

CENTRAL AMERICA: NEOLIBERALISM, DEMOCRACY, AND TRANSNATIONALISM

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Central America, Panama, and the Dominican Republic: Challenges Following the 2008–2009 Global Crisis. Edited by Marco Piñón, Alejandro López Mejía, Mario Garza, and Fernando L. Delgado. Washington, DC: International Monetary Fund, 2012. Pp. xi + 268. \$25.00 paper. ISBN: 9781616353780.

Transnational Politics in Central America. By Luis Roniger. Gainesville: University Press of Florida, 2011. Pp. xiv + 217. \$74.95 cloth. ISBN: 9780813036632.

Handbook of Central American Governance. Edited by Diego Sánchez-Ancochea and Salvador Martí i Puig. New York: Routledge, 2014. Pp. xiv + 470. \$225.00 cloth. ISBN: 9781857436747.

Contesting Trade in Central America: Market Reform and Resistance. By Rose J. Spalding. Austin: University Press of Texas, 2014. Pp. xxi + 326. \$60.00 cloth. ISBN: 9780292754591.

The 2014 mass migration of undocumented minors from Central America renewed questions about the success of that region's development. As stories of adolescents, including increasing numbers of girls and those under twelve years of age, filled the airwaves, scholars and policy makers began to search for the causes of this humanitarian crisis. Experts generally agree that elevated levels of criminal violence, lack of economic opportunity, and family reunification are driving forces, but to understand the roots and transnational character of the crisis requires a firm grasp of the socioeconomic and political context of the region in the post-Cold War era. Democratization was accompanied by postwar peacebuilding and the implementation of neoliberal reforms in El Salvador, Guatemala, and Nicaragua. Costa Rica and Honduras, though not torn apart by war, also underwent significant economic and political changes. And while outside observers generally have seen these reforms as successful (or at least partly successful), the migration crisis reveals the very real deficiencies of these transitions.

Central America, Panama, and the Dominican Republic: Challenges Following the 2008–2009 Global Crisis, published by the International Monetary Fund (IMF) and written by IMF economists, provides an analysis of the 2008–2009 global crisis and the policy challenges that lie ahead to ensure medium and long-term growth and promote productivity. Central America has historically fared poorly during global economic downturns, but the impact of the most recent one was shorter and less severe than some expected. In fact, most of the region's economies were on the rebound by 2010.

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In the first part of the book, which focuses on economic performance prior to and during the crisis, authors study the economic impact of the crisis on the region and gauge the success of IMF policies. Andrew Swiston details the extent of the crisis, finding that the region's integration in the global economy (now more prone to external shocks) had a greater impact on the regional economy than predicted. Alejandro López Mejía finds that the IMF played an important role in mitigating the effects of the crisis through the creation of flexible credit lines, enhanced stand-by agreements, and other products that helped to strengthen reserves. Although growth, imports, and foreign investment contracted, the fiscal sector performed better than expected. Reforms from the past two decades, which required that governments reduce public debt, provided the region's governments with more flexibility in responding to the economic challenges, though performance in this area varied widely across countries. While growth rebounded fairly quickly in Costa Rica and Nicaragua, the crisis was more acute in El Salvador, where recovery lagged. Notably, the crisis largely spared the Dominican Republic and Panama.

The second part of the book addresses the policy challenges facing the region. In chapter 3, Swiston and Luis-Diego Barrot use an econometric regression analysis that suggests structural reforms could increase growth by up to 2 percent annually. They also find, however, that low levels of human capital are barriers to growth. Chapters by Geoffrey Bannister and Barrot and by Mario Garza, Pablo Mora, and Dominique Simard investigate public debt in the region. Policy prescriptions to address this problem vary, but the need to generate increased revenue is apparent. Chapters 6–9 focus primarily on monetary policy and financial regulations. Of interest to some will be Swiston's assessment of dollarization in El Salvador, which he concludes has yielded benefits for the country's economy. Comparisons of the pass-through rates to other dollarized economies in Ecuador and Panama appear to support this finding.

It is little surprise, of course, that the IMF would evaluate favorably its own policies and response to the 2008–2009 crisis. Those seeking deeper and more meaningful insight into the crisis or prior reforms will need to look elsewhere. The IMF volume provides no discussion of the region's poverty or inequality or how these indicators were affected either by previous reforms or by the crisis. The only discussion of human capital is very brief and framed solely in terms of growth. Swiston and Barrot's growth model finds that improvements in structural efficiencies and increases in human and physical capital, for example increasing educational attainment in Guatemala, are key for growth. This, however, represents the book's sole discussion of human capital and does not offer any specific policy prescriptions. Remittances merit a meager mention, despite the fact that they have served as a lifeline for both families and economies in the region. There is no discussion, either good or bad, of the impact of CAFTA (Central American Free Trade Agreement) or much offered in the way of explanation as to why the region continues to struggle with low productivity. Finally, there is no real consideration of the political or social context or costs of the crisis or its aftermath. While these missing elements might be considered beyond the scope of the book, they are vital to understanding the environment in which economic policy is crafted.

Fortunately, other books under review here offer a more nuanced approach to the region's political economy and the challenges of governance in the neoliberal era and after. Over the course of the past decade, scholarly attention has increasingly been paid to the impact of transnationalism on the Central American experience,¹ and the plight of tens of thousands of unaccompanied minors certainly helped to reinforce interest in it. Luis Roniger's study of transnationalism in the region, which includes Belize and Panama, examines the decline of the region's short-lived federation following independence from Spain and the undercurrent of transnationalism that has characterized the isthmus ever since. Following an overview of transnational theories, Roniger provides a history of transnationalism in the region and analyzes how transnationalism has affected regional development. In so doing, *Transnational Politics in Central America* serves as an important reminder that transnationalism in the region is not the result of US interventions or globalization (though both have certainly played an important role in the region) but has a legacy and an importance in the region that predate and transcend these phenomena. Through his examination of the Central American case, Roniger demonstrates that transnationalism need not be consistent or manifest to be ever present. Rather, one of the chief contributions of his work is the idea that transnationalism may vary in its impact and importance over time.

Roniger argues convincingly that while the Central American states separated legally in 1838, they never truly disengaged from one another. A striking example of this is the frequency of intervention in the politics of neighboring countries. In the early years of independence, elites were known to either select or impose their choice of leaders in other states and to serve as high-ranking officials in other states. Cities even claimed protection by other states in the region. Roniger also notes how this transnationalism promoted instability during the early years of state construction, which affected not only institutional development but also the creation of national identities. His later examination of the importance of exile in transnational power games in the Cold War harkens back to these early years of independence. It is here that Roniger so effectively demonstrates the dynamic and often cyclical nature of transnationalism.

In chapter 8, Roniger chronicles the numerous attempts at reunification throughout the nineteenth century and the legacy of the transnationalist spirit in the early twentieth century as evidenced through the writings of Salvador Mendieta and Alberto Masferrer (95). The creation of the Partido Unionista Centroamericano (PUCA) in 1919 played an important role in reinvigorating the Central American idea. The Unionists, comprised mostly of intellectuals, teachers, and students, raised important questions about inclusion, exclusion, and citizenship and demonstrated a degree of political influence in some political circles. But the chief legacy of the movement was, as Roniger notes, "the widening of the Central American public spheres in the 1920s–1940s of many publications, spreading their

1. For example see William I. Robinson, *Transnational Conflicts: Central America, Social Change, and Globalization* (New York: Verso, 2003); Ana Patricia Rodríguez, *Dividing the Isthmus: Central American Transnational Histories, Literatures, and Cultures* (Austin: University of Texas Press, 2009).

ideas in the struggle for cultural hegemony, along with the opening of spaces of sociability beyond distinctions of gender, nationality, and to a lesser extent class and race" (98). As the work progresses, it is clear that the groundwork laid by the Unionists is key to understanding the type of transnational political learning that we saw among revolutionary movements in the 1970s and 1980s, the spillover of conflicts during the Cold War, the transnationalist alliances covered by Rose J. Spalding's work, and even the population movements that we seek to understand today.

Roniger's later chapters on democratization, displacement, crime, development, and interstate institutions might not appear to break any new ground, but viewing these issues through the lens of transnationalism can help readers to move beyond the typical country-centered approach. And unlike *Central America, Panama, and the Dominican Republic*, Roniger's work acknowledges some of the macroeconomic improvements but also draws attention to the persistent inequality and exclusion in the region. He understands how the relative weaknesses of institutions in the region exacerbate these problems, which is key to crafting policy responses. For those seeking to understand the importance of regional integration in the post-Cold War era, Roniger's discussion of regional institutions offers new insight. The recent growth of Central American regional institutions would appear to signal a reinvigoration of the Central American idea, as well as a belief that some of the region's challenges may be better addressed through regional institutional frameworks. However, Roniger finds that levels of trust or mistrust in national institutions, as measured through the Corruption Perception Index (CPI) and surveys on trust in institutions, are also problems for regional institutions like the Central American Parliament (PARLACEN), and this could constrain their ability to confront the problems in the region.

In *Contesting Trade in Central America: Market Reform and Resistance*, Rose J. Spalding analyzes the implementation of neoliberal reforms and the popular opposition to them through an examination of the Central American Free Trade Agreement (CAFTA). Her work demonstrates not only how international and domestic elites cultivated the neoliberal project in the region but also how new political space created through the transitions to democracy, however limited, enabled resistance to these policies. Spalding traces the CAFTA process in Costa Rica, El Salvador, and Nicaragua from negotiation through implementation and, ultimately, the popular resistance that resulted in policy changes in these countries. Her analysis is richly informed by extensive field research, including more than two hundred interviews conducted over a period of seven years. She also engages multiple bodies of literature, ultimately providing a comprehensive, interdisciplinary approach to this study.

In her work, Spalding expands on market reform theory and employs a theoretical framework that analyzes the three phases of reform: initiation, deepening, and resistance. This framework permits an examination of the actors and processes throughout different phases of policy reform. For example, Spalding demonstrates that while external actors (such as USAID) are critical agents in initiation, domestic actors become more important during deepening. This framework also allows Spalding to explain the motivations for reform, including the region's

heavy dependence on trade, fears that NAFTA would disadvantage local markets, and the election of businessmen and appointment of technocrats to key administrative positions.

Another key contribution of Spalding's work is her analysis of the role that civil society played in the CAFTA process. Her work highlights the difficulties that civil society organizations faced during the negotiations, their criticisms of CAFTA, and their impact on the negotiations and policy reforms in later years. CAFTA negotiations occurred during the same time period as antiprivatization protests in El Salvador and Costa Rica, and the perception of CAFTA as "coordinated market reform" spurred the formation of new transnational alliances (102).² Spalding focuses on two prominent transnational networks, Foro Mesoamericano de los Pueblos and Iniciativa Mesoamericana de Comercio, Integración y Desarrollo (Iniciativa CID). She never treats these transnational networks as though they were homogenous. Rather, her work distinguishes "critic negotiators," those who work within the political space afforded by the system, from "transgressive resisters," those who rejected the formal mediation process in favor of mobilization (111–122). By differentiating their roles and strategies, her work illuminates important variances within and among civil society and transnational actors.

Spalding uses the ratification process in each of the three countries to underscore the institutional variances in the region. In El Salvador, CAFTA was ratified after an all-night meeting of the legislature with little debate and virtually no consultative process. As Spalding notes, "Democratic agonism was blunted in El Salvador, and with it the prospect for democratic deepening" (152). Conversely, Nicaragua's weak president (Enrique Bolaños) was forced to work with his opposition, faced a well-organized FSLN (Sandinista National Liberation Front), and ultimately needed assistance from the United States to get the bill ratified. Costa Rica's weak and ineffectual president, nearing the end of his term, was stymied by opposition in the legislature. Following the 2006 election, the government ultimately put the matter to a public referendum following a heated campaign. Spalding's discussion of ratification politics highlights the relative strength of institutions and coalitions in the region, as well as levels of citizen engagement in the process.

Delving deeper, Spalding draws on the antimining dispute with Pacific Rim in El Salvador to illustrate growing resistance to these policies as well as shifting attitudes among political elites. Through the Salvadoran case, the reader develops an increased understanding of the depth of transnational learning that occurs among civil society organizations through their fight with the mining industry. It is also here that the shift in popular opinion on the neoliberal project begins to have real political consequences. During the 2009 campaign for the presidency, mining was a losing issue for the incumbent ARENA party. When FMLN candidate Mauricio Funes announced his opposition to mining, then president Tony Saca began to moderate his stance on the issue. While mining was not a major

2. For more on transnationalist activist networks, see Margaret E. Keck and Kathryn Sikkink, *Activists beyond Borders: Advocacy Networks in International Politics* (Ithaca, NY: Cornell University Press, 1998).

concern for voters in that election, Saca's conciliation was clearly a response to popular pressure on the issue. Waning popular support for the neoliberal project was also evident in Nicaragua and Costa Rica, as voters exhibited increasingly centrist tendencies in all three countries.

Spalding concludes by discussing the approaches to post-neoliberalism in the three countries. Here, we are able to gain an appreciation for the regional variation in policy responses and institutional dynamics. Spalding identifies three different approaches to post-neoliberalism: populist left, as evidenced by Daniel Ortega's return in Nicaragua; the moderate, incrementalist approach exemplified by Mauricio Funes in El Salvador; and Óscar Arias's heterodox right in Costa Rica. While the exact policy responses vary, these shifts represent a practical and philosophical change in attitudes toward the role of the state. Overall, Spalding's book is a well-written, thoroughly engaging, excellent model of scholarship that enhances our understanding of neoliberal reform, citizen engagement, transnationalism, and democratic governance.

The *Handbook of Central American Governance* is an impressive undertaking. The book, edited by Diego Sánchez-Ancochea and Salvador Martí i Puig, provides one of the most sweeping and comprehensive overviews of the region in recent years. With twenty-six chapters written by some of the foremost experts on the region, the book offers a detailed discussion of how globalization and democratization have affected the region during the past twenty years. In general, the authors conclude that while democratization and economic reforms have created new space for actors, the quality of democracy remains lower than desirable and economic exclusion persists. As the editors so aptly demonstrate in their introductory chapter, much of this owes to an exclusionary model of development promoted by the region's elites that has transcended the region's "triple transitions" from authoritarianism to democracy, state-centered development to market-led development, and war to peace. In addition to country chapters on Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, the book includes sections on development and income (re)distribution, democratization, political and social actors, and international relations.

Chapters on development and income (re)distribution provide much-needed context for understanding major trends in the region's political economy over the past two decades. Aaron Schneider offers a thoughtful overview of the region's economy since the early 1990s, noting the costs of the increasingly transnational model. Ninna Nyberg Sørensen's chapter on migration and remittances explores the relationship between migration and development, highlighting the importance of migrant transnationalism as the de facto development policy in the region. While evidence suggests that these remittances have reduced inequality among recipient households, the record on inequality in the region is mixed. As T. H. Gindling and Juan Diego Trejos demonstrate, while equality in El Salvador and Nicaragua has improved in recent years, Costa Rica, Guatemala, and Honduras have experienced rising inequality. Perhaps some of the success in tackling inequality in El Salvador and Nicaragua reflects back to Spalding's discussion on policy responses to post-neoliberalism. Juliana Martínez Franzoni's analysis of

social policy provides an excellent complement to and enhanced context for appreciating Spalding's work.

The relative weakness of states in the region, which Jorge Vargas Cullell refers to as being "hostile to democracy," is generally attributed to persistent authoritarian tendencies and weak rule of law (125). While there is little doubt that current systems offer an improvement over past regimes, the region is now dominated by semidemocracies with poorly performing institutions, high levels of impunity, and low levels of trust and accountability. As Otto Argueta observes in chapter 12, these deficiencies have enabled the growth of drug trafficking and organized crime that have generated elevated levels of violence in the region, which have in turn further eroded the rule of law, citizen trust, and the quality of democracy.

The extent to which the triple transition has transformed the region's actors remains to be seen, but the creation of political space has certainly facilitated the participation of groups previously excluded from the formal political sphere. It is, perhaps, unsurprising that elites and the political right have been the least transformed. Barry Cannon argues that neoliberalism has dominated the region's right-wing parties, and their staunch adherence to it has limited prospects for reform. Even after electoral losses, the neoliberal ideology remains strong among right-wing elites. This adherence to neoliberalism is also evident in the chapter on the transformation of elites by Benedicte Bull and Yuri Kasahara, which finds that the region's elites have become increasingly diversified and transnationalized. What is particularly striking is the heavy reliance on familial relations and the creation of a regional elite.³ Not only do these chapters help to explain the lack of reform in the early years of the transition and the ease with which neoliberal reforms took hold but they also enhance our understanding of the previously discussed works by Roniger and Spalding. Additionally, the emergence of new political actors—an electoral left, social movements, and minority groups—has changed the political landscape of the region. Two decades later we are beginning to have a clearer understanding of the impact these actors have had and the challenges they continue to face, especially in Central America's new democracies.

External actors and transnational processes have no doubt influenced the region's institutions and actors. While the United States remains the most important external actor in Central America, it is also clear that its interest and level of influence have waned in recent years. This has created opportunities for new players, such as China, Brazil, and ALBA (Bolivarian Alliance for the Peoples of Our America), to become involved in the region. And yet, as the ongoing immigration crisis demonstrates, the United States and Central America are more interconnected than ever. Of course, some of the most influential actors in recent years have been international financial institutions (IFIs), where the United States retains an important position of power. Sarah Hunt's chapter on the role of IFIs in the region offers a thoughtful appraisal of neoliberal and structural reforms, as well as the policy constraints that accompanied them. Her analysis offers a

3. See also Jeffery M. Paige, *Coffee and Power: Revolution and the Rise of Democracy in Central America* (Cambridge, MA: Harvard University Press, 1997).

cautionary tale about recommending and implementing reforms without considering the political and social context. Fernando Rueda-Junquera's assessment of the very real challenges of regional integration, which has been characterized by a lack of sustained political will among member states to support regional initiatives, weak institutions, and a lack of policy coordination, adds to the concerns raised in Roniger's work. One is again left with rather dim prospects for regional institutions.

Most of the books discussed herein provide critical insights into the challenges and opportunities that accompanied the simultaneous processes of democratization and neoliberalization. While democratization created political space for new groups to challenge the existing social order, the state contracted as a result of neoliberal reforms. These transitions did not occur in a vacuum. As these works clearly demonstrate, globalization and transnationalism have profoundly influenced the region's development during the past two decades. The combination of these forces has limited the scope of political and social reform, resulting in the persistence of exclusion and alienation that have contributed to violence and ultimately to the mass migration of Central American children to the United States. Together, the works by Roniger, Spalding, and Sánchez-Ancochea and Martí i Puig provide important context for the region's current political and socioeconomic dynamics, which is crucial for understanding and addressing the challenges facing Central America today and in the future.