadorean case) even advocates of social and political reforms. Their rebellion initially was effective, but short-lived. The military coup in El Salvador of October 1979, for example, was welcomed by popular organisations and the entire opposition, whose leaders accepted several cabinet posts in the new junta. However, conservative army officers refused to be placed under civilian control and sabotaged the progressive programme presented by the new junta. Accelerated repression brought about de facto an end to the reformist junta a few months later. The 1982 coup by young officers in Guatemala was led by former presidential candidate General Ríos Montt, as a protest against electoral fraud by the Lucas García regime and because of discontent inside the army over the failure to defeat the guerrilla movement. The new junta only ruled for a little over a year, in which the bloodiest counter-insurgency campaign of modern Central American history was waged before it was replaced by the old military hierarchy. In Nicaragua on the other hand divisions did not occur in the National Guard, the stronghold of Somoza’s dynasty. The cracks in Nicaragua’s authoritarian regime appeared when private business leaders started to distance themselves from Somoza’s virtual monopoly, especially when international relief operations after the 1972 earthquake mostly benefited his family companies. While the business sectors in Guatemala and El Salvador remained united in resisting reforms, divisions within Nicaragua’s dominant sectors decisively contributed to the erosion of the Somoza dynasty.

A fourth and last shift affecting the outcome of the crisis in the late 1970s concerned the role of international forces, and in particular the ambiguous new policies of the United States government. The Carter administration that came to
power in 1977 was dedicated to using human rights enforcement as a diplomatic tool in Central America. President Carter believed that the United States had to take the lead in protecting the individual from the arbitrary power of the state. But the military governments in El Salvador and Guatemala, aware that the new US administration would cut off military aid as a result of human rights abuses, decided to search for military aid outside the United States; the diplomatic tool thus did not work. In Nicaragua, on the other hand, despite proposals by the US Congress to cut military aid to Somoza’s government, Carter refused to do so. By supporting Somoza until shortly before his fall, the US government actually contributed to strengthening international support for the FSLN, as few governments were still willing to support the Somoza regime. The contradiction in Carter’s Central America policy was, according to LaFeber (1993), that he wanted political and social reforms without risking revolution. This policy in fact echoed the central goal of Kennedy’s Alliance for Progress, which eventually also converted into a military counter-insurgency aid programme under Johnson in the mid-1960s. President Carter and his aides misjudged the explosive potential of the Central American political crisis: by 1979 it was already too late to go for the reformist option. The only way to prevent further erosion of US hegemony, it was believed, was to stop aid to the Sandinista government and to actively support the counter-revolution throughout the region.

The outbreak of civil wars
All these shifts affected Central America concurrently between 1977 and 1979, although the impact in each country was quite different. By 1980, the Nicaraguan authoritarian regime had been eliminated and the entire National Guard was expelled to neighbouring countries, where some of them would later start the US-financed counter-revolution. The new Sandinista government enjoyed international support for its basic principles (political pluralism, a mixed economy and non-alignment) and introduced fundamental political and social reforms, among them a land redistribution programme. In El Salvador, the reformist programme of the new military junta – including agrarian reform and the nationalisation of banks and foreign trade – was sabotaged by the oligarchy and only contributed to further escalation towards civil war, after Archbishop Romero and the entire leadership of the moderate left-wing opposition were assassinated in 1980. In Guatemala, the political crisis was responded to by increased military repression followed by genocide among the indigenous population and the (virtual) defeat of revolutionary movements.

Although affected by developments in neighbouring countries, only Costa Rica and Honduras managed to avoid the escalation of political polarisation into civil wars. The shifts in these countries were less dramatic thanks to an earlier opening of political society (Costa Rica), or the introduction of social reforms that prevented radicalisation of the urban and rural unions (Honduras). As a result, state-civil society relations became far less polarised and were mediated by more or less
functioning political societies. In Costa Rica, power was transferred to the opposition after the 1978 elections and in Honduras the Liberal Party came to power with a large victory in the 1980 elections. However, increased US military aid to destabilise the Sandinista government and to support the counter-revolutionary offensive in El Salvador did affect the internal politics of Costa Rica and Honduras, particularly after the contras started operations from their territories. Due to its favourable geo-military position (bordering Nicaragua, El Salvador and Guatemala), Honduras was selected by the Pentagon to become the centre for military bases and joint military manoeuvres. This externally induced militarisation would seriously affect the pace of democratic transition in Honduras and prolong civil war at its borders.

4.3 Stages and dynamics of democratic transitions

Due to the crisis of authoritarian rule, the traditional ‘triple alliance’ between the landed oligarchy, the armed forces and the interventionist role of the US embassy was shown to be falling apart. This alliance had been the nucleus of prolonged ‘reactionary despotism’ since the nineteenth century (Gorostiaga 1993). The crisis of authoritarian rule triggered democratic transitions throughout Central America. In each country these transitions had different dynamics, which is understandable given the unique national power balances between the state and civil society. They certainly influenced each other however. The 1979 triumph of the FSLN in Nicaragua, for example, had enormous influence on the entire region and was not restricted to the obvious impact it had on revolutionary movements in El Salvador and Guatemala. The following section will examine these democratic transitions in more detail at the national levels, focusing on Honduras, El Salvador and Guatemala. The early transition stages in these countries were essentially what Torres Rivas (1989) has called ‘authoritarian transitions’, in which political society was opened up by the armed forces, while they simultaneously repressed civil society and refused subordination to civilian rule.

Although the early stages of these three democratic transitions appeared to have many similarities, they had different internal dynamics. The transition framework presented in Chapter 1 will serve as a framework to analyse these differences. Four stages were identified which followed the period of authoritarian rule: early transition, mid-transition, late transition and (early and late) consolidation. Sharp dividing lines between these stages are drawn for analytical purposes, but were of course far more gradual in practice. By dividing up the process of ‘constructing democracy’ into clearly marked ‘stages’, it can be overlooked that actually several transitions occurred simultaneously. Therefore, the analysis is based on treating democratic transitions as processes taking place simultaneously in the realms of the state, civil society and political society, albeit with different intensities. As is demonstrated below, early transition stages were often controlled ‘from above’ and
triggered by the dominating powers in their attempt to prevent a radicalisation of civil society. During mid-transition, democratisation dynamics 'from below' by subordinated sectors in civil society started to gain momentum. It was a process particularly advocated by revolutionary movements and aimed to transform the political and social structures of domination, to achieve democracy with social justice. In the stage of late transition the emphasis shifted towards political society, which incorporated previously excluded parties of the left-wing opposition.

In Honduras and El Salvador the first two stages of democratic transition had been completed at the time of this writing, meaning that the stage of 'late transition' still prevails. As will be demonstrated, Guatemala’s democratisation process is still in the stage of 'mid-transition', pending the outcome of the implementation of the peace agreement. This is important to mention, as it indicates that democratic transitions have not yet been completed and could still be reversed. Still, it is a great advantage to analyse these processes with hindsight in the late 1990s, at a time in which academic and political attention for Central America has practically vanished compared to a decade ago. It is now possible to recognise that
amidst the 'Central American crisis' (as it was called ten years ago) gradual democratic transitions were actually taking place. In other words, underlying the political crisis that lasted throughout the 1980s and until the early 1990s several transitions were taking place simultaneously at national levels (Cerdas 1996). Most urgent and violent were the transitions from civil wars (affecting the entire region) to peace, which obviously attracted most (international) attention. The crisis was fuelled by economic transitions from state-led development to a market-led development model, a process of structural adjustment that started to take shape in the mid-1980s. In addition to this, political transitions from authoritarian to democratic rule were in motion, transitions that will be more closely examined for Honduras, El Salvador and Guatemala.

Honduras: challenging military impunity
The Honduran democratic transition was gradual, by far not as spectacular as in Guatemala or El Salvador, and only similar to Costa Rica in the way labour reforms were introduced starting in the 1950s. After Somoza's fall in Nicaragua, the US government pressured the Honduran military leaders to hand over power to a civilian government. Honduras was regarded by the Pentagon as an ideal territory from which to implement its counter-revolutionary offensive, but as a key military ally it needed a democratic image. The Honduran armed forces had been in power since 1963 and were professionalised and equipped with US assistance. They even promoted several social reforms such as land redistribution, but they had low esteem for the weak traditional political parties, the Liberals and the Nationalists. In return for increased military aid, the United States convinced the Honduran armed forces to convene elections and install a civilian government. The armed forces conditioned their retreat upon full autonomy regarding military affairs. The price that the Hondurans were to pay was twofold: a loss of national sovereignty — US troops were deployed on Honduran territory, along with a training centre for Salvadorean officers and bases for anti-Sandinista contras with Argentinean and Israeli military advisors — and a legitimised increase of power for the armed forces. The poorest Central American country with the weakest state institutions was suddenly trapped in a process of externally-led militarisation. How did civil society react and how did this affect democratic transition?

Although it is difficult to determine a precise moment for the start of early democratic transition in Honduras, the 1980 parliamentary elections and the 1981 presidential elections marked the beginning of a gradual (albeit formal) transfer from military to civilian power. Presidential candidate Roberto Suazo Córdova, a conservative in the Liberal Party, received the confidence of the electorate to lead this transition from military rule. But instead of demilitarising the regime, the opposite happened. The power of the Honduran military substantially increased, particularly as a result of increased US military aid and the appointment of army commander General Alvarez Martínez. Backed by the new US ambassador John Negroponte, Alvarez launched a violent counter-insurgency programme against
### Table 4.1 Stages of democratic transition in Honduras

<table>
<thead>
<tr>
<th>Honduran transition stages</th>
<th>Political context</th>
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| **Authoritarian period until 1980** | 1963 Coup by General López Arellano prevents election of Liberal (and reformist) government of Rodas Alvarado. Start of military 'arbitration'.  
1969 Defeat in four-day 'soccer war' with El Salvador  
1971 Government of national unity under president Cruz  
1972 General López Arellano re-installed as president; new period of agrarian reforms  
1974 Hurricane Fifi strikes northern coast: 12,000 casualties  
1975 López removed after charges of bribery, General Melgar installed (March); Massacre of peasants in Olancho (May)  
1978 Melgar replaced by Policarpo Paz after drugs scandal (July)  
1979 us pressure to re-install civilian government |
| **Early transition 1980-1990** | 1980 Liberals win parliamentary elections (April); Massacre of 600 Salvadoran peasants at the Sumpul border river (May)  
1981 Human rights group CODEH founded (May); John Negroponte new US ambassador to Honduras; First joint us-Honduran military manoeuvres (Oct); Suazo Córdova wins presidential elections (Nov)  
1982 General Alvarez Martinez appointed chief of staff; start dirty war against opposition leaders (Jan); us military aid increased by 50 percent (March); us troops deployed at Palmerola Air Base  
1984 Alvarez removed and replaced by Walter López Reyes (March)  
1985 Large us-Honduran military manoeuvres Big Pine III, Universal Track (May); Azcona de Hoyo wins presidential elections (Nov)  
1986 Start of Iran-contra scandal (Nov)  
1987 Esquipulas II agreement (Aug)  
1988 Assassination of vice president human rights committee CODEH (Jan); Escalation of right-wing protest at us embassy (April); Government sentenced by Inter-American Court for Human Rights (July)  
1989 Retired General Alvarez Martinez assassinated (Jan); Bush takes over from Reagan (Jan); Callejas wins presidential elections (Nov) |
| **Mid-transition 1990-1993** | 1990 Callejas inaugurated (Jan); Contras leave Honduras (April); Frente Mora­zanista renounces armed struggle (April); Military chief Arnulfo Cantarero removed (Dec)  
1991 Congress approves general amnesty (July); Violated and dead body of young student Riccy Mabel found (July)  
1992 Neoliberal Agricultural Modernisation Law ends agrarian reform (March); Human Rights Ombudsman appointed (Sept)  
1993 ad hoc Commission appointed for military and judicial reforms (March); First military officer sentenced by civilian court (July); Carlos Alberto Reina wins presidential elections (Nov); Report on forced disappearances published (Dec) |
| **Late transition 1994-** | 1994 President Reina inaugurated (Jan); Forced military recruitment abandoned (May); Secret service DNI dissolved (June)  
1995 Armed assault against President Reina’s residence (March); Exhumations identify bodies of the disappeared  
1996 Judicial order to arrest a dozen former army officers responsible for forced disappearances (June) |

Sources: Lapper and Painter (1985); Dunkerly (1988, 1994); Norsworthy and Barry (1994); Schulz and Sundloff Schulz (1994); Funes (1995); Méndez and Salomón (1995); Inforpress Centroamericana; CODEH (1996).
(potential) Honduran supporters of the Sandinista revolution and the Salvadorean rebels. Activities by small revolutionary organisations opposing the US counter-revolution on Honduran soil were a pretext for Alvarez to repress opposition leaders in civil society and to violate human rights. Using 'Argentinean methods' (torture, disappearances and extrajudicial killings by death squads), the dirty war initiated by General Alvarez made clear that democratic transition was subordinate to regional US 'low intensity warfare'. In this scenario, the Honduran armed forces performed a (covert) role by giving logistical support to the Nicaraguan contras. It was apparent that President Suazo was a puppet of the armed forces who were basically receiving orders from the United States in return for sophisticated arms and carte blanche for a dirty war against the opposition.

But Alvarez's enthusiasm to 'combat communism' (and the Sandinista government in particular) – in addition to his efforts to create a neo-fascist constituency backed by the Moon sect, and moves to increase his personal power – led to his fall in March 1984 when he was removed in a coup led by air force commander General Walter López. Only by endorsing this coup did President Suazo prevent his own ouster as well. Meanwhile, large demonstrations against the presence of US military troops and the contras (who had contributed to criminal violence, drugs and arms trafficking) indicated that civil society demanded an end to the servile role of Honduras in the anti-communist crusade of the Reagan administration. As the US Congress had decided to cut direct aid to the contras, US aid now had to be channelled secretly via the Honduran armed forces. But growing mobilisation by unions and human rights groups also was a sign of growing political opposition against the Suazo-López regime. In the previous four years, President Suazo had done little to introduce urgent electoral and judicial reforms or to combat corruption, let alone to curb military power. The problem was that a political party in the centre to incorporate these demands was absent; the two traditional parties were only engaged in factional struggles between candidates for the November 1985 elections. Liberal candidate José Azcona de Hoyo finally emerged as the new president, although his victory was achieved under dubious circumstances.

The real power in Honduras still resided with the armed forces, and this would not change under the weak presidency of Azcona (1986-90). But the armed forces also lacked internal unity, which was caused by personal rivalries and corruption, and fuelled by dissatisfaction of young reformist officers over Honduran support to the US contra war. After a rebellion was prevented in December 1985, General López was purged by conservative officers right before Azcona was inaugurated, which illustrated the full autonomy of the military from civilian authorities. While massive US military aid was pouring into Honduras, the armed forces were able to dictate the political process. But this tendency was about to change: the Iran-contra scandal erupting in the United States would be the beginning of the end for the contras. The Esquipulas peace process (consistently sabotaged by Azcona upon US request) and the end of the Cold War contributed to a gradual
return to peace in the region, with direct consequences for the Honduran armed forces. A decline in US military aid by the end of the 1980s and waning popularity of the armed forces suggested that demilitarisation of the Honduran political system was indeed beginning. A sign of this declining influence was a growing movement in civil society against military 'impunity' for human rights abuses in the recent past, illustrating that controlled democratic transition from above was being challenged from below.51

It is this declining power of the armed forces that marks the shift from early to mid-transition, which can be situated around the inauguration in early 1990 of newly-elected President Rafael Callejas. This young neoliberal technocrat represented a Nationalist Party that had been modernised during its opposition against the Liberal governments of Suazo and Azcona. Between Callejas's election victory of late 1989 and his first months in office the regional power balance had completely changed. The Cold War was over, peace negotiations were about to start in El Salvador, the Sandinistas were out of power and the contras were demobilised. Moreover, US military aid to Honduras had dropped to the lowest level of the (previous) decade and revolutionary opposition groups announced an end to armed struggle.52 The new political climate facilitated measures to tackle one of the key obstacles to democratic transition in Honduras: the uneven civil-military balance. Mounting pressure from civil society (notably from human rights organisations) and from the new US ambassador urged the Callejas government to curb military power. A special commission was created to propose reform of the military and judicial system, eventually leading (in 1994) to the dismantling of the secret service DNI, which was replaced by a civilian-controlled body in addition to a new Prosecution Counsel. Callejas also appointed a special human rights ombudsman whose first task was to investigate the disappearances of the 1980s. In December 1993, a detailed report was presented by the ombudsman, documenting over 150 cases of forced disappearances and concluding that military-led death squad activity was still going on.53 It very much resembled the Salvadorean Truth Commission report (presented earlier that year) with one major difference: the names of the responsible officers were made public. With the recommendation of legal action against these top military officers, military impunity finally had become a key political issue.

Meanwhile, neoliberal structural adjustment policies of the Callejas administration contributed to rising protest from trade unions and peasant organisations against worsening socio-economic conditions, although coordinated opposition from civil society (such as the Plataforma de lucha) was short-lived. The declining popularity of the Nationalist Party and its decision to present a former ally of General Alvarez as a candidate for the presidential elections added to growing support for the Social Democratic faction in the Liberal Party led by the Reina brothers. With the electoral campaign dominated by the issue of military impunity, Carlos Alberto Reina easily won the presidency with a large victory, although voter abstention had increased compared to the 1980s. Under President Reina (1994-98)
proposals contributing to demilitarisation were effectively implemented: forced military recruitment was abolished, judicial reforms restricted military impunity, steps were taken to bring the police under civilian control and the military budget was gradually reduced. These important measures suggested that the Honduran democratic transition during the Reina administration moved into a stage of late transition. But caution is required, as the influence of the armed forces was also determined by their economic power accumulated over the previous decade in banking, construction and several state institutions that had been privatised in the early 1990s. Added to the active involvement of the military in the drugs trade since the presence of the contras, it is still too early to conclude that civilian authorities have shifted the civil-military balance in their own favour. Clientelism and patronage continue to obstruct the growth of an autonomous civil society in Honduras. Moreover, political society remains weak with the absence of a serious challenger to the traditional two-party system (Sieder 1996b).

-- El Salvador: democratic transition during civil war

The Salvadorean democratic transition is a clear example of a ‘transition from above’ guided by reformist principles to prevent a revolutionary take-over. It provoked fierce reactions from extreme-right opposition groups and (fuelled by US military aid) initiated a decade of civil war and deadlock. Democratic transition was disrupted until the end of the Cold War, when the revolutionary perspective was fading and democratic rule had been accepted by the dominant forces. Early transition started with the October 1979 coup by young military officers against the Romero regime, which had been criticised by the Carter administration for its human rights violations. The purpose of the coup was to start demilitarising Salvadorean society and introduce social and economic reforms. Power was handed over by the military rebels to a junta composed of key reformist opposition leaders of the Popular Forum, a broad opposition coalition led by Social and Christian Democrats such as Guillermo Ungo and Rubén Zamora. The new junta, regarded as the most progressive government in Salvadorean history, would only last for three months as conservative elements in the armed forces started a counter-revolutionary offensive against popular organisations. Being unable to stop this repression, the junta collapsed and the reformist leaders knew that civil war had become inevitable. The short period of democratic transition from above thus came to an end with the restoration of authoritarianism.

The following twelve months of 1980 witnessed a complex process of rapid social and political polarisation in which the political centre virtually disappeared. A dissident section of the Christian Democrats together with the Social Democratic parties MNR and PSD (forming the FDR) forged an alliance with the revolutionary left, which soon decided to move from mass mobilisation to armed struggle under the umbrella of the FMLN. The old junta was replaced by conservative Christian Democrats and led by José Napoléon Duarte, who enjoyed US support for his moderate reformist programme. Meanwhile, conservative elements in the army
### Table 4.2 Stages of democratic transition in El Salvador

<table>
<thead>
<tr>
<th>Stage</th>
<th>Political context</th>
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</table>
| **Authoritarian period until 1979** | 1960: Coup by young reformist military officers  
1961: Orden and Christian Democratic Party (PDC) founded  
1964: PDC wins parliamentary elections; Duarte elected mayor of the capital  
1969: 'Soccer war' with Honduras; Formation of UNO  
1972: UNO election victory (Duarte and Ungro) denied by military  
1977: Duarte’s victory again dismissed in fraudulent elections; General Romero inaugurated as new president; Death squad activity starts |
| **Early transition 1979-1990** | 1979: Military coup by young officers against Romero (Oct)  
1980: Ungo and Zamora resign from junta (Jan); Assassination Archbishop Romero (March); Duarte enters junta and announces agrarian reform (March); FDR founded (April); General strike (Aug); FMLN founded (Oct); Leadership FDR assassinated (Nov)  
1981: 'Final offensive' FMLN (Jan); President Reagan inaugurated in US (Jan); Formation of ARENA (Sept); FMLN recognised by Mexico-France (Aug); Massacre of 600 peasants at El Mozote (Nov)  
1982: Extreme-right wins parliamentary majority; PDC largest party (March)  
1984: Duarte beats D'Aubuisson in presidential elections (May); First attempt towards peace talks with the FMLN  
1985: Christian democratic majority in parliament  
1986: UNTS founded; Military sabotage peace talks; Earthquake in capital kills 1,500 people and displaces over 10,000 persons (Oct)  
1987: Esquipulas regional peace agreement (Aug); Ungo and Zamora withdraw from FDR and form CD (Nov)  
1988: ARENA wins parliamentary elections (Mar); Split in PDC  
1989: FMLN offers to participate in elections (Jan); Alfredo Cristiani wins presidential elections (Mar); Cristiani installed (June); Peace talks Mexico (Sept) and Costa Rica (Oct); Offensive by FMLN; Aerial bombings of capital; Assassination of UCA Jesuits (Nov)  
1990: Cristiani and FMLN request UN to moderate peace talks (Jan); Electoral defeat of Sandinistas in Nicaragua (Feb) |
| **Mid-transition 1990-1994** | 1990: Peace negotiations start (May); Human rights agreement (June); US Congress cuts military aid by 50 percent (Oct)  
1991: US helicopter downed by FMLN; Bush administration releases frozen military aid (Jan); Left-wing CD voted into parliament (March); Agreement on constitutional reforms: breakthrough in negotiations (April); ONUSAL mission established (June); Agreement on military issues in New York (Sept); Final agreement (Dec)  
1992: Signing of Peace Accords in Chapultepec (Jan); Cease fire implemented (Feb); FMLN demobilised and becomes legal party (Dec)  
1993: Truth Commission report published; Parliament approves amnesty law (March); Assassination of former FMLN commander López (Dec)  
1994: FMLN becomes second party in parliamentary elections (March); ARENA candidate Calderon Sol beats CD-FMLN candidate Rubén Zamora in presidential elections (April) |
| **Late transition 1994-** | 1994: FMLN enters legislature (May); ERP and RN withdraw from FMLN (Dec)  
1995: Former soldiers occupy legislature to demand severance (Jan); ONUSAL mandate ends (March); Former FMLN commander Villalobos and his new Democratic Party sign pact with government (May); Government proposes new law to control development NGOs  
1996: Legislature approves electoral reforms (Nov) |

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continued their repression campaign with support from extreme right-wing death squads financed by the oligarchy, opposing the agrarian reform programme proposed by Duarte. A key moment in this polarisation process was the assassination in March 1980 of Archbishop Romero, one of the few mediators who might have been able to prevent civil war and who unsuccessfully urged the Carter government to suspend military aid. Romero’s funeral turned into a massive demonstration against repression and against the Duarte junta, but ended in bloodshed when security forces opened gunfire on the crowd. A widespread campaign of terror by death squads (such as the liquidation of the entire FDR leadership in November 1980) eroded the possibility of a popular insurrection and probably also contributed to the failure of the FMLN military offensive in January 1981 (Byrne 1996).

By that time, President Reagan had been inaugurated in the United States and a civil war had started between two clearly defined alliances: the armed forces and the extreme right with the Christian Democrats in government and held together by US military aid, versus the FMLN and its political allies of the FDR with moral support from the Latin American left and European Social Democracy. The alliance led by the armed forces was determined to defeat the FMLN, but there were different views about how to achieve this. The armed forces considered the war and US military aid as a way to restore power, the oligarchy was determined to weaken the popular base of the FMLN, while the PDC used the alliance to regain popular support with a US-sponsored programme of reforms. The other alliance, led by the FMLN, was more coherent and aimed to seize power by political and military means followed by the installation of a revolutionary government (Byrne 1996). Despite successful military offensives in 1982 and 1983, in which it established control over considerable rural areas, the FMLN was unable to defeat the US-backed armed forces.

International pressure to resolve the conflict through direct peace negotiations was responded to by President Duarte’s call for legislative (1982, 1985) and presidential (1984) elections to legitimise his government and to assure the continuation of US support. The Reagan administration was actually opposed to a negotiated solution, although vulnerable to international criticism for its support to an unconstitutional regime. The US government considered elections part of a counter-insurgency strategy to weaken popular support for the FMLN. Amidst civil war and without the participation of reformist opposition parties (that had gone into exile), these elections basically were a contest between Duarte’s PDC and the right-wing ARENA led by Major Roberto D’Aubuisson, considered to be the intellectual perpetrator of Archbishop Romero’s assassination. Although the 1982 elections resulted in a right-wing majority in parliament, Duarte managed to win the presidency in 1984 and secured a parliamentary majority in 1985. The election strategy had proven to be a useful tool to politically isolate the FMLN, regain support from the US Congress and reinstate economic aid from several European countries (notably West Germany). By the time Duarte was elected president, the
war had caused 60,000 deaths (mostly civilians) and created over a million refugees and internally displaced persons, representing a quarter of the entire population.

The Duarte government (1984-89) marked the start of a new phase in the war, with the FMLN and the armed forces entering a military stalemate despite the use of more sophisticated weaponry and strategies such as aerial bombing. Duarte and the FMLN were meanwhile each trying to enlarge their popular base. Several rounds of peace talks were convened between the two parties, but without any result; both sides still believed that a military victory was the only solution to end the war. Willingness to negotiate was in fact equated with surrender. With human rights violations diminishing and political space widening after the elections, civil society started to regain strength. Strikes and demonstrations against the Duarte government targeted his structural adjustment policies (which had decreased real wages) and his failure to bring an end to the war. One of the largest and most militant coalitions emerging in this period was the National Union of Salvadorean Workers (UNTS), a federation of rural and urban unions with strong FMLN influence. The foundation of UNTS reflected a shift in strategy of the guerrilla movement towards increasing its urban popular support base to prepare for an insurrection. The former FDR parties meanwhile decided to re-enter the electoral path with the Democratic Convergence (CD), led by prominent members of the 1979 junta such as Guillermo Ungo and Rubén Zamora.

The Christian Democrats were gradually weakened by internal divisions, charges of corruption and growing popular opposition against the austerity measures. With the FMLN still aiming for a military victory and the CD still poorly organised, it was the right-wing ARENA that managed to gain electoral confidence. It won the 1988 parliamentary elections and in 1989 the presidency with Alfredo Cristiani. As a representative of the urban business sector who enjoyed support from moderate factions within the armed forces, Cristiani announced his willingness to open peace talks with the FMLN to achieve political stability and economic recovery. However, by late 1989 peace talks stagnated as both parties refused to make concessions. A wave of right-wing political violence from opponents to negotiations triggered a nationwide military offensive in November by the FMLN that would turn the tide. Although not leading to a popular insurrection, the FMLN demonstrated that it had not yet been militarily defeated. But more important, the offensive convinced the United States that the war could not be won militarily by either one of the parties. The US Congress had already been reluctant to continue military aid and, given the changing Cold War balance, the FMLN and the government realised they both had to win by negotiations, which finally started in May 1990 under UN auspices.

The shift from early to mid-transition occurred in these five months between the November 1989 offensive and the start of negotiations in Geneva in May 1990. The breakthrough was the acceptance by both parties (opposing each other for a decade) that negotiations and the search for compromise was the only way to end the war. They both realised that only a national peace agreement would move democratic transition forwards. This mutual acceptance of the need to negotiate
an end to the conflict had been triggered by international as well as national factors. The international factors (demise of communist ideology, changes in US policy and declining regional support for the FMLN after the removal of Noriega in Panama and the Sandinistas in Nicaragua) have been mentioned already, and will be analysed later in more detail. At a national level, the FMLN realised that armed insurrection was no longer an option. ARENA and moderate factions within the armed forces realised that (right-wing) power also could be secured via legal means, which was confirmed by Violeta Chamorro’s victory in Nicaragua. An additional element at the national level was the new unity achieved among previously divided popular organisations in civil society, who demanded an end to the war through negotiated compromise.

Under UN mediation, and supported by a group of países amigos, peace negotiations would be concluded within less than two years. An agreement was soon reached about the agenda, in which military reforms, human rights, social and economic reforms, judicial and electoral reforms, constitutional reforms and verification figured as central issues. It was the beginning of a complex diplomatic process in which demilitarisation obviously was one of the key obstacles. The negotiations started with the issue of reform and reduction of the armed forces, in which military power would be subordinated to the executive, and with the demilitarisation of the police. Initially, the FMLN wanted to abolish the army. But when this appeared to be unrealistic, it called for incorporation into a sanitised army. The issue was resolved by US pressure to cut military aid and by allowing FMLN participation in a new national civilian police force. The March 1991 parliamentary elections, in which the CD received twelve percent of the votes and no party achieved a majority, also contributed to spur an agreement. Other issues provoking antagonism were the clean-up of the armed forces (resolved by appointing an ad hoc commission under UN supervision), guarantees for the physical survival of FMLN-members’ families (land distribution) and formal incorporation of the FMLN as a new political party in political society. A special peace commission (COPAZ) composed of all political parties would oversee the implementation of the agreement. COPAZ in fact would act as a parallel (non-elected) government of national unity, which also symbolised the key instrument to overcome previous polarisation: the search for compromise and concerted action (concertación). The final details were resolved under pressure on New Year’s Eve 1991, when Pérez de Cuellar’s term as UN Secretary General would end. Although not all issues had been thoroughly addressed, a final peace agreement was signed in January 1992, followed by a ceasefire that would hold.

The implementation of the agreement was not without conflict and indicates that the intermediate transition stage (mid-transition) continued until the 1994 general elections. The scheme for FMLN demobilisation was seriously delayed by charges made by the armed forces that weapons had been withheld and by death squad attacks against former FMLN combatants. The purge of the armed forces also was a difficult process and was only resolved after the US government put pressure
on the army hierarchy, prolonging demobilisation until late 1992 when the FMLN formally became a political party. The peace agreement essentially was an elite compromise, requiring a depolarisation and even a demobilisation of civil society (Dada 1995). However, the agreement was successful in dealing with two problems underlying El Salvador’s authoritarian past: it succeeded in demilitarising Salvadoran society and bringing the armed forces under executive (and therefore not necessarily civilian) control, and it opened the door for democratising the political system. The absence of military coup attempts since the agreement and the clean general elections of March 1994, in which the FMLN became the second largest political party, confirms that these achievements were consolidated into practice. However, the electoral victory by the right-wing ARENA party in 1994, the internal FMLN split and deficient government policies for tackling socio-economic inequality also suggest that the stage of late democratic transition still was fragile.

Guatemala: the search for consensus after the genocide

Early democratic transition in Guatemala started in January 1986, with the inauguration of civilian president Vinicio Cerezo of the Christian Democratic Party. Compared to El Salvador, the Guatemalan transition was even more a ‘transition from above’ and entirely controlled by the armed forces. Jonas (1991) even argues that the Cerezo government was not really a rupture with past military rule (as was the case with the 1979 coup in El Salvador), but rather an adaptation of the counter-insurgency state by giving it a civilian appearance. The basis for this transition from above was laid in March 1982 by General Ríos Montt, who brought an end to the Lucas García regime with support from junior army officers. In their opinion, Lucas García had not been serious about opening up the political system for civilian rule, which was considered to be a necessary condition to stop the insurgency led by the URNG. Ríos Montt was a Christian fundamentalist who had been denied the presidency as a Christian Democratic candidate in the 1974 elections. He promised to restore constitutional government after the insurgents were defeated. Indeed, the coup was followed by the bloodiest counter-insurgency campaign in Guatemalan history, with a death toll of an estimated 100,000 (mostly Indian) civilians. Although successful in containing the insurgency, Ríos Montt rapidly lost support from the military hierarchy for his populist behaviour and was replaced in August 1993 in a new coup by General Mejía Víctores, who continued the gradual process of return to constitutional rule. This process was warmly supported by the Reagan administration, although the armed forces refused to accept US military aid. Similar to the Honduran and Salvadorean military retreats, elections for a Constituent Assembly were convened (in June 1984) followed by presidential elections (in November 1985) that were dominated by political parties from centre-right to extreme-right. The Christian Democratic DCG, which had moved to the centre-right in previous years, emerged as the largest party in these elections.

The high level of abstentionism in these elections (56 percent, despite compul-
### Table 4.3 Stages of democratic transition in Guatemala

<table>
<thead>
<tr>
<th>Guatemalan transition stages</th>
<th>Political context:</th>
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<tbody>
<tr>
<td><strong>Authoritarian period</strong></td>
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<tr>
<td>1954-1985</td>
<td>Military coup against Arbenz</td>
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<tr>
<td>1954</td>
<td>Military coup against Arbenz</td>
</tr>
<tr>
<td>1962</td>
<td>Start of guerilla warfare</td>
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<tr>
<td>1972</td>
<td>Defeat of FAR, formation of EGP</td>
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<tr>
<td>1976</td>
<td>Earthquake in the highlands and the capital kills 22,000 people and leaves over a million homeless; Formation of CRN</td>
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<tr>
<td>1978</td>
<td>Lucas García president (March); Foundation of CUC (April); Panzós massacre (May)</td>
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<td>1979</td>
<td>Formation of ORPA</td>
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<tr>
<td>1980</td>
<td>Massacre Spanish embassy (Jan); Guerilla groups form alliance</td>
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<tr>
<td>1981</td>
<td>Intensified counter-insurgency campaign in highlands (June)</td>
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<td>1982</td>
<td>Formation of URG (Feb); General Guevara wins fraudulent elections (March); Coup by Ríos Montt and start period (March)</td>
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<tr>
<td>1983</td>
<td>Ríos Montt announces elections for Constituent Assembly (June); Coup by General Mejía Victores (Aug)</td>
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<tr>
<td>1984</td>
<td>Elections for Constituent Assembly, majority won by Christian Democrats (June); Foundation of GAM (June)</td>
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<tr>
<td>1985</td>
<td>General elections, Christian Democrats win 51 percent of Congress seats (Nov); Christian Democrat Vinicio Cerezo wins presidential elections by beating Jorge Carpio in second round (Dec)</td>
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<tr>
<td><strong>Early transition</strong></td>
<td></td>
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<tr>
<td>1986-1993</td>
<td></td>
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<tr>
<td>1986</td>
<td>Installation civilian government of Cerezo (Jan)</td>
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<tr>
<td>1987</td>
<td>Esquipulas agreement (Aug); First talks government and URG (Oct)</td>
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<tr>
<td>1988</td>
<td>Abortive coup attempt (May); Foundation CONAVIGUA (Sept)</td>
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<tr>
<td>1989</td>
<td>Abortive coup attempt (May)</td>
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<tr>
<td>1990</td>
<td>Peace talks reopened in Oslo (March); Foundation COMG (June); Foundation Majaqil Q'ij (Oct); Serrano wins first round of presidential elections (Nov); Massacre of Santiago Atitlán (Dec)</td>
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<tr>
<td>1991</td>
<td>Serrano new president (Jan); ‘Mexico Agreement’ on agenda for negotiations (April); Encounter ‘500 years of resistance’ (Oct)</td>
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<td>1992</td>
<td>Formation Mesa Maya (Oct); Nobel Peace Prize for Menchú (Oct)</td>
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<tr>
<td>1993</td>
<td>‘Triple alliance’ between MAS, UCN, and DCC falls apart (April); Autogolpe Serrano (May); De León Carpio appointed as interim president (June); Purge of corrupt Congress and Supreme Court (Aug); Agreement for referendum in Jan. 1994 to change constitution (Nov)</td>
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<tr>
<td><strong>Mid-transition</strong></td>
<td></td>
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<tr>
<td>1994</td>
<td>Peace talks reopened (Jan); Human rights agreement (March); Foundation COPMAGUA (May); Installation ASC (May); Consensus on Indian rights in ASC (May); Agreement on displaced and on Truth commission; PAN and FRC largest parties in parliamentary elections, with 80 percent abstentionism (Aug); UN mission MINUGUA formally installed (Nov)</td>
</tr>
<tr>
<td>1995</td>
<td>Bishop Quezada leaves ASC (Jan); Refugee repatriation starts (Jan); Indian rights agreement (March); Massacre of returned refugees in Xamán (Oct); FDNG wins six deputies in general elections, and Alvaro Arzú (PAN) wins presidential elections (Nov)</td>
</tr>
<tr>
<td>1996</td>
<td>Arzú inaugurated as new president (Jan); Socio-economic agreement (May); Final peace accord signed (Dec)</td>
</tr>
<tr>
<td>1997</td>
<td>International donor conference to support implementation of peace agreement (Jan)</td>
</tr>
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sory voting) and ongoing repression by security forces suggests that a period of 'electoral authoritarianism' had started, similar to that in El Salvador. But the Cerezo government (1986-90) was quite different from the Christian Democratic government in El Salvador. The Guatemalan armed forces actually wanted to restore civilian rule to limit social protest and not so much (as in the Salvadorean case) to please the US Congress, although they were conscious that the new civilian government could improve Guatemala's international image. The re-emergence of trade unions, human rights groups and 'Maya' organisations, especially in the second half of Cerezo's term, illustrates that popular sectors in civil society were starting to gain force after the dark years of military massacres. The emergence of these social actors indeed suggests that a democratic transition had started. However, the Cerezo government had little control over the armed forces, who continued their counter-insurgency war. Cerezo acted cautiously, afraid to lose support from the military and the business sectors who continuously attacked him for his indecisiveness and his inability to combat corruption. Popular organisations criticised Cerezo's economic austerity programme and his failure to curb military power and to improve human rights conditions. In fact, it was only for his role in the regional Esquipulas peace process that Cerezo enjoyed some popularity. But when he announced his willingness to explore the possibility of peace talks with the URNG (a commitment resulting from the Esquipulas agreement) the armed forces reacted furiously and staged several coup attempts in 1988 and 1989. When he took office, Cerezo estimated that he exercised only thirty percent of executive power in comparison to the armed forces, and predicted that the figure would be seventy percent when he was to leave in 1990 (Painter 1989). But instead of strengthening civilian power by limiting right-wing leverage over his government, Cerezo actually lost most of his credibility and contributed to a worsening of the civil-military balance.

Important steps to confront polarisation in civil society were taken by the Catholic Church, and in particular by Bishop Rodolfo Quezada. He urged the government in 1988 to formally start a National Dialogue between social sectors, as had been stipulated in the Esquipulas regional peace agreement. Chaired by Quezada, it started in early 1989 with participation from a broad spectrum of nearly fifty organisations from civil society, although openly boycotted by the two major business associations, the right-wing opposition and the government. 68 A wide range of social and political issues were discussed in separate commissions and it was in fact the first time that representatives from such a variety of civil society sectors sat together to jointly search for solutions to Guatemala's major problems. Meanwhile, the URNG successfully canvassed international support for peace negotiations and expanded its political agenda to include issues such as Indian rights and socio-economic reforms in an effort to present itself as a true representative of the politically excluded and socially marginalised sectors in civil society (Palencia 1996). The changing international political climate at the end of 1989 and regional advances in the peace process (in Nicaragua and El Salvador) in addition to the upcoming presidential elections gradually created an environment in Guate-
mala in which peace talks became a serious option. In February 1990 President Cerezo announced that he was willing to explore possibilities for a direct dialogue with the URNG without prior conditions and appointed Bishop Quezada to chair a first meeting, which was held one month later in Oslo. Similar to El Salvador, where peace talks were to start in May, it appeared to be a major breakthrough towards ending the war.

The Guatemalan process, however, was much more slow and complex. The Oslo talks resulted in a series of bilateral meetings between the URNG and key sectors of civil society: churches, popular organisations, business associations, educational institutions and political parties. Building on the framework of the National Dialogue, they laid a foundation for peace talks by exploring points of consensus that would have to be tackled in a future peace agreement. A clear division in civil society between the business sector and most other associations surfaced in these meetings. Conflicting views existed about the need for socio-economic reforms and about the legitimacy of the URNG to negotiate issues beyond a mere solution to the military conflict. These different viewpoints were openly discussed and not only stimulated public debate but also contributed to civil society growth, in particular of a group that had been excluded up to that point: the Indian population. Unlike in the Salvadorean peace process, where polarisation within civil society was replaced earlier by social consensus, in Guatemala it was more deeply rooted due to the social and political exclusion of the Indian population. The polarisation was also far more difficult to overcome as a result of the relative strength of the armed forces, and of the military and political weakness of the URNG compared to the FMLN. By distinguishing between 'substantive issues' (such as socio-economic and judicial reforms) and 'operative issues' (related to ceasefire and demobilisation), the URNG further complicated the start of direct peace talks.

Although minor differences existed among presidential candidates, the 1990 election campaign was characterised by promises for peace talks and by the absence of left-wing opposition candidates and parties. Jorge Serrano Elias, a Christian fundamentalist and a cabinet member under Rios Montt, was elected president on a programme advocating peace talks and civilian control over the armed forces. Direct talks mediated by the UN were started in April 1991, resulting in agreement on an agenda which was even broader than the agenda agreed one year earlier in the Salvadorean talks. But negotiations on the first issue of this agenda, democracy and human rights, immediately provoked fierce reactions from the armed forces and from the business sector. They argued that democracy would only be achieved by demobilising the URNG, instead of changing the constitution and subordinating the armed forces to civilian rule (Inforpress 1995). International pressure to accelerate talks increased after the Salvadorean peace agreement of late 1991. But only minor advances were made, such as an agreement to dissolve the Civil Defence Patrols (PAC's) and to appoint a human rights ombudsman. President Serrano was pressured by the 'tough sector' (sector duro) of the armed forces (threatening to stage a new coup if negotiations on military issues continued), but
also by a variety of civil society organisations arguing that peace and social justice could not be separately discussed.

This atmosphere of polarisation was aggravated by the absence of a legitimate political society. In May 1993, Serrano made a desperate move in order to regain political control: he suspended the constitution, closed down Congress and the judicial system and announced new elections. This so-called *autogolpe* failed as it was unanimously rejected by all components of civil society, and eventually also by the armed forces. Serrano had to flee the country and human rights ombudsman Ramiro de León Carpio was appointed by Congress to serve as interim-president until the 1995 elections. The shock of the Serrano coup actually had a positive impact on the peace process. All civil society sectors (despite their opposing views) suddenly realised the value of democratic institutions and that peace and democratic transition would come about by bilateral negotiation rather than unilateral imposition. De León Carpio proposed to negotiate the ‘operative’ and the ‘substantive’ issues separately, in which the latter would be based on prior consultation with a forum composed from civil society. He also managed to convince the armed forces and the business associations that they had much to gain by the establishment of civilian rule, particularly when negotiations would take place within a constitutional framework.

Peace talks were finally resumed in early 1994 in a depolarised atmosphere. The two sides agreed on a set of basic conditions and commitments, suggesting that democratic transition was shifting to the stage of mid-transition. An innovation (compared to the Salvadorean talks) was the installation of a special Assembly for Civil Society (ASC) chaired by Bishop Quezada, which would prepare consensus documents for the negotiation table on five substantive themes: human rights, refugees and the displaced, Indian rights, socio-economic reforms and strengthening civilian rule over the military. Although boycotted by the business sector, the ASC stimulated the involvement of previously excluded groupings with particularly women’s organisations and coalitions of Indian organisations taking advantage (see Chapter 6). Under UN supervision three agreements were quickly reached between the government and the URNG in the first half of 1994: on human rights supervision, on the reintegration of refugees and the displaced, and on the installation of a Truth Commission. The last item was strongly rejected by human rights organisations, however, because human rights violators would not be mentioned by name or legally prosecuted. As a result, the URNG slowed down the speed of negotiations in mid-1994 and only resumed talks after the UN human rights verification mission MINUGUA became operational. The most important agreement was the one on Indian rights, as it tried to address the deeply rooted colonial (and racist) attitudes against the Indian majority. With active public pressure from Indian organisations the agreement was signed in March 1995, guaranteeing Guatemala’s multi-ethnic and multi-cultural character. It was an agreement welcomed by the national Indian coalition COPMAGUA as an important first step in ending the marginalisation of the Mayan people.
Negotiations again entered an impasse in 1995 over the issue of socio-economic reforms. The business sector rallied against a land distribution programme and wanted to downsize the role of the state. It would take another year before an agreement was reached, also because the upcoming elections of November 1995 were expected by both sides to be instrumental in strengthening their negotiation power. The URNG had not yet been transformed into a political party and therefore was unable to participate in the elections. But much of the URNG agenda was taken up by the new left-wing Democratic Front for a New Guatemala (FDNG), a party formed by popular organisations a few months before the elections. FDNG performed rather well, given its short preparation time, and managed to win six seats (7.5 percent) in Congress and several mayoralties in Indian municipalities in the highlands. Still, the business sector won the overall elections with their centre-right presidential candidate Alvaro Arzú, an urban businessman in many respects similar to Alfredo Cristiani in El Salvador.

President Arzú realised that once the socio-economic agreement was signed, all other issues would be a matter of time. The signing took place in May 1996, but only weakly reflected the URNG demands of earlier years. Despite heavy criticism by peasant organisations and trade unions, it was clear that a rejection of the socio-economic agreement would have reversed the whole peace process, putting the URNG in a weaker position than ever before. President Arzú apparently made a secret pact with the URNG leadership about the final stage of the negotiations. Fundamental issues, such as limiting the power of the agro-export sector and civilian control over the armed forces, had been tacitly arranged to achieve a final peace accord by late December 1996. The power of the armed forces was restricted by dissolving the counter-insurgency system of Civil Defence Patrols (PAC’s) and military commissioners. Furthermore, a civilian police force was created and it was agreed to clean up the ranks of the armed forces by purging officers accused of corruption and human rights abuses.

With the endorsement of the December 1996 peace agreement, the process of demilitarisation was initiated. The shift of Guatemala’s democratic transition to a stage of ‘late transition’ will very much depend upon successful implementation of the peace accords (with an important role for the UN) and on the incorporation of the URNG into political society, which is expected to happen after the general elections of the year 2000. Until that time, Ríos Montt’s FRG remains the major opposition party in the Guatemalan Congress and will use any opportunity to undermine the implementation of the peace agreement. Two additional problems make the prospects for democratic transition in Guatemala rather bleak. One is that the URNG, despite growing popular support, by far does not have the institutional strength nor the political legitimacy comparable to the Salvadorean FMLN to act as a strong left-wing opposition party. A second problem is that the peace agreement did not seriously challenge the (economic) power of the Guatemalan armed forces, which could become the main obstacle for transforming the peace agreement into a tool for democratic transition.
Peace agreements and 'hybrid' democratic transitions

The previous analysis confirms the assumption contained in the premise that democratic transitions in Central America have been profoundly linked with transitions from civil war to negotiated peace. It could be concluded that the political process in Central America essentially has been a process of 'pacification', rather than a transition from authoritarian to democratic rule as Dunkerly (1994) argues. However, the term 'pacification' can be confusing, as it seems to equate two processes with different dynamics and outcomes. Too much focus on the evolution of regional conflict to national peace process seems to have overshadowed the long-term process of authoritarianism in Central America in which the growth of civil society was obstructed but not entirely repressed by military regimes. The seeds of democratic transition, in the form of organised opposition in civil society, started to germinate in the 1920s. These were developed enough in the 1940s to create broader democratic movements, which were denied access to political society except in Costa Rica and Guatemala. When these opposition movements reappeared even stronger in the 1970s they were faced with military counter-insurgency, which unleashed the regional crisis of the 1980s. By using the term 'pacification', the pressure from broad opposition movements in civil society (whether armed or peaceful) can be underestimated. This pressure was a key factor in promoting judicial and constitutional reforms, opening up political society for opposition parties and (slowly) forging a new political culture based on consensus rather than coercion.

This is not to say that democratic transitions in Central America have been completed. On the contrary, democratic transitions are still in mid or late stages and it will probably take several generations to erase the heritage of an authoritarian past. The notion of 'hybrid regimes', suggested by Torres Rivas (1989) and Karl (1995), more precisely explains that the newly emerging regimes in Central America have both authoritarian and democratic characteristics. The term 'hybrid regime' makes clear that, although a rupture was made with the old order of the traditional 'triple alliance', authoritarian tendencies such as the culture of violence and military impunity still persist, suggesting a continuity of 'reactionary despotism' (Rojas 1995). The remnants of authoritarianism limit civilian control over the state and obstruct efforts to confront social exclusion, thereby slowing down the speed of democratic transition. To analyse the hybrid character of democratic transitions it can be useful to highlight the interplay of dynamics between civil society, the state and political society in successive transition stages. In the three countries described, early transition stages started when established rulers took steps to initiate democratic transition from above. During the second half of early transition, prior to a shift towards mid-transition, civil society sectors started pushing democratic transition from below. This was often followed by a demobilisation of civil society and a new role for an enlarged political society, with active participation of (formerly excluded) opposition parties. It was the increased strength of political society that shifted democratic transition from a mid to a late stage.
However, a healthy balance between the state and civil society that can sustain democratic rule is still absent. At the most, it is present in a hybrid form and thus vulnerable to political instability and to external influences.

4.4 External actors and democratic transitions

Roughly between 1978 and 1981, the political crisis in Central America escalated from a number of local conflicts into a regional crisis with international dimensions, particularly after the Reagan administration decided to make the rollback of revolution in Central America a top priority of US foreign policy. After the Sandinista victory in Nicaragua, a further loss of US hegemony in its traditional sphere of influence was perceived by the hardliners in Washington as a potential threat to US security. By substantially increasing military aid to Central America, the United States converted the Central American region into a major battleground of the Cold War. Outside the United States, opposition to this belligerent US policy particularly came from Latin America and a number of countries in Europe, where governments, political parties, peace movements and solidarity groups were alarmed by the escalating crisis and feared a threat to global stability. Since the early 1980s a broad array of these external actors gradually acquired a presence in the Central American region, basically in response to US intervention. Latin American and European governments, especially after the 1982 Malvinas war, tried to prevent open US military intervention in Nicaragua and simultaneously to contain revolutionary struggle in El Salvador (Smith 1995).

The previous pages have demonstrated that early democratic transitions in Central America were very much determined (and delayed) by civil wars and foreign intervention, whereas mid-transition stages were determined by the search for negotiated peace agreements. In other words, democratic transitions accelerated as part of the regional peace process. External actors played a role both in the escalation of the crisis and in the negotiations for peace, but how important were they for accelerating democratic transitions? How did these external actors contribute to the shift from early to mid-transitions? Which elements in civil society were supported from abroad and what were the policy objectives of these external actors? To examine these questions it is necessary to unravel the complex relationship between external support for the regional peace process and the (often simultaneous) support for democratic transitions.

Peace process and external actors

Although external actors have influenced the outcome of the peace process, the basis for durable peace settlements was laid by the Central American governments themselves. The Reagan administration intervened militarily and politically with low intensity warfare strategies with the purpose of bringing down the Sandinista government and to defeat other revolutionary movements in the region “in the
name of democracy’. It could be argued that this was achieved in the long run – although this view often tends to ignore decisive local factors – but this goal was not achieved during Reagan’s term in office. Nor did Latin American countries, such as those organised in the Contadora group (an initiative backed by the European Community), manage to solve the regional crisis by peaceful means. The failure of US policy and diplomatic initiatives by the Contadora group gave room to the Esquipulas peace agreement, a regional peace plan developed in 1986 by Costa Rican president Oscar Arias and signed by the five Central American presidents in August 1987 in the Guatemalan town Esquipulas. It paved the way for peace negotiations and national reconciliation, and ultimately moved democratic transition forwards all over the region. The Esquipulas peace agreement was an explicit rejection of foreign influence in domestic political processes and is sometimes regarded as ‘Central America’s second declaration of independence’ (Moreno 1994: 135).

Despite this appealing rhetoric, it was the Reagan administration that effectively delayed the implementation of the Esquipulas agreement, although it was forced (due to the Iran-contra scandal) to formally accept its contents. The US government continued its support to the Nicaraguan contra war and successfully pressured other Central American governments up to the Fall of 1988 not to comply with the agreement as long as the Sandinistas were unwilling to make concessions. This policy changed under President Bush, who stopped military aid to the contras and embarked upon a more diplomatic approach towards the Sandinistas, more in line with Esquipulas. In return, the Soviet Union ended its military aid to the Sandinistas in April 1989, which was an early sign that the Cold War confrontation in the region was about to end. Implementation of the key elements of the Esquipulas agreement (the start of peace negotiations and a national dialogue with opposition forces) effectively began in 1989, first in Nicaragua (where it was agreed to hold general elections in February 1990) and later in other countries. The combination of a waning Cold War and the electoral defeat of the Sandinistas was an important element in removing the option of revolutionary victories in El Salvador and Guatemala, where peace negotiations eventually succeeded with UN mediation and broad support from the international community.79 The end of the Cold War without doubt facilitated the Central American peace process, but it would be wrong to simply explain the transition from civil war to peace as a product of a global power struggle. This would downplay the importance of regional dynamics and local actors. Even if all these external actors in different degrees contributed to peaceful settlements in the region, it does not necessarily follow that they determined the acceleration of democratic transitions.80

Foreign aid and democratic transitions
The United States and the majority of European governments had different views about how to rebuild the ‘political centre’ that was destroyed by authoritarian regimes in the late 1970s, and about how to strengthen civil society. US assistance
had a clear ‘top-down’ approach, by channelling economic and military aid to quasi-democratic regimes and by supporting specific groups in civil society to counterbalance revolutionary movements. Until the mid-1980s, European and Canadian governments kept a low profile in the region, with the exception of Nicaragua. Assistance was channelled mainly through multilateral agencies for emergency relief and, to a lesser extent, via private aid agencies to support opposition groups in civil society.

US military and economic aid packages to Central America were substantially increased in the early 1980s. Unlike traditional counter-insurgency assistance, this aid became part of an integrated political-military strategy to combat the ‘communist threat’, symbolised by the revolutionary movements, under the umbrella of ‘low intensity conflict’ (LIC). The formula was a product of post-Vietnam evaluations of US foreign policies and emphasised the need to combine military, economic, diplomatic, political and psychological approaches. It was meant to target not only the military enemy but also the civilian population, to adapt campaigns to local political and cultural circumstances and to stimulate the creation of new factors within civil society responsive to US interests that could provide an acceptable alternative to revolutionary movements (El Salvador, Guatemala) or revolutionary governments (Nicaragua).

One new element was the emphasis on incorporating ‘institution building’ into economic assistance programmes, creating institutions to promote and implement the neoliberal model in the region. Another new element, compared to traditional counter-insurgency, was the upgrading of the political component in the LIC strategy, which would become a central foreign policy objective under the heading ‘democracy promotion’ (W. Robinson, 1996). Both elements will be further examined.

Economic assistance to Central America (over US$ 5.8 billion in the 1980s) was mainly channelled through the US Agency for International Development (AID) and had four main components: relieving balances of payments with capital injections, private sector investment (particularly promoting non-traditional agricultural exports), support to structural adjustment packages required by multilateral financial agencies, and support to community development programmes, cooperatives and housing projects aimed at the rural and urban poor to support larger counter-insurgency programmes (Sanahuja 1992). Community development support was handled by existing or newly established development NGOs, which were often linked to US right-wing foundations or fundamentalist churches as part of Reagan’s regional anti-communist crusade. To promote the private sector, AID stimulated the formation of new business associations and policy think-tanks in civil society that would be instrumental in the transformation of the economy towards a neoliberal model. The new business associations were meant to strengthen modernising elements among the business elite, and back those who were willing to support neoliberal measures including tax reforms and social stability packages in the form of social investment funds. The creation of neoliberal think-tanks and business foundations was particularly successful in El
Salvador, where FUSADES played a key role in restructuring the private sector and pushing the modern business elite inside ARENA, the right-wing party that came to power in the late 1980s. By privatising state institutions and creating a 'parallel state' - a process begun in Costa Rica in 1982 - AID laid the groundwork for a profound transformation of the Central American economies which later was carried out by the World Bank, the IMF and the Inter-American Development Bank (IDB).

Democracy promotion was the other new component of US assistance as part of its LIC strategy in the 1980s. The idea was that new institutions had to be constructed in political and civil society responsive to US political and economic interests that would be capable of absorbing tensions and maintaining social stability. In the past, this political aid had been covertly supplied by the CIA. But the agency had proven to be better at destabilisation than at creating stability, and often even had weakened domestic support for US foreign policy operations. Therefore, in 1983 a new quasi-private agency was founded, the National Endowment for Democracy (NED) entirely funded by the State Department through AID and the US Information Agency (USIA). NED would provide private US organisations with funding for direct support to political parties, trade unions, journalists, business associations and other civil society sectors in the South, with Central America as a primary target. Massive NED funding went to the Nicaraguan opposition in the late 1980s. In Guatemala, NED supported think-tanks related to Jorge Serrano's political party MAS, and in El Salvador it actively supported Cristiani's ARENA party. Substantial AID funding for democracy assistance was allocated to election monitoring, voter participation campaigns and reforms of legislative and judicial institutions. Particularly the extensive financial support to all major elections in Central America in the 1980s illustrated a 'top-down' and US-biased approach to democratic transition (Carothers 1995).

The large US economic and political assistance programmes of the 1980s considerably influenced the composition of civil society. Financial and technical assistance from AID and other US agencies contributed to the emergence of 'modern' and strong business associations, (conservative) labour and peasant unions, policy research centres, the mass media and other institutions that were instrumental to US foreign policy interests. AID's emphasis on supporting an entrepreneurial NGO sector in Central America created a vast boom in new development NGOs as part of neoliberal stabilisation programmes. Many Central American NGOs at some stage became dependent on funding from AID. Obviously, progressive development NGOs, peasant organisations or human rights groups linked to the opposition in Guatemala, Honduras and El Salvador as well as left or centre-left political parties were excluded from US assistance up to the early 1990s. These segments of civil and political society started to receive support from the Canadian and several European governments, often indirectly channelled through private aid agencies.

European aid flows to Central America generally ran contrary to those of the
United States, at least until the mid-1980s. European development assistance to the Sandinista revolution started in 1979, after a call by the Socialist International was responded to positively by several Social Democratic governments (among them Spain, Sweden, West Germany and France). Towards El Salvador, Europe took a position opposite to the United States: the European Community gave humanitarian aid to Salvadorean refugees in Honduras, the French government legitimised the role of the FMLN (with the Franco-Mexican declaration of August 1981), while the European Parliament condemned the undemocratic nature of the Salvadorean elections. After 1982, European policies towards Central America would become more cautious. The German Social Democrats lost the elections and the new Christian Democratic government moved closer to a US position which included reduced aid to Nicaragua and support for the Salvadorean Christian Democratic government. The Malvinas war and the US invasion of Grenada contributed to a lower European profile in Central America, as it was feared that open US intervention in the region could escalate the crisis. EC documents started to emphasise the economic and social roots of the crisis and advocated a regional solution to the conflicts. Open European support for the Sandinista government became less clear-cut and shifted towards more ‘neutral’ statements calling for the establishment of democratic principles and strict observance of human rights. In 1984, the EC initiated the San José Dialogue, an annual European-Central American conference, laying the basis for a long-term cooperation agreement for political and economic aid and support for the regional peace process together with Contadora. As a result, European bilateral and multilateral aid would gradually increase. Ten years later, Europe would become the largest provider of development aid to Central America.

In contrast to the 1990s, official European development aid during the 1980s seldom was aimed at influencing democratic transitions (Sanahuja 1994). The massive support to the Sandinista government in Nicaragua was, however, a clear sign that European governments rejected US policy and that they were reluctant to support the LIC strategy. Only West Germany provided substantial aid to the Christian Democratic governments in El Salvador and Guatemala, although this aid was symbolic compared to US assistance. Support to opposition groups in these countries was channelled mostly through non-governmental agencies, such as party-related foundations, churches, solidarity groups and private aid agencies. The four German party Stiftungen, directly financed by the German government, indirectly supplied funding to their sister-parties and related organisations throughout the region. The two Christian Democratic German party foundations, Konrad Adenauer Stiftung and Hanns Seidel Stiftung, acted most in line with US LIC strategy by supporting the Nicaraguan opposition and the governing parties in El Salvador and Guatemala. The Friedrich Ebert Stiftung concentrated more on Costa Rica, supporting Social Democratic labour unions and research institutes, next to the small centre-left parties elsewhere in the region. Despite opening up new contacts for these parties to international networks and funding training programmes, the activities of the German foundations actually
had little impact on the composition of political society (Grabendorff 1996). The activities of solidarity groups, churches and (the more progressive) private aid agencies from Europe, Canada and the United States were more important for the Central American opposition movements outside Nicaragua. It was not so much their financial support to the Sandinista revolution and to popular movements in other countries that characterised their influence on democratic transitions, although this became significant in the late 1980s. Rather it was the flow of information on human rights abuses, refugees and increasing poverty that especially had an impact on public opinion in their home countries. A region that had been known only for earthquakes and bananas had become front-page news in the early 1980s and would continue to be a major foreign policy issue until the early 1990s. The international attention boosted the Central America budgets of private aid agencies, especially when they were directly dependent on official funding, such as the German, Dutch, Swedish, Danish, Norwegian and later also the Spanish private aid agencies. Until the early 1990s these agencies supported opposition groups by providing financial resources to popular organisations, development NGOs and human rights groups. How and to what extent this assistance contributed to accelerating democratic transitions will be analysed in the next two chapters.

4.5 Constructing democracy: prospects and barriers

By way of conclusion, the premises stipulated at the start of this chapter will be examined more closely. The first maintained that the dynamics of democratic transitions in Central America could not be explained without understanding the long history of authoritarianism, in which subordinated sectors in civil society were repressed and access of opposition parties to political society was blocked. This point has been largely confirmed, but can be posed even more sharply. The history of prolonged authoritarian rule exerts an influence that appears to persist during democratic transitions and delays (or even undermines) the process of constructing democracy. This is illustrated by the slow process of demilitarisation, the continuation of military impunity, ongoing human rights abuses and resistance to social and political reforms. It all points at the persistence of a political culture based on domination and political exclusion penetrating all layers of society. The traditional economic and political elite, represented by solid family networks, was able to preserve or even to recover its influence thanks to what Vilas (1996: 33) calls 'the negotiated character of the post-revolutionary peace process'. It is true that the private sector was modernised in the 1980s and embraced democratic principles (and eventually rejected US counter-insurgency) to pursue its neoliberal economic strategy. But this 'new right' – which was represented by the presidents Cristiani, Calderon Sol, Serrano, Arzu and Callejas – knew it could hardly be challenged by a young and inexperienced political opposition in electoral contests. To paraphrase
Barrington Moore, the absence of a revolutionary break with the past apparently further delays the construction of democracy, which can be seen in the hybrid character of Central America’s post-authoritarian regimes. The second premise, about the combined search for peace and efforts to open up the political system, also needs some further elaboration. During early transition stages in El Salvador and Guatemala political society was only partially opened up, that is, only to those political parties willing to accept military domination and to facilitate the counter-insurgency. Consequently, initiatives to start peace talks with those forces excluded from political society (such as the URNG and the FMLN) were undermined by authoritarian elements. The Esquipulas peace agreement of 1987 provided a framework in which the search for peaceful settlements was linked to measures that would liberalise the authoritarian system. This had a profound impact on subordinated sectors in civil society, which became better organised and diversified throughout the region; they were a key force rallying for peace negotiations in El Salvador and Guatemala, and for curbing military dominance in Honduras. These negotiations coincided with the stage of mid-transition in which an elite compromise was reached between the ‘new right’ (the right-wing political parties supported by a modernised private sector) and the former revolutionary movements about their integration into political society, moving the conflict from a military to a political terrain. During the stage of mid-transition it was also evident that social mobilisation was decreasing. The reasons for this are further examined in the following chapter. The premise could be extended by pointing at the tight intertwining of the economic and political interests of the ruling elite, making a transformation of the (labour intensive and externally vulnerable) Central American economies a key condition for the construction of democracy (Karl 1995).

This brings me to the third premise, stating that democratic transitions have not yet been completed. Two sets of obstacles make the prospects for a shift from late transition to democratic consolidation highly problematic and even threaten to undermine political stability (which could reverse democratic transition altogether). The first set of obstacles is related to the economic model of export-promotion of tropical products based on the supply of cheap labour, which has accentuated unequal income distribution and widespread poverty. Poverty figures further deteriorated during the 1980s: by 1990 three-quarters of the population of Honduras, El Salvador, Guatemala and Nicaragua lived below the poverty line. In absolute figures, this represents an increase of over fifty percent in less than ten years. Even more alarming is the increase in income polarisation, particularly in Honduras and Guatemala. Socio-economic inequality is not conducive to democratic transition, or as Castañeda argues at the start of this book, poverty and democracy do not easily mix. On the contrary, poverty undermines confidence in the political system, as it leads to fragmentation of civil society and threatens political stability. Structural adjustment programmes implemented after the mid-1980s have worsened the outlook for change in this panorama since austerity.
measures and a reduced role for the state are obstructing the implementation of necessary social reforms and negatively influencing what Morales (1995b: 31) calls 'a transition economy'.

The other set of obstacles to democratic consolidation has to do with building democratic institutions and creating a political culture of tolerance and compromise which together are a very slow process. Looking more closely at the three realms in which this process should be rooted does not add to optimism. At the level of the state, structural reforms (necessary to establish the rule of law and to guarantee civil and political rights) continue to be undermined by the traditionally dominant sectors. Although civilian control over the military has been formally established, the armed forces retain considerable autonomy from the executive branch due to their economic power and their active involvement in drugs trafficking. Despite truth commissions, the impunity of high level security officers remains unchallenged and demilitarised police forces continue to apply traditional repressive methods against popular organisations of the opposition. Added to the slow process of judicial reform, necessary to confront corruption and establish a clear separation of powers, it appears that Central American societies continue to be politically insecure and lack the guarantees to exercise full citizenship (Rojas 1995).

In the realm of political society, the main obstacle is the weak system of political parties and their incapacity to play an intermediary role between civil society and the state (Torres Rivas 1995). Despite the increased diversity of political society with the emergence of new (formerly revolutionary) parties, political culture continues to be dominated by traditional clientelism, institutional opportunism and what Cerdas (1996: 48) labels 'inter-party cannibalism' during election campaigns. The enormous gap between politicians and the electorate – Cerdas (1993) calls this *el desencanto democrático* (the 'democratic disenchantment') – probably is one of the key explanations for the high rates of voter abstentionism.

In the realm of civil society a variety of previously excluded actors (particularly Indian and women's organisations) have emerged with a new democratic discourse, claiming autonomy from political parties. These organisations certainly have contributed to democratic transition by strengthening civil society from within (building capacity and forging alliances) and from below (opening up political society). However, as will be shown in Chapter 6, these organisations often also have been hampered by hierarchy, paternalism and weak internal accountability, which are all signs of a persisting political culture of authoritarianism and exclusion. The problem seems to be, as Vilas (1996: 56) remarks, that 'Central American authoritarian cultural patterns are nurtured both by socio-economic structures and by ruling class political practices, which inevitably tend to be reproduced and adapted way down the social ladder by subaltern actors with a relative autonomy of ideological definitions or party affiliations.'

The last premise pointed at the role of external influences. It was assumed that some external actors had played an important role in moving democratic transitions forward by advocating peaceful solutions and by supporting reformist
political parties. International pressure was indeed important in advancing the peace negotiations in Nicaragua, El Salvador and Guatemala at key moments. European support for the Contadora group, for example, eventually contributed to the success of the Esquipulas peace plan. At a later stage, cuts in US military aid indirectly speeded up democratic transition in Honduras and El Salvador, and the prospects for a substantial increase of foreign aid certainly contributed to break the deadlock in Guatemala's peace negotiations. The role of the United Nations also was crucial for mediating negotiations and implementing the peace agreements. But the role of external actors should not be overstated. A variety of international efforts to support a 'third option' between authoritarianism and revolution largely failed. The Christian Democratic parties in El Salvador and Guatemala were unable to fulfil this function and were even severely criticised for their internal corrupt practices (Vilas 1996). Other smaller reformist parties, such as the Social Democrats in Guatemala and El Salvador, only received marginal electoral support, despite their substantial political and financial aid from abroad. It is not yet clear what the massive international aid flows of the 1980s contributed to Central America's democratic transitions, other than economically stabilising the war-torn economies. After all, only a small portion of this so-called 'reconstruction aid' was intended to finance (necessary) social and political reforms, or to contribute to strengthening civil society. The next two chapters will therefore examine more closely how private aid agencies have contributed to Central America's democratic transitions.