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El Salvador’s “Model” Democracy

DAVID HOLIDAY

After years in the political shadows, El Salvador has once again begun to receive attention from Washington. Both US Defense Secretary Donald Rumsfeld and Vice President Dick Cheney have cited it as a model for the potential success of democracy in Afghanistan and Iraq. The case of El Salvador, Bush administration officials have argued, demonstrates how the holding of free elections in the midst of civil war or terrorist attacks will eventually weaken insurgencies and bring about democratic progress. Military officers have also pointed to the US military role in the Salvadoran conflict as a model for assisting in the prosecution of the Colombian conflict.

Democrats and other critics of administration policy have preferred to argue, as has former State Department official Peter Romero, that it was the involvement of the United Nations in mediating political negotiations and democratic institution-building in El Salvador in the early 1990s that should provide a lesson for Iraq. Those efforts made El Salvador into one of the most successful examples of peacemaking in the history of the United Nations.

For his part, Salvadoran President Tony Saca—who took office in June 2004—has used this newfound attention in two ways. Saca went to the UN in September and praised the international community’s support for El Salvador, stating that his country wanted to make its experience available to others by deploying Salvadoran troops to Iraq. At home, however, Saca has more frankly touted the Salvadoran military’s contribution as a response to a specific request from its key friend and ally, the United States.

Indeed, in thinking about the challenges faced by the United States in Iraq and Afghanistan, precious few positive examples of establishing a democracy in the face of continuing insurgency can be invoked. That the Bush administration has consistently relied on El Salvador—an otherwise insignificant country in the United States’ “backyard”—as a singular case of success might be interpreted as a sign of weakness for the administration’s argument. In fact, the unique and fortuitous circumstances of El Salvador’s peace agreement with a guerrilla insurgency and the country’s subsequent stability would make for difficult replication elsewhere. A closer review of the Salvadoran “model” reveals that it depends on an extremely precarious set of domestic and international conditions, bolstered most importantly by that country’s loyal adherence to US policy prescriptions.

In a Veterans Day visit to El Salvador in November, during which Rumsfeld awarded Bronze Stars to six Salvadoran soldiers who had distinguished themselves in Iraq, the defense secretary asserted that El Salvador’s success proves that the “sweep of human history is for freedom.” But it remains to be seen whether the electoralist strategy, which partially contributed to an end to fighting in El Salvador, will be effective in every setting. What really seems to matter for US officials is less the redemptive idea of free elections than the electoral dominance of a conservative political project keenly attuned to America’s global priorities.

GETTING TO PEACE

Throughout the 1980s, few Latin American countries received as much publicity in the US media as did the tiny Central American country of El Salvador. After the 1979 takeover by leftist Sandinistas in nearby Nicaragua and the unification in 1980 of five Salvadoran guerrilla groups into the

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Farabundo Martí National Liberation Front (FMLN), newly elected President Ronald Reagan pledged to draw the line against communist aggression in El Salvador when he took office in 1981. El Salvador became one of the most contentious foreign policy issues during the Reagan administration, revealing a lack of consensus among policy makers over foreign policy strategies that sought to contain revolutionary movements.

In 1989, after the Christian Democrats had self-destructed on charges of corruption and by alienating the business class, the conservative Republican Nationalist Alliance (Arena)—now with US blessing—won the presidential election. Shortly thereafter, the FMLN rebels launched a nationwide offensive, including major operations in the capital city of San Salvador, bringing the war to urban areas to an unprecedented extent and reinforcing the notion of a “hurting stalemate” in the Salvadoran conflict. The US-backed military resisted the urban offensive, but also responded by assassinating six Jesuit priests, their housekeeper, and her daughter, which in return prompted heightened pressures from the US Congress on the Salvadoran military.

Along with the end of the cold war, the 1990 electoral defeat of the Sandinistas in Nicaragua and a realization by Salvadoran elites that the guerrilla war was unwinnable (not to mention ultimately unprofitable) came together to form fresh reasons for the administration of President George H. W. Bush to push its Salvadoran partners toward a negotiated political settlement. Such a solution would allow an end to a longstanding entanglement by the United States, which at one point had made El Salvador the third-largest recipient of total US foreign assistance, behind only Israel and Egypt.

After the 1989 offensive, the FMLN rebels and the government separately approached the United Nations for assistance. In 1992, the 12-year-long civil war came to an end through a UN-mediated political settlement that became known as a “negotiated revolution.” As befits any good bargaining process, virtually every party wanted to stake some claim to success in the final resolution of the conflict. The United States, which had propped up the government with some \$6 billion in foreign assistance throughout the conflict (including \$1 billion in military aid), could say that it had staved off a violent communist takeover by the leftist FMLN rebels. The United Nations set up a human rights mission prior to the end of the armed conflict (for the first time ever), negotiated for the first time the end to an internal armed conflict, and then verified

the implementation of the peace accords with relative success.

The conservative Arena government—which entered into negotiations shortly after taking over the presidency in 1989—came out a winner as well, soaking up much of the peace dividend by getting reelected to executive office in 1994. For its part, the FMLN managed a respectable electoral showing, quickly becoming the main opposition party in the legislature. The leftists could also legitimately take some credit for agreements that led to a more secure, demilitarized society (enabling them to participate safely as a legal political party) as well as the creation of a new civilian police force (which former rebel combatants were able to join). These structural reforms, overseen by a UN mission, contributed to a climate in which politically motivated crimes were largely eliminated.

PRO-MARKET, PRO-AMERICAN

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Long after declining levels of US foreign assistance might have justified it, the American embassy compound in San Salvador is still one of the largest in Latin America—perhaps as appropriate a symbol as any of the remaining importance of El Salvador to US policy. American diplomats no longer stage-manage executive branch decision-making (as they might have been seen to do during the civil war) or meddle overtly in Salvadoran politics. Given the ideological compatibility of the governing Arena party with US policy priorities, in particular with those of President George W. Bush's administration, there is little need for such strong-arm diplomacy.

El Salvador has been governed since 1989 by the conservative Arena party, which, with few exceptions, has been able to control both law making by the Legislative Assembly and policy implementation by the executive branch. Inaugurating its fourth consecutive president in 2004, Arena will have governed El Salvador for a full two decades by 2009, making it undisputedly the most successful right-wing political party in contemporary Latin America.

Arena deserves credit for following through with the implementation of the 1992 peace accords, although most scholars would argue that it was UN

oversight—and even US pressure—that assured government compliance on key issues. The governance reforms that formed the basic thrust of the accords have held firm. The National Civilian Police are not without internal disciplinary problems and charges of corruption and abuse, but they remain a positive example for the region. And the Salvadoran military, which had long dominated obliged elites by stealing elections and repressing dissent, is essentially a nonentity in politics, with a changed role that limits its contact with the civilian population. It has become in effect a temporary employment agency for the army of the unemployed.

The accords did not, however, touch seriously on structural social and economic issues. In this realm, the ruling party has been able over the past 15 years to implement a series of economic and foreign policy measures that more clearly bring it into alignment with the United States. Beginning in the early 1990s—even while negotiating the peace—Arena started to liberalize the economy to such an extent that El Salvador was being compared to Chile, which had undertaken the most radical free market program in Latin America.

One of the elements of this liberalization, privatization of banks and telecommunications, escaped much public scrutiny, but it is nevertheless widely held that President Alfredo Cristiani (1989–1994)—who signed the peace accord in 1992—profited personally from the financial sector deregulation. One of the two major daily newspapers, and the most sympathetic to the peace process and the Cristiani administration, lamented the central failing of his administration as he left office: not tackling corruption. The particulars, however, were left to readers' imagination, given the relative lack of any critical coverage during the five years of his presidency.

In recent years, Arena's economic policies have boldly ventured into the adoption of a foreign currency—the US dollar—as El Salvador's own, with the dollarization of the economy in 2001. More recently, Arena shepherded the Central American Free Trade Agreement (CAFTA) through the Salvadoran legislature, the first of any signatory country (including the United States) to do so. Even as a country that stands the least to gain from CAFTA (given the high degree of liberalization it has already undertaken), El Salvador is the clear leader in Central America in pushing for free trade initiatives.

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Indeed, Arena has been a loyal ally of the United States on almost all relevant foreign policy issues. Former President Francisco Flores (1999–2004) was especially obsequious. When President Bush visited in 2002, Flores remarked that, of all the honors he had received in his lifetime, none was “so high as that of President Bush calling me his friend.” Flores earned further points by battling rhetorically with Cuban leader Fidel Castro at hemispheric summits. His government also infamously became the first nation to recognize the ill-fated government that briefly overthrew Hugo Chávez in Venezuela in 2002. (Rapid recognition of the de facto government was, as former Mexican Foreign Minister Jorge Castañeda revealed recently to the Mexican daily *Reforma*, part of a joint effort with the United States and Colombia.) Arena has also provided space at El Salvador's international airport for facilities to refuel and retool US airplanes used for interdiction in the war on drugs.

Salvadoran support for the US effort in Iraq—it has rotated three deployments of special forces there—is easily the most important action it has taken in support of US strategic aims. With the pullout of Nicaraguan, Dominican, and Honduran troops, El Salvador remains the only Latin American nation to stand by the United States in Iraq. Although generally out of harm's way, Salvadorans did come under fire as the insurgency spread to Najaf last March. One Salvadoran soldier was killed, several more were wounded, and US military spokesmen praised their heroic efforts. The Iraq War is politically unpopular, according to domestic opinion polls, but it seems likely that El Salvador will remain as long as its presence is requested.

DEMOCRACY'S PRICE

In pursuit of its policy goals, Arena has frequently shut off political debate, and has occasionally engaged in perverse political trade-offs because of its minority status in the legislature. Since the 2000 elections, the opposition FMLN party has enjoyed a plurality in the Salvadoran legislature. (In 2000, the FMLN won more seats than Arena, but still took less of the popular vote; in 2003 the former guerrillas won a larger share of both.) Because it held fewer than 30 seats in the 84-seat legislature, Arena has had to work with other parties to reach the 43-vote threshold necessary to pass most legislation.

Given the ideological gap with the FMLN, Arena has consistently had to rely on the votes of third parties—most frequently the National Conciliation Party, or PCN—to attain a simple majority in the assembly. The PCN's ideology is vaguely populist, and the party has often attracted Arena outcasts, but it is mainly known for its business acumen: selling its votes to the highest bidder. In the case of dollarization, this major policy initiative was thrust on the country in late 2000 without time for any public debate. Arena secured PCN votes in part by agreeing to a trade-off: Arena would provide votes to grant immunity from prosecution to a PCN deputy, Francisco Merino, if the PCN would provide the votes needed to approve dollarization. Merino, a former Arena vice president under Cristiani, had shot and nearly killed a policewoman who tried to stop him while driving drunk.

After Arena's poor showing in legislative and municipal elections in 2003, President Flores was roundly criticized—even by his predecessor, former President Armando Calderón Sol (1994–1999)—for his failure to build any kind of consensus around his various political initiatives. In the 2004 presidential elections, Arena candidate Saca distanced himself from that aspect of the Flores administration, winning office in part by pledging to reach out to all parts of the electorate. In his initial months as president, Saca came through on his promises, organizing roundtable discussions and even reaching a consensus agreement on the issue of a revised anti-gang law. (The government's adoption of "iron fist" policies against gangs, which are the source of most petty crimes as well as a significant number of homicides, has been politically popular, but criticized on civil rights grounds.) Nevertheless, this past December, Arena and PCN deputies opted to bring approval of CAFTA to a vote at three in the morning, just hours before the assembly was to adjourn for the Christmas holidays, sharply limiting parliamentary discussion from FMLN deputies opposed to the measure.

Arena justifies its governance strategy of political deal-making and dialogue-avoidance by arguing that the opposition FMLN simply cannot be reasoned with. The Arena government, with support from the United States and other international actors, has succeeded in placing off limits substantive discussion of many key economic initiatives that the FMLN can be counted on to oppose with equal orthodoxy. By ignoring or bypassing consultation or compromise on any of these

issues, Arena ensures continued deep political polarization in El Salvador.

Yet, as the 2004 presidential campaign underscored, Arena may be fully cognizant that extreme political polarization—under the right conditions—will usually work in its favor. The 2004 contest pitted Arena's Saca—a boyish radio announcer with little experience but excellent communication skills—against the FMLN-nominated Shafik Handal, the bearded septuagenarian former leader of the Communist Party. The campaign itself devolved into the nastiest, and also the most expensive, contest in the postwar period. While Arena foresaw apocalyptic doom should the FMLN win (including an end to remittances from foreign workers and the imposition of radical policies like those seen in Cuba), or attempts by the left to disrupt the process should it lose, the FMLN held an almost messianic belief in its electoral invincibility, convinced that Arena could win only if the election were stolen.

The result of the campaign was a highly motivated electorate: about 2.1 million voters turned out to the polls, over 50 percent more than had participated in the previous year's legislative contests, reversing a downward trend in participation sustained since the first post-peace accord elections. Indeed, the FMLN did improve its electoral take by an impressive 50 percent, but Arena far outperformed it, winning double the number of votes it had received the previous year.

THE FMLN BOGEYMAN

Arena and its supporting organizations clearly exaggerated the threat posed by an FMLN victory. The FMLN put forth a reasonable—if overly ambitious—campaign platform and mostly positive publicity, but it was unable to effectively counter Arena's claims. The images of guerrilla warfare evoked by its bearded Communist candidate prevailed, while recent FMLN statements revealed a less-than-measured approach to postwar democratic politics. Shortly after the FMLN's historic win in the 2003 legislative elections, for example, FMLN leaders were emboldened to take out a full-page newspaper advertisement in support of Castro's crackdown on dissidents and critical of the "terrorist" and "imperialist" Bush administration. The FMLN's choice of a vice presidential candidate who had led a long and costly strike by public health employees the year before also contributed to a popular sense that the strike had been, at least in part, politically motivated to wear down the Arena government prior to elections.

That said, Arena's fear of what an FMLN presidential victory might mean was misguided—as was that of numerous new voters and US officials like Special Envoy Otto Reich, who weighed in against the FMLN a week before the elections. It was entirely possible that the FMLN would act more cautiously than its rhetoric suggested should it reach higher echelons of political power. Moreover, the FMLN would likely face a situation similar to that of Arena, in which its ability to approve new laws would depend on its effectiveness in creating alliances with other parties in the legislature.

Along with small center-left parties, the FMLN has provided a crucial counterbalance to Arena in the Legislative Assembly, and done far more to turn that body into one of deliberation and oversight. FMLN municipal governments, including that of San Salvador (which has been in FMLN hands for the past eight years), have also been relatively well governed. Paradoxically, the FMLN is closer than Arena to important goals of the United States (and the international community) related to greater transparency and accountability in government affairs. But this is clearly secondary to the apparently non-negotiable positions on economic orthodoxy.

DOLLARS AND MIGRANTS

El Salvador's continued political polarization is not necessarily the result of competing ideologies. One of the lowest tax rates in the hemisphere and a growing fiscal and trade deficit, combined with the state's overall underinvestment in public needs, have resulted in negligible gains on many social and economic fronts and leave formidable challenges for the near future.

One of the strongest arguments the government can make about the success of its economic policies over the past decade has been the reduction of overall poverty. According to the government, overall poverty levels fell dramatically from 60 percent of the population in 1991 to 33 percent in 2003. The United Nations Development Program in El Salvador has measured the reduction in the poverty rate (using a different methodology) as far less than that stated by the government, moving from 65 percent in 1992 to 43 percent in 2002, while noting that remittances account for a significant part of that reduction. While these data are not insignificant,

other indicators provide greater evidence for the challenges still facing El Salvador. Some economists argue, for example, that both income inequality and the concentration of wealth appear to have increased in the period since the signing of the peace accords.

El Salvador's social spending has increased, going from 5.4 percent of GDP in 1994 to 8 percent in 2002, but it still ranks among the lowest in Latin America. The World Bank estimates that secondary education enrollment is 20 percent lower than what it should be for a country at El Salvador's income level. Combined with a primary education system of poor quality, scant financing for technical education of workers, and a paucity of skilled laborers, El Salvador is still at a distinct disadvantage in competing in the world market.

Economic growth has also slowed in recent years, despite the many liberalization measures taken to

ensure greater investment and job creation. In the immediate aftermath of the peace accords, the economic growth rate averaged between 6 percent and 7 percent. Since 1995, however, growth has averaged about 2.7

percent; recent data suggest that the 2004 rate may not even reach 2 percent. The Salvadoran private sector, which is increasingly transnational in character, has not contributed to the local economy with increased investment over the past decade.

The promise of CAFTA, in this context, will only be borne out if greater domestic and foreign investment can stimulate export growth to offset the expected increase in imported goods. Until now, El Salvador's job growth has come mainly through cheap, unskilled labor in the *maquila* sector, which currently provides some 90,000 jobs. However, with the end of the international Multi-Fiber Agreement in 2005, and the resulting increased competition from China, most observers believe the textile *maquilas* will be significantly weakened over the next few years.

Since the end of the civil war, public and private debt has also risen. As a result of dollarizing the economy in early 2001, El Salvador no longer controls its money supply. Consequently, dollars must be recruited to pay public and private debt and to purchase intermediate and capital imports. A consistent strategy in the face of dollarization and declining primary exports has been to continue to export labor.

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Migration and remittances have arguably done more to ensure El Salvador's economic stability than any measure taken by the state. Up to 2 million Salvadorans—a full quarter of the total population—reside abroad, mainly in the United States. Their flight abroad not only reduces the poverty level in El Salvador, but also relieves demographic pressures on the limited opportunities for employment. The downside is that migration breaks up families and drains human capital. However, remittances sent back by Salvadorans help to reduce overall levels of poverty, stimulate employment, provide funds for school enrollment and construction, and contribute to the diversification of economic activity as the agriculture sector declines.

While a considerable number of Salvadoran immigrants continue to be undocumented, the United States also provides a kind of economic stimulus for migrants' remittances through Temporary Protected Status (TPS), which benefits some 250,000 Salvadorans. Functioning as a kind of back-door *bracero* program, TPS covers Salvadorans more than any other group of migrants. It allows them to work and remain in the United States under a "deferred enforced departure," but without providing them with residency status.

Although an outgrowth of the civil war period, TPS has become an almost permanent fixture of US-Salvadoran relations, with the Salvadoran government employing Republican lobbying firms to obtain its frequent renewal. US approval of TPS once was based on unsafe political conditions in El Salvador. Today it represents an implicit acknowledgement that repatriating such a large number of Salvadorans would be devastating—not to mention potentially destabilizing—for their home country. (The Bush administration announced in January 2005 an 18-month extension of TPS for Salvadorans.) In the post-9-11 world, it is virtually inconceivable that any other country would be in a position to replicate for its

diaspora population the kind of privileged status currently held by Salvadoran immigrants.

AN UNANSWERED QUESTION

After 15 years of rule by one party, it should come as no surprise that Arena's political prospects have narrowed. One recent poll showed that Salvadorans consider economic issues their primary concern, topping public security for the first time in over a decade. Until now, Arena has been adept at hanging on to power, deploying any necessary capital—whether financial or political—to ensure its continued political dominance. Arena has been consistently effective at hiding its private differences from public view and showing a unified front, as well as bolstering its claim before the international community that it is the only responsible political option. The opposition FMLN—still widely accepted as the most successful case in Latin America of a guerrilla movement transformed into a political party—has yet to figure out how to capitalize on the discontent generated by Arena policies. Recent internal elections in the FMLN constitute important—albeit flawed—first steps toward internal democracy, but they have also had the deleterious side effect of publicly airing its dirty political laundry.

There remains an important yet unanswered question related to the state of Salvadoran democracy: Would Arena and other elites—or a US administration—tolerate a leftist, or even a moderate, social democratic government that pursued policies somewhat more independent of Washington? This question may not be answered anytime soon. The FMLN may simply be too divided, and its frequently orthodox leftist policy prescriptions simply too frightening, for the majority of Salvadorans who consistently reward Arena with executive power. Ultimately, however, only with this question answered can the Salvadoran model of democratic progress be considered truly successful. ■