

## ***EL SALVADOR: CONTRADICTIONS OF NEOLIBERALISM AND BUILDING SUSTAINABLE PEACE***

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### **Abstract**

The process of peacebuilding, which requires addressing the root causes of conflict, extends well beyond the scope of observer missions and its success relies heavily on the political will of domestic actors. The case of El Salvador is widely considered a success of peacebuilding efforts due, in part, to significant structural changes in the military and police forces that have prevented the return to armed conflict. Significant threats to lasting peace have emerged in recent years, including persistent socio-economic inequalities, a violent crime wave, increasing authoritarianism, and political polarization. This article explores the relationship between neoliberal reforms and the prospects for sustainable peace in El Salvador, and concludes that the application of the neoliberal economic model by four successive ARENA administrations has exacerbated existing socio-economic inequalities and created new challenges to sustainable peace.

Sixteen years ago the Government of El Salvador and the Farabundo Martí National Liberation Front (FMLN) signed the Chapultepec Accords, which ended the nearly 12-year civil war. The peace process in El Salvador has been hailed by many as a “success” of United Nations peacebuilding efforts. The cessation of armed conflict, the restructuring of military and police forces, the demobilization and integration of the FMLN as a political party, and basic guarantees for human rights have been the most important outcomes of the Salvadoran peace process. The role of international actors in the negotiation and implementation phases of the peace process in El Salvador is well-documented. While numerous international actors participated in the Salvadoran peace process, particular emphasis has been given to the role of the United Nations as the mediator of the negotiations. The success of the United Nations mediation and verification through the United Nations Observer Mission in El Salvador (ONUSAL) has been considered one of the organization’s finest examples of peacebuilding in recent years. Indeed, many have attempted to replicate the success of El Salvador in other cases of civil conflict—most with significantly less success.

Yet little more than fifteen years later the country is at a major crossroads. El Salvador now appears to be a questionable model for peacebuilding, as it represents the

very real challenges of an incomplete peace. Social violence and poverty have diminished the realities of peace for most Salvadorans. The orthodox application of neoliberal policies has created little opportunity, and Salvadorans are leaving in record numbers in search of opportunities elsewhere—their remittances sustaining the country's fragile economy. Government corruption and party polarization impede meaningful democracy and public opinion of democratic institutions is at an all time low. All of this begs the question: what went wrong in El Salvador?

This paper seeks to investigate this question by demonstrating the negative impact of neoliberal reforms on the postaccord prospects for peace in El Salvador. Peacebuilding has been undermined by the failure to address socio-economic inequalities, which has resulted in significant increases in emigration, crime and authoritarianism. I would also suggest that elite culture remained unchanged through the peace process, and that successive ARENA (Nationalist Republican Alliance) governments lacked sufficient political will to subvert their interests to the public good. This prioritization of interests of the economic elite, as represented by ARENA, over a commitment to the socio-economic aspects of peacebuilding, threatens prospects for a sustainable peace.

### **Peacebuilding and Neoliberalism**

El Salvador was one of the United Nations' first efforts at peacebuilding. According to former UN Secretary General Boutros Boutros-Ghali the goal of peacebuilding is more than the mere cessation of conflict. Instead, peacebuilding seeks to address the root causes of conflict in order to prevent any reversion to armed violence (Boutros Boutros-Ghali, 1992: 32). The resulting literature on peacebuilding has increasingly emphasized that success is predicated on moving beyond the mere absence of war (negative peace) and towards a more just, stable and reconciled society (positive peace). Since the early 1990s peacebuilding efforts have focused on attaining peace through liberal democratic reforms, or sustainable peace through democratization and the establishment of rule of law. This model, however, has come under increasing criticism for ignoring the realities of post-conflict societies and ignoring and/or exacerbating the root causes of conflict (See Jeong, 2005). As such, our criteria for measuring success in peacebuilding has, until recently, often been a reflection of our understanding of the limited goals of liberal peace processes. As noted by Hampson (1996), measuring success in peacebuilding is highly problematic and leads to the dilemma of "infinite regress" (Hampson, 1996: 9). Instead, Hampson argues that we should measure success of the different phases of the peace process. Cousens (2002; 11-12) also cautions against setting the bar too high, and thereby creating unattainable criteria for peace. While there is a clear advantage to this approach, we must also recognize that successful implementation tells us relatively little about prospects for sustainable peace if the content of negotiations and subsequent accords were flawed. As Jeong (2005; 36)

illustrates, El Salvador's laudable successes in military and policing reform did not translate into justice for victims. In fact, while early appraisals of El Salvador's peace process characterize it as a "remarkable success" (Hampson, 1996: 11), more recent studies range from a more tempered analysis of its "flawed success" (Stedman, 2002; Peceny and Stanley, 2001; Orr, 2002) to impending failure (Paris, 1997, 2002). Much of this re-evaluation of El Salvador's "success" has been motivated by the failure of the Salvadoran peace process to redress poverty and inequality, which threaten to reignite conflict.

The roots of El Salvador's civil war lay in historic socio-economic inequalities maintained by systematic repression of those who would seek to address these inequalities. The proximate cause of the war was electoral fraud perpetrated in the 1972 elections to deny Christian Democratic Party (PDC) candidate Jose Napoleon Duarte the presidency, which led many in the opposition to the conclusion that opportunities for change through the democratic process were unavailable, and increasing repression and gross violations of human rights aimed at the opposition (including priests and religious workers). As such, the chief aims in the Salvadoran peace process were directed at ending impunity and repression through military, policing and judicial reform. The peace accords did not redress the socio-economic inequalities that contributed to the onslaught of the war; nor did they confront the neoliberal economic model already being implemented by the Cristiani administration. Rather, the details of the economic policy were to be worked out in a new democratic system, not in the peace accords themselves. The FMLN, despite its opposition to the neoliberal model, accepted this outcome as a price of the negotiated peace (Murray et al., 1994: 6; Wade, 1999). The consequences of the failure to address serious socio-economic problems or to appropriately assess the incompatibility of the neoliberal model with sustainable peace have had serious consequences for the durability of the peace in El Salvador.

The inherent tension between peacebuilding and economic liberalization in the Salvadoran peace process was most aptly described by Alvaro de Soto and Graciela del Castillo's (1994) analogy of a patient on the operating table undergoing two unrelated surgeries. They provide a critical analysis of the relationship between the structural adjustment reforms adopted by the Cristiani administration and the 1992 peace accords. Because the two processes of economic adjustment and peace negotiations were adopted separately from one another, there exists a fundamental tension, if not outright contradiction, between the two. The neoliberal economic model adopted by the Cristiani Administration was the result of a series of agreements with international financial institutions (IFIs) before the peace process began. There was no dialogue between the IMF/World Bank and the United Nations during the peace process to address how economic policy might affect the success of the peace accords. de Soto and del Castillo concluded that this tension, if not addressed, could unravel the hard won but fragile peace. Montgomery (1995c) also argues that one of the lessons of El Salvador is that international financial organizations, such as the World Bank, International Monetary

Fund and InterAmerican Development Bank, must be brought into the negotiations to coordinate economic reforms with the goals of the peace process.

The most comprehensive work to date on post-war political economy in El Salvador follows on the work by de Soto and del Castillo. Boyce, ed. (1996) focuses on economic reforms in the post-war economy in El Salvador. Topics include macroeconomic policy, structural adjustment, agriculture, remittances, and the financial system. The focus here is on the prospects for the consolidation of democracy and sustainable peace in the face of stark inequalities. Boyce makes recommendations for an alternative socio-economic model designed to alleviate inequality and support the peace process through agrarian reform, reduction of military expenditures, progressive tax policy, support of non-traditional exports, and the creation of financial institutions to provide local credit (Boyce, 1996: 280-284). The study concludes that the peace process must be allowed to shape economic policy and that sound economic policy is key to the success of the peace process. Boyce proposes economic policies that support the peace process by addressing both historic and new socio-economic inequalities, elements essential to peacebuilding.

Paris (1997) argues that the application of liberal internationalism (through political and economic liberalization) threatens long-term prospects for peace. He argues that in the case of El Salvador, one of his eight case studies, economic liberalization has led to social unrest and increasingly authoritarian solutions by state institutions (Paris, 1997: 66). Additionally, neoliberal policies led to dangerous reductions in social spending and programs created by the peace accords (specifically, reintegration programs). In a follow-up piece, Paris (2002) asserts that the failure to address socio-economic conditions that were the sources of conflict jeopardize peacebuilding in Nicaragua, El Salvador and Guatemala. In the case of El Salvador, it is this failure coupled with the application of neoliberal economic policies that threaten the “success” of El Salvador. Much of this is predicated on the belief that structural adjustment policies have exacerbated poverty and inequality, which could spark a renewal of the conflict. This, however, ignores declining levels of poverty and inequality and the important role that remittances have played in offsetting the costs of structural adjustment programs. This paper seeks to build on Paris’ work by looking at the role of remittances and migration in offsetting the costs of adjustment, as well as anti-crime policies implemented to fight the crime wave and hold legal social protests at bay in the name of supporting neoliberalism.

Each of the authors noted above suggest the necessity of a more holistic approach to peacebuilding, one that recognizes the importance of developing and implementing economic policies that support sustainable peace. Paris’ work, in particular, calls into question the dominant paradigm of economic liberalization in post-conflict societies, applied without regard to either local context or the long-term consequences of such policies. Yet, as was the case in El Salvador, few peace processes address macroeconomic policy in any substantive way. The few economic provisions that appear

in most peace accords address the status of ex-combatants through reinsertion or land transfer programs, ignoring socio-economic injustices are often underlying causes of conflict.

### **Roots of Conflict and Peace**

There are four key developments in Salvadoran history that contributed to the onset of civil war. First, the seizure of communal lands to promote coffee exports resulted in an extreme concentration of wealth and high rates of landlessness. Second, the economic and political crisis of the 1930s resulted the installation of a military regime, which protected the interests of the coffee elite. This alliance between the military and the oligarchy would dominate Salvadoran society for the next 60 years. Third, the period from 1948 to 1979 is characterized by cycles of repression and reform by successive military governments in an attempt to either control or placate the population. Finally, when the electoral opposition posed a serious threat to the interests of the status quo in 1972 and 1977, the electoral option was withdrawn and violence was used to control or stop dissent. The systematic use of repression reduced, and eventually eliminated, political space for the opposition. This realization led to a dramatic increase in the number of radical popular organizations in El Salvador, an increase that was met by unprecedented levels of violence. Increasing repression combined with a deteriorating economy proved to be a volatile combination. In El Salvador, the combination of the collapse of political space and socio-economic inequalities were key factors contributing to the war.

A reformist coup was led by a group of junior officers on October 15, 1979. The first junta, composed of both officers and civilians from the political opposition (Christian Democratic Party, PDC), hoped to delegitimize the use of violence to resolve political problems and promised to protect human rights and advocated agrarian reform and other redistributive programs (Baylora, 1982: 86-88). The junta collapsed within months amid gross violations of human rights by the Salvadoran military and para-military death squads and was succeeded by two more before elections for a Constituent Assembly occurred in 1982. The Assembly enacted reforms to pave the way for national elections in 1984. In the interim, the increasing repression drove once divided opposition groups together. Opposition parties, the popular organizations, and labor unions coalesced in April 1980 to form the Democratic Revolutionary Front (FDR). In October 1980 the five guerilla organizations aligned to form the Farabundo Marti National Liberation Front (FMLN). During the war, FDR representatives established presence in major cities throughout the world which helped to draw attention to the crisis in El Salvador. On the ground, the FMLN was committed to the revolutionary change of the political system.

Attempts to negotiate peace during the 1980s were few and futile. The administration of Jose Napoleon Duarte refused to negotiate with the FMLN, insisting simply that the guerrillas disarm and demobilize. This was, in part, due to his belief that sufficient political space existed after the 1984 elections for the left to participate in politics. Duarte was heavily influenced by the United States Cold War policy in the region, which advocated the election of moderates while using military force against the guerrillas (Byrne, 1996: 75-76). Despite his commitment to ending the conflict in Esquipulas I and II in 1986-87, it was not until Duarte left office and the Cold War began to wane that meaningful negotiations occurred.

By 1989, a number of changes created an environment favorable to negotiations. For its part, the FMLN signaled a willingness to end the military offensive in exchange for the opportunity to participate in the 1989 presidential elections. This preference for democracy over continued revolutionary struggle was a result of shift in tactics from the ideological to the pragmatic (Villalobos, 1989). The guerrillas were also influenced by the Soviet Union's decision to cut its arms supply to Nicaragua, commonly routed through Cuba, which would result in a reduction in arms for the FMLN (Karl, 1992: 151 and Byrne, 1996: 151). In addition, ARENA under Cristiani was significantly more pragmatic than the ARENA of Roberto D'Aubuisson, ARENA's anti-Communist founder and death squad organizer. The new ARENA leadership was comprised of industrialists and businessmen, not *cafeteleros*, guided by the principles of El Salvador's foremost economic think tank, Salvadoran Foundation for Economic and Social Development (FUSADES). The Cristiani administration was highly motivated by the prospect of increased international aid and foreign investment and believed that ending the war through the acceptance of democratic norms was paramount to these interests (Peceny and Stanley, 2001: 164-65). The Cristiani administration embraced the neoliberal model and envisioned El Salvador as the financial center of Central America. Foreign investment was crucial to re-building the economy and the peace accords would provide the credibility necessary to ensure the return of foreign capital.

The Salvadoran peace process was the first in which the United Nations had acted as mediator in a civil war. To date, El Salvador is considered one of the most successful cases of UN involvement in the peaceful resolution of conflict. Indeed, the peace process in El Salvador occurred under almost ideal conditions. According to Holiday and Stanley (2000: 57), three main factors contributed to the success of the UN's involvement: (1) the two parties at war wanted to end the conflict, (2) the conflict was rooted in political and economic issues, rather than ethnic conflict, and (3) the change in international climate (i.e., the end of the Cold War). Each of these factors played a significant role in the success or failure of previous U.N. missions, none of which had ever occurred under such favorable circumstances as existed in El Salvador.

The framework for the peace accords was developed through of a series of six agreements over a two-year period. The Chapultepec Accords were signed on January 16, 1992 in Mexico City, the culmination of two years of negotiations. The more

substantive sections of the Accords addressed the restructuring of the armed forces, the creation of a new civilian police force, and judicial and electoral reform. Latter, and somewhat more vague, sections of the Accords addressed socio-economic issues and the legitimization and legalization of the FMLN. The most important components in terms of determining El Salvador's "success" were those reforms that prevented the return of conflict, primarily those addressing military and police reform.

The restructuring of the armed forces was a critical component for insuring peace. Among the principles addressed in the Accords were adherence to democratic values, respect for human rights, subordination of the armed forces to constitutional authorities, and national defense. The Accords also define the role of the armed forces as one of national defense, as opposed to internal security. Provisions were also included for constitutional reform regarding the education and training of the armed forces, purification and reduction of the armed forces, and the suspension of forcible recruitment. To that end, the National Guard, Treasury Police, National Police and "civil defence units" were abolished. Additionally, the National Intelligence Department was abolished and replaced with State Intelligence Agency subordinate to civilian control. The new civilian police force, the National Civil Police (PNC), was created as a separate entity from the armed forces, placing each under the authority of different ministries and insuring that the PNC is the only armed police body with national jurisdiction (United Nations, 1992: 59). The Accords further distinguish the role of the national police from that of the armed forces by defining public security as "a service provided by the State to its citizens, free from all political considerations of politics, ideology or social position or any other discrimination; respect for human rights, the effort to prevent crime; and the subordination of the force to the constitutional authorities" (United Nations, 1992: 59).

Other aspects of the peace accords have faced greater difficulty in the implementation process. Electoral and judicial reform both suffered from the lack of specificity in the agreement and the failure to create specific guidelines for reform (Popkin, 2000; Montgomery, 1995c). Judicial reform is incomplete; the judiciary remains highly politicized and ineffectual. Popkin (2000) discusses in-depth the failure to effectively establish rule of law or accountability and the legacy of impunity created by the general amnesty passed following the release of the truth and reconciliation report. The creation of the office of the National Counsel for the Defense of Human Rights (*Procuraduría para la Defensa de los Derechos Humanos*) has brought significant attention to human rights abuses and, under Victoria de Aviles, succeeded in confronting abuse and winning public support (Popkin, 2000: 171-174). While some important steps have been made in terms of electoral reform, the process has been highly politicized. The *Tribunal Supremo Electoral*, which was created in the accords, is divided on a partisan basis.

During the negotiations, the FMLN was primarily concerned with military and institutional reform. Although the FMLN had based its armed struggle on battling socio-economic injustices, the social and economic aspects of the peace accords were left until

the end of the negotiations and were very limited in scope. According to Whitfield, it was “remarkable that socio-economic issues even were the subject of a substantive agreement” (Whitfield, 1999: 273). The economic measures agreed to in the peace accords were specifically focused on rebuilding former conflict zones and the reintegration of FMLN forces through land transfer and improved access to credit; not addressing fundamental issues of poverty and inequality (Wood, 1996: 82). One exception was the creation of the Forum for Economic and Social Consultation (FORO). The purpose of the FORO was to address those socio-economic issues not discussed in the accords, including wages, labor standards, and privatization. The FORO was to be comprised of high-level government officials, specifically those with the authority to make decisions, and business and labor representatives. The terms of the FORO as specified in the Accords were vague, as were the structure and issues to be addressed by the FORO.

The implementation of the Peace Accords began on February 1, 1992, with the formal commencement of the ceasefire. The UN performed a major role as the mediator of the peace negotiations, during which it established an office for the verification of the implementation of the accords: ONUSAL. The ONUSAL mission had four responsibilities: human rights monitoring; demobilization and disarmament of the FMLN, reduction in forces of the Salvadoran armed forces, the abolishment of state security forces and the establishment of the new PNC; election monitoring; and compliance with judicial and socio-economic requirements of the Accords (Montgomery, 2000: 144). Overall, many areas of the peace accords have been successfully implemented without significant delay or complication, although the implementation process has not been without its problems. Political wrangling, funding shortages, and technical problems plagued various aspects of the accords. Still, to the credit of both actors, the ceasefire was never broken, despite setbacks in the implementation process.

There were, however, early signs that the ARENA government would be willing to subvert elements of the peace accords if they were perceived as threats to the neoliberal model. One of the few socio-economic reforms mentioned in the peace accords, the FORO, was initiated in September 1992. The business sector initially refused to participate because of land invasions by peasants in connection with the land transfer program. During its brief tenure, the FORO reached agreement on the ratification of the ILO (International Labour Organization) conventions, twelve of which were ratified by the Legislative Assembly by 1995 (Montgomery, 1995b: 4). The business sector halted participation in late 1993 due to the upcoming March 1994 elections. The FORO was reestablished as the *Consejo Superior del Trabajo* but has since failed to function. After failing to re-group following the 1994 elections as stated, one U.N. Report laid the blame squarely on the shoulders of the business community stating that, “the Forum did not fulfill its original mandate” (United Nations, 1997: 34).

The failure of the FORO was demonstrative of the unwillingness of the Cristiani government to allow open discussion of its economic policies, a position that was



supported by the United States and international financial institutions. Neither the Cristiani Administration nor the private sector favored labor's participation in the policymaking process and made no effort to promote or sustain the FORO. According to one FMLN representative, "The private sector understood that was the instrument that could start the debate, which would lead to agreements for the economic and social transformation [of the country], so it killed it" (Wade, 2000). Rubén Zamora called the FORO "a disaster," and suggested that the FMLN might have been naïve to believe that the FORO would be able to address significant socio-economic issues given Cristiani's opposition to it (Wade, 1999). Thus, not only was the neoliberal model off the table at the peace accords, but the one mechanism created by the peace accords to address socio-economic issues was quickly abolished. As such, there is little, if any, opportunity for labor to participate in policymaking. This failure to incorporate labor into the policymaking process has relegated labor to the same position that it was in before the peace accords—outside the system, gaining attention for its demands through strike activity. Curiously, even this venue would be eliminated in the years to come.

### **Post-accord Realities: How to End the War and Still Lose the Peace**

There are clearly reasons to consider El Salvador's peace process to be a success, and space is too limited to discuss them in detail here. Military and police reforms have dramatically altered Salvadoran society, although both have encountered some fairly significant problems. Systematic human rights abuses are no longer widespread, although there have been some disturbing trends in recent years (Ladutke, 2004). There have been three presidential and five municipal and legislative elections all deemed to be free and fair. The political fortunes of the FMLN have increased dramatically since the 1994 elections of the century, becoming the largest party in the Legislative Assembly in 2000. The ceasefire was never broken and the two parties to the conflict have demonstrated a willingness to resolve their issues through the democratic process, such as it is in El Salvador.

#### *Post Accord Political Economy*

Post accord El Salvador, however, has also been characterized by conditions that threaten prospects for sustainable peace: persistent socio-economic inequalities, a violent crime wave, increasing authoritarianism, and political polarization. The application of the neoliberal economic model by four successive ARENA administrations has exacerbated existing socio-economic inequalities and created new challenges to sustainable peace. Privatization, tariff reductions, a regressive value-added tax (IVA), dollarization and participation in the Central American Free Trade Agreement have been the main components of ARENA's neoliberal model. While economic growth

accompanied the application of the model in the 1990-1995 period, by 1996 growth began to slow significantly and by 2000 was near recession.

Table 1. *Growth of Gross Domestic Product (percent), 1995-2005.*

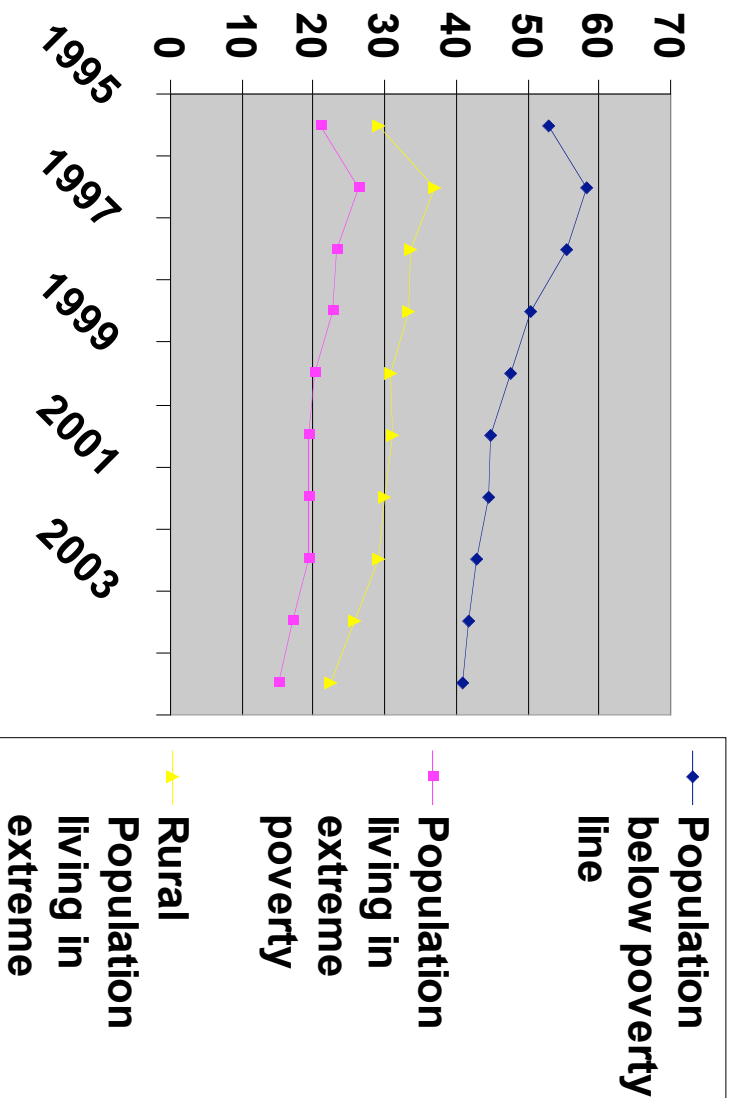
<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
6.4	1.7	4.2	3.5	3.4	2.0	na	2.3	2.3	1.8	2.8

*Source: BCR, Indicadores Económicos Anuales 1994-2001 and BCR, Indicadores Económicos Anuales 2002-2006.*

The economic decline in 1996 resulted in a sharp increase in poverty and inequality, although data in both areas demonstrate significant improvement over time. As demonstrated in Figure 1 below, the national poverty level increased from 52.9 in 1995 to 58.1 in 1996, although the levels decline thereafter reaching 40.9 in 2004. Extreme poverty also increased between 1995-1996. While by 1999 the number of those living in extreme poverty had returned to 1995 levels, rural extreme poverty did not return to 1995 levels until 2002. Data on inequality for this time period is equally striking. In 1996 the ratio between the richest quintile and the poorest quintile was 15.1. By 1999 this ratio increased to 18.0 and to 19.6 in 2002, dropping to 14.5 in 2004. The Gini coefficient also increased during this period from .48 in 1996 to .50 in 1998 to .51 in 2001 to .52 in 2002, again declining to 1996 levels in 2004. (UNDP, 2005: Cuadro 13, 480-481). The decline in poverty and inequality from 2000-2004 is impressive, and appear contrary to what some have argued about the effects of neoliberalism (See Paris, 2002). The Salvadoran government has touted these improvements as the result of various anti-poverty measures implemented by various administrations (See Orr, 2002; 168-170). However, the truth behind this trend reveals the poverty of the neoliberal model.

The recovery from the spike and the subsequent, dramatic decline in poverty and inequality are difficult to explain when looking at growth indicators for the same period (2000-2004), which reflect a stagnant economy. However, El Salvador benefited from an influx of cash from its most lucrative export during this time- Salvadorans. Since the end of the war, Salvadorans have been leaving the country in record numbers in search of better employment opportunities and quality of life. While it is difficult to collect precise numbers due to the nature of Salvadoran migration, one estimate suggests that at least 20 percent of the Salvadoran population lives outside of the country (UNDP, 2005: 34-5). The 2007 census, the first since the end of the war, revealed that the Salvadoran population is actually 5.8 million, well below the 2007 population projections and approximately 1 million lower than the reported 2004 population figures. While future analysis will likely offer a variety of explanations for this (such as lower birth rates), this phenomenon is at least partially explained by emigration. In essence, the failure of the neoliberal model to develop a productive, self-sufficient economy is creating forced migration in numbers greater than during the war.

Figure 1. Percentage of the Population Living in Poverty and Extreme Poverty (Total and Rural), 1995-2004.



Source: UNDP, 2005.

The Salvadoran economy has become increasingly dependent on remittances since the end of the war. In 1992, the year the peace accords were signed, remittances totaled \$858 million. By 2000 remittances totaled \$1.751 billion, or nearly 50 percent of exports. In 1998, remittances were more than twice government expenditures on education and health. In 2004 remittances totaled more than \$2.5 billion (133 percent of exports), reaching approximately 22 percent of Salvadoran households (UNDP, 2005: 15). By 2006 remittances reached \$3.3 billion, almost 20% of GDP. Remittances have also had a dramatic impact on inequality. The Gini coefficient for those who receive remittances is .44, as opposed to .52 for non-recipients (UNDP, 2005: 17). Critics argue that the government has become dependent on remittances to prop up the Salvadoran economy. Indeed, remittances figures have been used to offset the country's persistent trade deficit and the Minister of the Economy claims that remittances are "vital" to macroeconomic stability. Further, the large presence of remittances has allowed the government to pursue policies that would have otherwise been met with widespread resistance. The urban working class and rural poor, the sectors that have been hit hardest by neoliberal policies, comprise the majority of the recipients of remittances. Thus, cuts in social spending, unemployment, and inflation have been partially ameliorated by the influx of remittances. Remittances, however, may only hold the social ills at bay for a

period of time. The weakening U.S. economy, along with the rising costs of basic goods and fuel, could reduce the amount of remittances that so many Salvadorans depend on.

### *Public Insecurity as an Instrument of the State*

One of the greatest threats to post-accord peacebuilding in El Salvador has been a protracted crime wave that has enabled the state to utilize repressive measures in the name of fighting crime. The dismantling of old policing agencies and creation of the new civilian police force led to a security gap in post-accord El Salvador. This was exacerbated by funding shortfalls for high priority programs, such as the demobilization of the National Police, the creation of the PNC, and democratic and judicial reform. Non-U.S. donors contributed 78 percent of their funding, a total of \$21 million, to the PNC, land transfer, and democratic and judicial institutions programs, while contributing \$261 million to physical infrastructure programs. The result was an anticipated shortfall of \$311 million (Boyce, 1996: 135-140). As a result of such donor funding discrepancies, many programs that were the cornerstones of the peace accords suffered serious funding shortfalls. The impact of these shortfalls was significant and delayed the land transfer program and judicial reform. This was particularly evident in the case of the PNC, where funding shortfalls resulted in woefully inadequate resources for the deployment of the new police force. According to Montgomery, in one department 230 police officers shared seven vehicles and two motorcycles to serve an area the size of metropolitan Atlanta, Georgia. Other police precincts had no phones, radios, or vehicles (Montgomery, 1995a: 240-241). Thus, funding shortfalls of high priority programs jeopardized the peace by neglecting the very programs that were mandated by the accords.

This security gap coincided with a rise in the deportations of gang members by the United States, aided by the 1996 Illegal Immigration Reform and Immigrant Responsibility Act (IIRAIRA).<sup>1</sup> From 1994 to 1999 there were an average of 100 murders per 100,000 inhabitants per year. El Salvador's homicide rates peaked in 1994 at 164 per 100,000 (Call, 2000: 9). The Salvadoran government has blamed youth gangs, or *maras*, for the surge in violence, although drug trafficking and organized crime also contribute to the problem. Social cleansing and death squads reemerged shortly after the peace to fill the security gap. Groups such as *Sombra Negra* in San Miguel carried out extrajudicial killings of gang members in the mid-1990s. While homicides had dropped to approximately 90 per 100,000 by 1998, and continued to decline to 70 per 100,000 in 2000, many Salvadorans considered crime as the most serious problem in the country (IUDOP, 2000). Indeed, while the homicide rate further declined to 50-60 per 100,000 in 2002, El Salvador was still the deadliest country in the hemisphere. When asked whether the country's situation had improved during the past 10 years (since the signing of the peace accords), nearly one-third of respondents said the situation was worse. When asked to explain why things had gotten worse, 51.8 percent said that there was more

crime and 10.1 (the next most common response) said the economy had gotten worse (IUDOP, 2002:2).

Government responses to the crime wave have been constrained by the neoliberal model. Unable (both ideologically and financially) to address the problem through preventative and redistributive programs, the Salvadoran government has utilized authoritarian measures to fight crime. In 2003, President Francisco Flores announced his anti-gang plan, known as *Mano Dura*. Inspired by a similar plan of Honduran president Ricardo Maduro, the plan authorized soldiers to work with the police in an effort to crackdown on crime. The plan also included harsh penalties for merely being a member of a gang (or even appearing to be a gang member), which was grounds for arrest and punishable with a prison sentence of two to five years, and proposed to treat children as young as 12 as adults. As many as 3,000 alleged gang members were arrested in the first three months of the plan, although most were released. For its part, the FMLN opposed Flores' plan on the grounds that it 1) violated human rights and 2) did little to solve the root cause of the problem. Instead, the FMLN took a decentralized approach, proposing that municipal governments' budget and authority be increased to manage the problem locally. Flores contended that not only was the FMLN (and others advocating such policies) were not only tolerant of gangs but it complicit in their crimes. Numerous judges also opposed the plan claiming it was unconstitutional to arrest someone for *being* a gang member, not committing an actual crime. Flores had his way and *Mano Dura* was approved for a six-month period.

Crime has become one of the most polarizing issues in Salvadoran politics, reinforcing and reigniting Cold War rivalries. Curiously, crime became a campaign issue when ARENA's political fortunes were in decline. In its search for a "winning issue" ARENA seized upon the popular discontent of the crime wave. This tension was especially evident during the 2004 presidential elections, which some have suggested was won by fear. In addition to claims by ARENA that an FMLN victory would provoke Washington and jeopardize remittances, there were also blatant attempts to connect the FMLN with international terrorism. During the campaign ARENA candidate Antonio Saca framed the violence in terms of "terrorism" and ran images of FMLN candidate Shafick Handal next to Osama bin Laden. Images of death squad leader and ARENA founder Roberto D'Aubuisson were repeatedly utilized by Saca throughout the campaign in an effort to rally the extreme-right voter base. A report by the Secretary-General on Central America even recognized that "the campaign for El Salvador's March 2004 presidential elections generated a wave of polarization that surpassed any seen since the signing of the Peace Agreement. . . . The elections—which gave ARENA its fourth consecutive term in office—have had significant repercussions on El Salvador's political system, deepening polarization" (United Nations, 2005).

After a resounding first-round victory, Saca focused his attention on the gang issue. Shortly after assuming office, Saca proposed a heightened version of *mano dura*, known as *Supra Mano Dura*. Saca also repeatedly attacked the FMLN's position on

crime and violated campaign laws during the 2006 legislative and municipal elections by appealing to the public to vote for ARENA candidates to help him pass important anti-crime legislation that the FMLN had been opposing. In October 2006, the Salvadoran government approved the Special Anti-Terrorism Law (*Ley Especial contra Actos de Terrorismo*) by a narrow margin in response to the shootings of two police officers during protests in front of the University of El Salvador in July. The law criminalizes common means of protest, such as demonstrations, marches, occupying buildings and street blockades, as acts of terrorism. Since its passage, the law has been used against street vendors and striking healthcare workers. Perhaps the most controversial and well-publicized application of the law occurred in July 2007, when a group of protestors and a journalist were arrested outside of Suchitoto in advance of Saca's visit to the town to announce a water decentralization program that many considered to be a precursor to the privatization of water. The "Suchitoto 13," as they came to be known, were arrested under the Special Anti-Terrorism Law and charged with terrorism. The arrests were widely condemned by human rights organizations, as well as the Human Rights Ombudsman (PDDH). Under significant pressure, the charges were eventually reduced to public disorder charges and ultimately dismissed in February 2008. Critics charged that the application of the law to peaceful protest against privatization demonstrated ARENA's willingness to subvert democratic norms in favor of the neoliberal model.

## Conclusion

The UN Mission in El Salvador closed on April 30, 1995; however, the UN has maintained a continued presence in the country through the UNDP and MINUSAL (United Nations Mission in El Salvador). Among the Mission's most important contributions were: (1) dissolving security forces and creating a new civilian police force; (2) purging, reducing the size and redefining the role of the military; (3) legalizing the FMLN and organizations affiliated with the left; and (4) guaranteeing respect for human rights. The peace accords restructured Salvadoran society by ending the war and laying the groundwork for a democratic society through the creation of a new civilian police force, placing the military under civilian control, and legitimizing the FMLN as a political party. While implementation of the accords has not been without its problems, the ceasefire was never broken, the military has been successfully restructured, and paramilitary and security forces have been dismantled. According to a 1997 UN Secretary General's Report, "the most notable development has been that the peace process has also allowed for the opening-up of political space for democratic participation. A climate of tolerance prevails today, unlike any the country has known before (United Nations, 1997). Ten years later that climate of tolerance has been seriously undermined by persistent socio-economic inequalities, political polarization and violent crime.

The peace accords did not redress the socio-economic inequalities that contributed to the onslaught of the war; nor did they confront the neoliberal economic model being implemented by the Cristiani administration. The Cristiani administration's refusal to take a more holistic approach to the peace process in terms of the failure to address serious socio-economic problems or to appropriately assess the incompatibility of the neoliberal model with sustainable peace have had serious consequences for the durability of the peace in El Salvador. His successors have continued the application of this model despite not only popular opposition to it, but clear evidence of a profound socio-economic crisis. Over time, it has become clear that ARENA is unwilling to subvert its own interests to the common good of sustainable peace.

In recent years, the Salvadoran economy has been sustained by remittances from Salvadorans living abroad. Dramatic increases in the number of Salvadorans leaving the country in search of better opportunities have offset the costs of adjustment and alleviated both poverty and inequality. This emigration, however, is symptomatic of a country in crisis, not one enjoying the fruits of a hard-won peace. Additionally, the reliance on remittances highlights the ineffectiveness of the neoliberal model in El Salvador, both in terms of creating opportunity and providing for its people. Were remittances to decline or stop altogether, the country would be thrown into a profound crisis.

The crime wave has exposed the serious consequences of the neoliberal model in El Salvador. Not only has the crime wave had a significant impact on public security and the economy, but has been used as a tool to increase political polarization in hopes of winning elections. This extremism has also led to increasing authoritarianism in government policies, and an increased support for those policies among the population. Respect for human rights, a cornerstone of the peace accords, has been manipulated by the government as being weak on crime. The division between policing and military activities has been compromised by the use of troops in anti-crime policing activity. Peaceful popular protest has been criminalized under the auspices of "terrorism." This is hardly the peace that Chapultepec envisioned.

Post-conflict societies, like El Salvador, must take a holistic approach towards peacebuilding if they are to achieve durable peace. Reforming repressive and politicized institutions and changing cultural norms are vital components of any peacebuilding exercise, but success is compromised without a clear commitment from all parties to redress the underlying sources of conflict. In the case of El Salvador, there was a clear unwillingness on the part of elites and international institutions to recognize the role that inequality played in generating sources of conflict. In so doing, they implemented macroeconomic policies that belie the just society that peacebuilding purports to create. That political actors appear to remain committed to the democratic process and the resolution of conflict through institutional means should not create the impression that the quality of peace is self-sustaining. ARENA's increasingly authoritarian responses to social problems that are contrary to elite economic interests are but one manifestation of the paucity of democracy, privileging the maintenance of order over democratic norms.

This enduring pattern in Salvadoran politics remains intact and is, in fact, reinforced by neoliberal economic policies that promote social and political exclusion at the expense of sustainable peace.

### Notes

1. Of course, the causes of El Salvador's crime wave are more complex than the security gap or the re-patriation of criminals. Historic socio-economic marginalization, rising inequality, lack of access to quality education, a culture of violence, the availability of arms, the disintegration of the traditional family and youth unemployment have all been cited by analysts as contributing factors to gang membership and criminal activity (e.g. Call, 2000; Cruz et al., 2000; Cruz, 2006).

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