

*Central America just before neoliberalism*

What were the horrors of the 1980s in Central America all about? If you've read Noam Chomsky, you know a lot of it had to do with the Reagan administration's support for reactionary governments and paramilitary forces to beat back democratic social movements that were strongly opposed to U.S. capital and imperialism. But there's a fascinating background to the story that many scholars have recounted, for example Walter LaFeber in *Inevitable Revolutions: The United States in Central America* (1983). Here I'll summarize some of the main points of a less U.S.-focused work, Jeffery Paige's *Coffee and Power: Revolution and the Rise of Democracy in Central America* (1997).

As Paige says, his book is about Central America's second "revolutionary decade" (the 1930s being the first), the 1980s. It focuses on El Salvador, Nicaragua, and Costa Rica (which didn't experience the 1980s civil war that the other two and Guatemala did, because of its stable social democratic structure). "The revolutionary crises of the 1980s were crises of the coffee elites and the societies they made at the end of the nineteenth and the beginning of the twentieth centuries." You know, the polarization between the old family-based oligarchies—centuries-old dynasties effectively running the countries—and the impoverished masses. The coffee elite and other dynastic families had immense power, but their political regimes had only barely survived the tumult of the 1930s "by ceding direct rule to military dictatorships (even in Costa Rica [for a short time])." Later, "the long economic boom in Central America and the world economy after 1945 created new social and economic forces that could not be contained in the rickety oligarchic-dictatorial structures of the twentieth-century political order. The end of this boom after 1973 detonated the social explosion that had been gathering force throughout the long period of postwar economic expansion." Good ol' Marxism: new productive forces and changes in social and/or technical relations of production slowly sweeping aside older production relations and property distribution, eventually—through the agency of mass rebellion and of intra-"elite" competition—bursting their fetters and those of existing political relations, etc. This abstract Marxian schema is most appropriate for truly revolutionary transitions between forms of society, such as that between feudalism and capitalism, but it seems appropriate on smaller scales too. (On such scales, however, no "bursting of fetters" need go on; in general terms, it's safer to speak merely of *repercussions* in the realm of politics, culture, and so forth.)<sup>1</sup>

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<sup>1</sup> Obviously on such "smaller," non-transitional-between-different-modes-of-production scales, it is *technical*, not *social*, relations of production that are in question. I.e., the

The agro-export sector was primarily responsible for the new social forces. “The rapid expansion of sugar, beef, and, above all, cotton production in Central America after World War II began to challenge the coffee monoculture that was the basis of the old order. The coffee industry itself experienced a substantial expansion and technical transformation... The expansion of the Central American common market in the 1960s, particularly in El Salvador, created a nascent industrial bourgeoisie.”

All this was disastrous for the rest of the population, still heavily rural.

The dramatic expansion of both cotton and cattle created massive displacements of the rural population of a magnitude not seen since the days of the Liberal land tenure revolutions of the nineteenth century. All of the new export crops, including the new coffee system, were more capital- and less labor-intensive than the systems they replaced. Unemployment increased dramatically as owners cleared unproductive serfs and squatters from their lands and replaced payment in subsistence rights and kind with cash wages and rents. The massive displacement of the rural population from the land created two new classes unseen before in Central America—a semi-proletariat of part-time wage laborers, renters, and subsistence farmers, and an urban informal sector of petty merchants, artisans, and day laborers. In many cases the two classes converged into a great mass of desperate people with no firm ties to the labor market, the institutions of property, or the societies of which they were a huge majority.

It’s the precariat, created in part by the Green Revolution and associated developments. What happened in those decades reminds me of what happened in early modern Europe. Actually, in both cases the expulsion of the peasantry from the countryside took centuries; the Green Revolution and other things

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“forms of surplus-extraction” remain the same while the ways in which the productive process itself is organized change (as technology changes, etc.). For example, as cotton production in the American South was mechanized between the 1920s and 1950s, black agrarian labor became largely superfluous. Millions of blacks migrated to northern cities for economic opportunities, and whites no longer had a compelling economic reason to savagely repress the blacks who remained. So it became possible for a Civil Rights Movement to eventually force changes in Southern society. See, e.g., Frances Fox Piven and Richard Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York: Vintage Books, 1971), chapter 7, and Charles M. Payne, *I’ve Got the Light of Freedom* (Los Angeles: University of California Press, 2007).

going on recently (in China, for example, which is forcing hundreds of millions of peasants off the land) have been simply the last stage of it in much of the world. Anyway, the parallels are striking. English landowners getting rid of peasants and the commons when sheep pasturage became very profitable; later, Third World landowners getting rid of remaining peasants and squatters when the land became profitable. An influx of people into insufficiently industrialized urban areas (not enough jobs) and shantytowns, as higher education simultaneously expands and radical “intellectuals” appear who help foster and guide discontent. New parts of the economic elite, too, that are less attached to the *ancien régime* than older economic groups are; in fact, the formers’ interests often lie in the overthrow of the old order. So popular discontent can get support from them, and they can help guide it—and ultimately be its main beneficiaries. (This is what happened in Central America, where much of the economic elite in Nicaragua supported the Sandinistas against Somoza and eventually in El Salvador came to support a negotiated settlement with the rebels.)<sup>2</sup> So you get the English civil war and Glorious Revolution, the French Revolution, 1848, the 1917 Russian revolutions—of which the bourgeoisie lost control, succumbing to self-proclaimed representatives of the oppressed masses (i.e., the Bolsheviks)—Central America’s civil wars of the 1980s, and the Arab Spring.<sup>3</sup> (Of course there are also important differences between all these events.)

“An increasing body of research indicates that it was these growing classes of unemployed and underemployed rural semi-proletarians and urban informal sector workers, joined, in the case of El Salvador, by a small but well organized formal proletariat in the Common Market manufacturing sector, that made the mass base of the revolutions.” Like with the Arab Spring. (Students, too, were important in both cases.)

To sum up: “The coffee export economy created the oligarchic political structures of Central America; cotton and cattle destroyed them.”

On the nineteenth century: “The revolution from above instituted by the nineteenth-century Liberals was a disaster for most of the population. The most direct assaults on the people were the land and labor laws that abolished communal control over the land by indigenous communities, sold off the commons and public lands to large holders, and instituted systems of state control over labor with varying degrees of stringency. The subsidies,

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<sup>2</sup> Moreover, the ultimate outcome of the 1980s’ so-called revolutions was...neoliberalism, in the 1990s. Good for the elite, not so good for the masses.

<sup>3</sup> It’s true that some of those examples, and others in history, involved a still-enormous peasantry. But the urban population, much of it having only recently left the land, was crucial too.

infrastructure improvements, and special concessions went entirely to benefit the elite. The pattern of concentrated land ownership in the agro-export sector and mass poverty and landlessness among much of the population in the 1980s was a heritage of the Liberal revolutions of the 1880s.”

Paige goes into great detail on the class composition of the elites in the twentieth century, and on the economic differences between each country (including Guatemala). The basic point is that the elite in each country is or was composed of two fractions, which until the 1980s were fairly united: the agrarian (landowners, reactionary because of the need to control labor) and the agro-industrial (manufacturers, less reactionary, especially in the 1980s). In Costa Rica, the agro-industrial dominated; hence (in part) the country’s relatively progressive politics since 1948. In Guatemala and El Salvador—especially the former—the agrarian was stronger; hence the predominance of reactionary politics. In Nicaragua, neither fraction was highly developed...until late in the postwar era, when the technological advances mentioned above strengthened the agro-industrial elite (and to a lesser extent the agrarian), which then largely supported the Sandinistas.

“The rise of the agro-industrialists and the semi-proletariat created [in the 1970s] a revolutionary crisis not only between the popular classes and the elite but between the two fractions of the elite itself. During the 1980s, immense revolutionary pressure from below began to cause the two fractions of the elite, united in all previous crises, to split apart. By 1992 the agro-industrial elite had managed to separate itself from the agrarians everywhere except in Guatemala, and the agrarian order and the authoritarian regimes that had supported it were in ruins. The ultimate beneficiaries of the revolutionary crisis of the 1980s were the agro-industrialists. By 1992 they had emerged triumphant everywhere, again except for Guatemala. In the three cases that are the focus of this study, class relations in 1992 converged on a single pattern—a dominant agro-industrial elite divested from a now largely defunct agrarian fraction, and a large and ever increasing semi-proletariat. The three societies had also converged on the common political form of representative democracy, and the common economic program and ideology of neoliberalism.”

The book follows in the tradition of Barrington Moore, while dissenting from some of his specifics. As Paige says,

In *The Social Origins of Dictatorship and Democracy* Moore argues that democracy is a product of a “bourgeois revolution” against a backward

landed aristocracy (“no bourgeoisie, no democracy”),<sup>4</sup> that authoritarian “fascist” regimes result from a coalition between a dominant landed aristocracy and a weak bourgeoisie, and that socialist revolution occurs when a massive revolt of cohesive peasant villages overwhelms landed and bourgeois classes weakened by a powerful agrarian bureaucracy... Moore, like many other theorists, both Marxist and non-Marxist, traces the development of democracy to a “bourgeois revolution” in which a rising industrial bourgeoisie and its political allies defeat the entrenched political power of the landed aristocracy. The defeat of the Southern slave-holding aristocracy by the industrialists of the North in the U.S. Civil War is one of Moore’s paradigmatic cases. The failure of bourgeois revolution can open the way to conservative authoritarianism (what Moore calls “fascism”) through the continued dominance of the landlords, as in Moore’s implicit comparative case of Germany. Given the close ties between the agrarian and agro-industrial fractions of the elite, the prospects for a democratic resolution in the case of Central America are not [i.e., *were* not] promising. The inability of the agro-industrial fraction to separate itself from, much less defeat [at least until the late 1980s or 1990s], the agrarian fraction, as well as the heavy weight of agriculture in the economic base of the elite as a whole, suggest that conservative authoritarianism would be the expected outcome. To this extent the Central America past provides convincing confirmation of Moore’s thesis.

He goes on to say, “The dependence of the landed elite on what Moore calls ‘labor repressive agriculture’ is the key element linking the landed elite with authoritarian anti-democratic politics. The use of extra-economic coercion in slavery, serfdom, or other forms of forced labor requires a powerful authoritarian state and precludes extension of citizenship or other legal rights to the working population.” However, it’s worth noting the obvious fact that an authoritarian state can be very useful to industry also, and that for such a state to exist there need not be a dominant landed elite. For instance, a foreign country such as the U.S. can prop it up through military aid, as the U.S. frequently does all over the world.

Interesting comments:

As James Dunkerly has pointed out, the transition to democracy takes on a very different form in Central America than in the Southern Cone of

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<sup>4</sup> One should note, however, that it won’t be an *inclusive* democracy until the lower classes force it to be.

Latin America (Argentina, Uruguay, Chile) and other semi-peripheral regions that have become the model for theorizing about the current wave of “transitions to democracy.” In the Southern Cone model of “democracy by default,” the exhaustion of state-centered import-substitution industrialization, compounded by the debt crisis of the 1980s, led to a loss of foreign and domestic business support and subsequent voluntary withdrawal of the military from rule after it had disarticulated the left through political repression. In Central America, state-centered import-substitution industrialization was not the dominant pattern except in an attenuated form in Costa Rica... The praetorian military dictatorships of Central America have little in common with the “bureaucratic authoritarianism” of the military regimes of the Southern Cone, and the Central American militaries, to put it mildly, did not leave voluntarily...

As Gay Seidman has demonstrated in a comparative study of Brazil and South Africa, parallel processes [to Central America’s] were at work in more developed societies. The success of import-substitution industrialization strategies in semi-peripheral authoritarian regimes such as Brazil and South Africa in the post-World War II era created new social movements that could not be contained within these regimes. The creation of a vastly expanded industrial working class on the one hand, and a vast impoverished urban informal sector on the other, both consequences of successful industrialization without redistribution, created the conditions for what she calls “social movement unionism.”... Critical for the success of social movement unionism was a split between the industrial elite and the state as the world economy entered its downturn after 1973. Given a choice between strengthening the authoritarian state apparatus sufficiently to repress the workers’ movements and making an accommodation with them, the new industrial bourgeoisie abandoned its allies in the military, opening the way for democratic regimes in both South Africa and Brazil.

This is sort of what happened in Central America. In both cases, “popular mobilization split the more progressive sector of the bourgeoisie off from its authoritarian allies.” The class structures and the agents of the transition were somewhat different, but the outcomes were similar, namely neoliberal democracy. Ironically named, given that since 2008 it has been amply demonstrating how illiberal and undemocratic it really is, by suppressing popular movements everywhere. It’s quite possible that Latin America has more revolutions ahead...