Ending the war, constructing the peace

The euphoria surrounding the signing of the Peace Accord quickly became a shared enthusiasm for rebuilding the country. Demobilisation created much confusion and dislocation as people moved around the country seeking to re-enter civilian life. After so much sacrifice during the war, people wanted their economic situation to improve quickly after the signing of the peace. Talk of ‘national reconstruction’, however, puzzled the residents of the ex-conflictive zones. As one woman from the repatriated community of Nueva Esperanza remarked: ‘I don’t understand this talk about reconstruction. We never saw this place before the war...we’re not reconstructing anything, but building something completely new.’

The international community offered financial support for the construction of peace in El Salvador. At a March 1992 World Bank Consultative Group meeting in Washington, donor governments led by the United States, the European Union, and Japan pledged over $800 million to support a National Reconstruction Plan (PRN) jointly presented by the Salvadoran government and the FMLN, to be implemented through the government’s National Reconstruction Secretariat (SRN).

Many of the international NGOs that had been supporting emergency resettlement and subsistence economic projects during the war renewed those commitments for the construction of peace. They continued to channel the bulk of their funds directly...
through local NGOs rather than through the SRN bureaucracy.

The SRN started work with a project to distribute a basic set of domestic goods to each demobilised combatant of the FMLN. Over the next few years, the SRN put in place a wide range of programmes, from agricultural training for those receiving land through the Land Transfer Programme to medical care for wounded war veterans. Critics, including a USAID evaluative team, pointed out many technical flaws and a lack of coordination in the SRN programmes.

The section of the Peace Accord referring to the PRN orients the reconstruction toward the 'integral development' of the ex-conflictive zones, a response to the immediate needs of the ex-combatants of both sides, and the repair of damaged infrastructure. With the government in command of implementation, national reconstruction took on quite a different hue. Beyond question, the government's economic programme and the political interests of the ruling ARENA party took precedence over any notion of integral development. The government sought firstly, to set up compensatory social programmes for ex-combatants that would avoid the re-emergence of armed groups, as had occurred in neighbouring Nicaragua. Secondly, it embarked on a programme of public works to bring maximum political benefit to the ARENA party and minimise the benefits to opposition parties; and a programme of selective infrastructure repair to permit market forces to re-activate the economy of the war-affected regions. Above all, the PRN process had to fit into the overall economic programme of structural adjustment.  

A spokesperson of the World Bank described the PRN, in June 1995, as a 'remarkable success'. Not surprisingly, most of the intended beneficiaries of the PRN, and no small number of its donors, take a very different view.

**Structural adjustment and 'remesanomics'**

El Salvador's agroexport economy collapsed when war broke out. A combination of attacks on plantations, market changes, and an investment boycott by an oligarchy opposed to even the moderate reforms of the Christian Democrats, caused export income to plunge. The contribution of export agriculture to the economy shrunk from a high of 25 per cent in
1978 to 4 per cent in 1992. The United States aid programme, which accounted for as much as half of the government budget in the mid-1980s, could not prevent the country from slipping into a deep recession. While the political right vilified President Duarte for ‘populist’ policies, in fact real incomes of Salvadoran agricultural workers, for example, fell by 63 per cent between 1980 and 1991.

By the mid-1980s, however, a new source of foreign exchange had eclipsed both commodities and aid. El Salvador was exporting something of almost unlimited profitability: its people. The war had forced nearly one million Salvadorans to flee their country. While at least half of these emigrants ended up in the United States, significant numbers of Salvadorans also went to Canada, Australia, several European countries, Mexico, and neighbouring countries of Central America.

Wherever they were, the Salvadorans found work and began to send money to their relatives back home. The quantity of money (often in US dollars) sent back by these Salvadorans — *remesas* — became the only bright part of a gloomy economic picture. After reaching $120 million in 1984, remittances rose steadily until they passed a billion dollars in 1995, twice the income from exports.

When it took office in 1989, the Cristiani administration immediately embarked upon the ambitious structural adjustment programme that it had been planning for years. The plan included cuts in government subsidies of all sorts, privatisation of public entities including the banks, and tariff reductions and tax reforms, all designed to decrease state participation in the economy and to increase the role of the market. The programme sought to reorient the economy toward export activities, especially non-traditional exports like melons, shrimps, and textiles.

Few countries have had better economic conditions in which to implement structural adjustment. Even though the economy had been ravaged by the war, massive aid inflows from the US had kept it afloat by minimising balance-of-payments problems and foreign debts. While ARENA’s strategy of ‘outward-looking growth’ encouraged any and all exports, the *maquila* sector accounted for much of the country’s export growth, increasing from 18.3 per cent of exports in 1990, to 40 per cent in 1995. Nearly all Salvadoran *maquilas* involve textile production, much of it for well-known manufacturers like The Gap, Eddie Bauer, and Liz Claiborne.

Critics pointed out that volatile investments in *maquila* factories could leave El Salvador as quickly as they had come. Raw materials and machinery are imported, and Salvadoran labour used to assemble goods, so the plants represent relatively little value-added for the Salvadoran economy. As the notoriously dismal labour conditions in the plants placed El Salvador back at the centre of international debate about labour rights, *maquilas* looked less and less like the path to long-term economic well-being.
The government’s commitment to structural adjustment found favour with the international financial institutions. In February 1991, the World Bank approved an initial structural adjustment loan for $75 million. In 1991-93 alone, the Bank and the Inter-American Development Bank (IADB) approved more than $800 million in loans to El Salvador. Each loan came with strings attached, deepening the country’s commitment to structural adjustment whatever the social cost.

The implementation of structural adjustment had an almost immediate negative impact on the lives of poor Salvadorans. Increases in the prices of staple goods, such as rice, beans, cooking oil, and powdered milk, squeezed family budgets to the limits. Decreased tariffs threatened the tiny profit margins of a range of small and medium-sized businesses, and tax reform tended to redistribute income upward away from the poor. Even according to the government’s own statistics, levels of extreme and relative poverty increased during the period 1989-91.

The private negotiations with the World Bank and other institutions occurred during the peace process, but the government remained adamant that its economic programme was not on the negotiating table, although the final agreement did contain a little section called ‘Measures to Alleviate the Social Costs of Structural Adjustment Programmes’.

While the political scene shifted dramatically in the post-war period, the economic backdrop remained remarkably constant. As a nationwide programme of government action to respond to the extraordinary needs of constructing peace, the PRN threatened to sabotage structural
adjustment by increasing fiscal deficits, creating new public agencies, or involving the government in propping up new economic agents, such as farmers in the ex-conflictive zones. However, the government shaped the PRN to avoid such sabotage. The vast majority of PRN funds would come from external sources, thus holding down deficits. The market would still decide who succeeded and who failed. There would be no subsidies or price supports for vegetables produced by ex-combatants, and co-operatives would not benefit from special marketing arrangements. (For example, the pre-war owners of the salt works would successfully prevent Usulutan co-operatives selling salt on the national market, for years.)

Like all apologists for the free market, the ARENA government could recognize the limits of the ideology when it affected ARENA constituents. The government quickly made the huge infrastructure investments that opened the way for the post-war construction boom in and around San Salvador; without roads, bridges, water and sewer services, the hills around San Salvador would be dotted with far fewer stunning new mansions. And when coffee prices plunged, threatening the income of an important ARENA constituency, the free-market government had no trouble agreeing to an export price subsidy of $15 per 200 lb. sack of the 'golden bean'.

The UN soon noticed the contradiction between its vision of the construction of peace and the World Bank’s advocacy of strict structural adjustment. To describe the problem, Alvaro de Soto used the image of two surgical teams separated by a curtain as they operate on a patient (postwar El Salvador) without knowledge of each other’s work. De Soto advocated a tempering of structural adjustment in response to the special needs of the post-war period, while the Nordic group of donors to the PRN called for the World Bank to go a step further and pursue a ‘peace conditionality’ which would tie aid disbursements to compliance with the principal components of the Peace Accord.

The government showed some flexibility; it made necessary investments in some reconstruction programmes, such as credits for ex-combatants. Similarly, it eventually channelled funds to the PNC when it became clear that international donors were not prepared to bankroll the country’s police force. In general, however, when the needs of constructing peace contradicted the dictates of structural adjustment, the latter prevailed. In El Salvador, even the peace process has been structurally adjusted.
The elections of the century

One of the principal agreements of the Peace Accord concerned the participation in elections of the entire political spectrum, including the FMLN. The first post-war elections in 1994 were seen as a measure of progress towards lasting peace.

Familiar forces threatened the elections when, in late 1993, illegal armed groups reminiscent of the death squads of the 1980s gunned down three prominent FMLN candidates, one of whom was killed in front of his daughter’s nursery school as the three-year-old looked on. The UN had just announced that it would convene a special body to investigate these illegal armed groups, when the third of these killings took place. After this, however, visible violence subsided and the election campaign continued. In March, the country held simultaneous municipal, legislative, and presidential elections under the watchful eyes of thousands of electoral observers.

Armando Calderón Sol, candidate of the National Republican Alliance (ARENA) and former mayor of San Salvador, won the presidential race by a wide margin in a run-off against Rubén Zamora, candidate of an FMLN-led coalition. ARENA also maintained effective control of the Legislative Assembly and won 206 of 262 municipal elections. The electoral system favoured ARENA, which won 80 per cent of the local elections with 48 per cent of the votes. The left-wing coalition got a quarter of the votes, but won only 6 per cent of the mayoral elections. Observers and opposition parties alike cited evidence of widespread government abuses from the voter registration period through the post-election vote count. ONUSAL, however, gave the elections qualified approval and the FMLN decided not to dispute the results.
The election results, especially at the local level, surprised political commentators. How could a party of the extreme right such as ARENA have defeated a popular movement like the FMLN? The Frente’s defeat was attributed to a combination of its inexperience and ARENA’s far greater financial resources; but other factors also contributed.

ARENA was formed in 1981, shortly after the creation of the FMLN, by a small number of right-wing zealots, followers of Roberto D’Aubuisson. Numerous investigations, including that of the post-war Truth Commission, connect D’Aubuisson and his ARENA cohorts with death-squad killings in that early period. 19

ARENA became an extremely effective political organisation. It could count on a solid base of nearly a quarter of the electorate that wholeheartedly supported its right-wing policies. D’Aubuisson did well in the 1982 elections, and would have been elected president by the Constitutional Assembly but for the direct intervention of the US Ambassador. His supporters came from all social groups, demonstrating the intense polarisation of Salvadoran society. Party adherents idolised D’Aubuisson, and supported the death squads as a necessary antidote to ‘communist subversion’. While the FMLN could legitimately claim to be a mass social movement, the extreme right also had a mass following.

By the time of the 1994 elections, ARENA had managed to attract a large number of more moderate supporters, while keeping much of their conservative base. These new supporters, also from varied socioeconomic backgrounds, saw benefits for themselves in the ARENA economic programme and optimistic vision for the future. Some supporters feared that an FMLN election victory would plunge the country back into conflict and instability. ARENA exploited this fear in their pre-election TV blitz.

ARENA also made clever use of public resources; advertisements for government reconstruction programmes became, in effect, ARENA propaganda. More importantly, ARENA directed the money spent by the SRN
so as to maximise its political gains and
minimise the FMLN's efforts to build political
capital through the reconstruction process.

The FMLN entered the elections at a
decided disadvantage. The Frente's new
party organisation was weak and ineffectual.
Internal bickering among its constituent
groups made almost every decision a struggle
and cost the Frente dearly in the public relations
battle. Finally, in one municipality after
another, the FMLN violated the cardinal rule
of local politics by failing to choose candidates
who were well-known and trusted. ARENA
also used every conceivable legitimate and
illegitimate way of making it as difficult as
possible for the Frente to register its supporters
and get them to the polls, especially in the
rural areas. Given the many procedural
irregularities, the exclusion of so many
potential voters from voting, and the decision
of half of all eligible voters to stay at home,
the Central American University dubbed
the elections 'the fiasco of the century'.

In retrospect, however, even the FMLN
admits that ARENA's 'soft fraud' only
influenced the outcome of perhaps twenty-five local elections, and one legislative contest.

In the wake of the elections, the Salvadoran
political parties underwent major changes as
the alliances of the war years were reviewed.
Both the Christian Democratic Party and the
FMLN split in two, giving the impression of
a weak and divided opposition. ARENA also
suffered considerable internal tensions, and,
while it did not split, several key party
members defected to other parties just before
the 1997 elections. The FMLN and other
opposition parties took the lessons of 1994 to
heart in preparing for the 1997 elections.

Remaking local government
The Spanish colonial government estab-
lished municipalities in its colonies as a way
of extending its administrative control. In
El Salvador, 262 municipalities of varying
shapes and sizes were created, only the
largest of which had significant resources.
Local politics has always mirrored the
corruption and authoritarianism of the
national system: the wise mayor maintained
close relations with wealthy families and
the commander of the local garrison. The
Salvadoran electoral system was one of
'winner-take-all' in which the mayor’s party
holds all the posts in the municipal council.
During the war the national government and USAID identified the mayors as crucial for their counter-insurgency campaign. The US-sponsored MIA (Municipalities in Action) programme poured millions of dollars into public works projects carried out through the mayors. The FMLN responded with coercive pressure against mayors thought to be using project funds to build support for the government war-effort. The Frente assassinated several of them and forced dozens of others to govern from outside their municipalities. In some conflictive regions, the municipal structure ceased to function.

Despite the intense polarisation at the local level, the government and USAID decided to distribute post-war reconstruction funds through municipalities. After the signing of the Peace Accord, one of the first tasks of ONUSAL became the delicate negotiations around the return of mayors to municipalities from which they had been ‘exiled’.

During the 1994 elections, FMLN candidates proposed a ‘new municipalism’ that would break with the exclusionary past and create a truly participatory local politics; but, to the surprise of even ARENA, the FMLN won only 15 municipalities, even failing to win several municipalities in Chalatenango and Morazán that they had effectively controlled during the war.

Miriam Chicas of Perquín, Morazán was the only woman among the fifteen victorious mayoral candidates of the FMLN. Being elected mayor was the ‘biggest surprise’ for Miriam. She began with great enthusiasm, but halfway through her first term her face shows signs of tension and fatigue.

Asked about her general impression of her tenure as mayor, she says ‘We’re tired, nothing comes easy, but we’re a long way from giving up.’ José Rufino Díaz, mayor of Arambala, and José Ismael Romero Hernández, mayor of Jocoatique, nod their heads in agreement.

‘The government has forgotten about areas like northern Morazán, and it doesn’t matter if you are an ARENA mayor or from the opposition. All we are doing is finishing projects started by the previous mayor,’ explains Miriam. The SRN says that USAID is holding up the money destined to support new projects here, but I went on a trip to Washington and they told me the opposite.’ Both USAID and the SRN insist that municipalities in the ex-conflictive zones have received a fair proportion of project funds. In fact, according to SRN records, between April 1994 and June 1995 the eight municipalities in northern Morazán received just three new projects.
The mayors say that they have learned how to work together, and have been able to develop effective mechanisms for participation. But without the funds to carry out projects, participation can just lead to frustration. For the mayor of Arambala: ‘People come to meetings and propose projects, but when the projects don’t get supported, they start to blame us for things not getting done.’

Since USAID has now closed down its MIA programme, the question of where funding will come from for municipal development requires a long-term answer. Over one-third of El Salvador’s 262 municipalities have populations of less than two thousand people and simply may not be economically viable. One option for funding is for local government to raise money through taxes. ‘That’s a good idea, but who are we going to tax here?’ asks Miriam. ‘The rich all left Perquin, and only we poor people are left.’ The mayors hope central government will devote part of its increased tax income to a revenue-sharing plan, but wonder about the decision to direct the money through the SRN. ‘Those funds are the only way out for us,’ says José Hernández, ‘but what will be left after she [SRN Director Norma de Dowel] gets done paying all her big salaries and buying her cars?’ (In late 1996, Norma de Dowel resigned, amid allegations of serious misuse of funds.)

The election of mayors like Miriam Chicas – totally unthinkable even five years ago – shows that something has changed in local politics. But the investment in the creation of democratic institutions at the national level has not been reflected in the municipalities. After the elections, all parties agreed to replace the ‘winner-take-all’ formula with a type of proportional representation on the municipal councils. Within a year, however, ARENA and its allies backed away from the proposal saying that the country’s democracy was too young for such a change. Privately, ARENA leaders admitted that their mayors did not want proportional representation.

In spite of the difficulties, activists push forward with their efforts to create more democratic structures at the local level. In the wake of the positive results of municipal elections held in 1997, they have more reason than ever to believe their efforts will bear fruit.

**Challenges for the millennium**

The second elections of the post-war period occurred in March 1997, when the country went to the polls to elect the 84 members of the National Assembly and all 262 mayors. To the surprise of many observers, the FMLN did much better than it had in 1994 and support for the ARENA party declined precipitously. With its campaign criticising national economic policy and highlighting corruption in the ruling party, the FMLN won 27 legislative seats (only one seat less than ARENA). Either on its own or in coalition with other opposition parties, it gained control of 53 municipalities. After its triumphs in San Salvador and most of the other more populous municipalities, the FMLN will control the local governments of more Salvadorans than any other party. Stunned by the reversals at the local level, President Calderon Sol announced after the elections that ARENA was ready to reconsider the ‘winner-take-all’ formula in municipal elections.

The results pointed to increasing discontent with ARENA’s economic approach and highlighted divisions within the ruling party. Several important party leaders, including Alfredo Cristiani’s Vice-President, either formed new parties or shifted to existing right-wing alternatives.

Even though the FMLN did not make its gains based on a programme of substantive social change, the elections served as a hopeful sign for many Salvadorans seeking such change. In the wake of the victory celebration in Soyapango, one jubilant FMLN supporter commented ‘Even ARENA knows that if the Frente can make good use of the local power it has won today, it will be easy to win the presidency in 1999.’

The results, therefore, challenge the country’s traditional ruling groups to maintain support for a system in which they may lose political control. At the same time, the gains of 1997 challenge the FMLN and its allies to prove that, within that system, they can achieve changes that benefit El Salvador’s poor majority.
Something new in post-war El Salvador

The first time she arrived at Villa Victoria’s ramshackle City Hall for a meeting with the town’s ARENA mayor, Vilma Sanchez’s legs trembled uncontrollably. The local coordinator of Women for Life and Dignity (the DIGNAS) had no idea how the mayor would react to a group of women representing rural communities associated with the FMLN during the war.

Vilma and her compañeras presented a ‘municipal platform’ developed by women in meetings throughout the municipality. Highlighting the poverty faced by the women and their families, they demanded local government projects to bring electricity and safe drinking water to each community, and to provide health and educational facilities. The DIGNAS met the mayors of six municipalities in different areas, all but one located in the ex-conflictive areas served by El Salvador’s National Reconstruction Plan (PRN). The initiative represents a radical departure in a country with no tradition of participation by the poor in local politics, let alone a group of poor women. Predictably, not all of the mayors were welcoming.

In Villa Victoria, however, the mayor has been surprisingly open to discussions of the proposals. Although no projects have yet resulted from the initiative, according to Vilma: ‘It is important that our work has been recognised, and that the mayor now involves us in discussions with other local authorities. And we’ve gotten over our fears,’ she adds with a smile.

Who’s poor in El Salvador?

As in most developing countries, women in El Salvador bear a disproportionate share of the burden of poverty. The country’s woefully inadequate health system, for example, is unable to respond to the specific health needs
of women. Only 609 maternal hospital beds are available for the 150,000 births that take place each year. In 1992, 70 per cent of all mothers had no prenatal care of any sort and El Salvador had one of the highest rates of maternal mortality in Latin America. The Ministry of Health reports that in 1991, 70 per cent of all its out-patient consultations for anaemia were with women.

For a whole variety of cultural and economic reasons, women have less access to formal employment than men. The culture of *machismo* continues to project a powerful ideal of the Salvadoran woman, living in the private sphere of the home under the protection of her husband. *Machismo* is the rationale behind job discrimination, domestic violence, and women’s limited participation in social organisations. The experience of the civil war undermined these cultural patterns in many ways, but affirmed them in others.

Employers are more than happy to conform with the cultural norms of *machismo*. Discrimination excludes women from many jobs, and results in women being paid less than men. The *maquila* textile assembly plants have become one of the few sources of employment for women. The factories have gained international notoriety for low wages, inhumane working conditions, and the mistreatment of women workers by their male supervisors. But with few or no other options, women continue to take these jobs; recently, however, they have begun to unionise to improve pay and working conditions.

Most women can not find work, even in the *maquilas*. Hundreds of thousands of them work in the ‘informal sector’ as street vendors of everything under the sun, as domestics in the homes of wealthy and middle-class Salvadoreños, and by doing anything else that will enable them to feed their children. This sector of the economy is growing, but long hours of hard labour do not guarantee even a survival income.

Official poverty statistics, which measure household income against the cost of basic consumer goods, show that in 1993, just under 60 per cent of Salvadoran families did not have sufficient income to buy basic necessities. But
statistics shed little light on the ‘feminisation of poverty’. Because of unequal power relations between women and men, in many families available resources are not shared equally among family members. Furthermore, government statistics do not distinguish between female-headed households — the majority in many poor communities in El Salvador — and those with a male breadwinner, and thus underestimate poverty among women and children.

The rise of gender politics
During the war, Salvadoran women, both in women’s organisations and alongside men in mixed ones, carried out many crucial tasks. They did not, however, succeed in focusing attention on the particular needs and capacities of women. Referring to that time, Isabel Guevara of the MSM (Salvadoran Women’s Movement) says: ‘We had not yet defined ourselves as a movement...we were not clear about our role.’ Women were not encouraged to raise issues of sexual equality. Vilma Sanchez insists: ‘They’d tell you, no! First we must sort out the oppression of the rich over the poor...the women’s problems will come later on.’

When the war ended, many women were prepared to form a new kind of women’s movement, one that would place the needs and capacities of women at the centre of its agenda. Morena Herrera of Las Dignas talks about the broadening of her vision when she first saw the potential of this sort of a movement: ‘I went [to an international meeting in Argentina] and I have to say that I just fell in love with feminism. It gave me a way to move my individual rebellion into collective rebellion...just like the Frente had done for me almost fifteen years before.’

Women’s organisations grew quickly and they formed networks like the Concertación de Mujeres (Women’s Coalition). Contacts with women from other countries also helped to build the confidence of Salvadoran feminists.

The word ‘género’ was increasingly used as women identified power relations between men and women as an important source of El Salvador’s social problems. Part of the solution to the problem of poverty was seen to be a change in patterns of resource distribution within families. Women also asserted that state programmes designed to meet the needs of rural women would have more impact in overcoming poverty. As the
movement incorporated this gender perspective, it focused less on the ‘plight of women’ and more on the capacity of organised women to change their situation.

Salvadoran women do not romanticise their movement. They acknowledge a range of problems linked to the sectarian and authoritarian wartime conditions. ‘I’m not going to lie to you,’ says one leading woman activist, ‘we have women from the FPL and the RN in here, two of the groups that clashed the most during the war. We still have serious conflicts, that sometimes make me wonder if I can continue with this. But the fact that we are all here means that we want to try to put that behind us.’

Prior to the 1994 elections, Mujeres ’94 (Women ’94) held together dozens of women’s groups long enough to draft ‘The Salvadoran Women’s Platform’: the only comprehensive political programme produced by any social sector during the campaign. By compelling the political parties to respond to it, ‘Women ’94’ significantly raised the profile of the women’s movement.

In these early years, women’s organisations struggled for the political and financial autonomy to plan and carry out their own programmes. Silvia Matus of MAM (Melida Anaya Montes Women’s Movement) explains: ‘[International NGOs] should leave it up to women’s groups, with all their limitations and potential, to assume responsibility for the design, administration and execution of programmes.’ Where women have gained control of resources, they have organised a dizzying array of activities that have in common a desire to empower women to overcome everyday problems, including those associated with poverty. They offered young women recreational opportunities, like softball; organised health clinics for women and children; designed programmes to offer counselling and other support to battered women; and set in motion local credit schemes to allow women to become viable producers.

None of the leaders of even the most successful women’s projects harbour the illusion that these, alone, can counter the powerful global forces affecting the poor everywhere. But in challenging the historic isolation and powerlessness of poor women in El Salvador, such projects represent new hope for the future.

left Making tortillas is a time-consuming task which has to be done every day.
Almost all working Salvadorans get some days off to celebrate 6 August, the feast of Jesus Christ, Saviour of the World, the patron saint that gives the country its name. By mid-day on 5 August, very few people are working.

On Saturday, 5 August, I head south from San Salvador, along the coastal highway. I pass the giant, new El Pedregal 'free zone' located on what used to be open pasture land. I'm amazed at how much the free zone has expanded since the last time I saw it in January.

The road stretches out straight, hot and empty on this vacation day for everyone, even the bus drivers. Near Zacatecoluca, a woman jumps into the road to flag me down for a lift. Knowing that there are no buses, I stop. Teresa, her sister Daysi, and four children pile into the back seat of the jeep. Teresa is talkative, and tells me she is on her way to Jiquilisco, a city in Usulutan very near where I am going.

She works at a factory in the free-zone. A gringo named Peter owns it, and they make plastic gloves for hospitals in the United States.

What are you doing on the road today, when there are no buses?

He just let us out at noon. We work a half-day on Saturday, and then I had to go to Zacate to pick up Daysi and the kids.

Even today, on the holiday?

What do they do that's mean?

We were afraid that they'd make us work longer today.

Teresa earns 1050 colones per month (about $120, the minimum wage for factory work in El Salvador). But after deductions, she only takes home 483 colones every 15 days. After three months at the factory, she still does not know exactly what is being deducted, and she doesn't plan to ask.

It's not good to make trouble. The gringo is a nice guy, but some of the Salvadorans he has working there are really mean.

What is the best thing about the job?

The best thing...I'm working, so I have some money to buy some clothes for these kids. And they have something to eat, even if it's just tortillas and beans. Lots of people can't do that.

Do you work at the factory, too, Daysi?

No...I work in Zacate.

Daysi is not nearly as talkative as her sister.

What do you do?

It's a muchacha in the house of a man who works for the government. [Teresa answering for Daysi]

That's a long way to come to work in somebody else's house.

Yes, it's pretty far, but I can go home with the kids on Saturday.

They pay her 250 colones [$28.75 a month] and she can have the kids there...all the kids, mine, too...and the woman lets me sleep there, too, if I buy the food.

Adds Teresa.

Daysi finally gets a word in edgewise:

And Teresa says that I might be able to get a job at the factory. They hire more girls sometimes and she's going to tell me when.

By now we are approaching the turn-off to Jiquilisco. Before Teresa gets out, she asks me how much it will be for her, Daysi, and the kids. She smiles gratefully when I simply thank her for her company.
During El Salvador’s civil war, relatively little public debate on the country’s ecological condition took place. A few groups were formed, such as CESTA, the Salvadoran Centre for Appropriate Technology, to address conservation and other environmental issues, but they had little impact. After the signing of the Peace Accord, attention turned at last to the ecological crisis that had been building since long before the war, in particular the complex relationship between water shortage, deforestation, and erosion.

A long line of women and children waiting to draw drinking water from a public tap had become a common sight during the war. The government had always claimed the shortages resulted from guerrilla sabotage of the electrical system. In early 1995, near the end of the dry season, stories circulated throughout El Salvador about angry confrontations among individuals and communities asserting conflicting claims to the decreasing amount of water bubbling from declining numbers of natural springs. Almost every day another neighbourhood in the capital claimed that it had gone four, five, or more days without water. All of the major newspapers carried regular stories on the water problem and speculated about the roots of the problem, now it could no longer be blamed on FMLN sabotage.

Around the same time, campesinos from the hamlets of Los Morales and Platanares near Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute. Hearing of the near-tragedy, Father Bruno Ambrosini, parish priest of Nombre de Jesús, Chalatenango, almost came to machete blows to settle a water dispute.

The Lempa River and its tributaries is one of Central America’s largest river systems, and contains 60 per cent of the country’s total water supply, and drains well over half of the land area. By the beginning of the twentieth century, the hills and valleys on either side of the Lempa had been almost cleared of their original forest cover, for cultivation and human settlement.
Deforestation has continued as poor campesinos have cleared even the steepest hilltops to plant corn, and have cut more trees in the search of their primary fuel source, wood. The entire area is now almost totally devoid of forest cover.

The absence of trees makes the land less able to absorb the abundant rains of the six-month 'winter', thereby limiting the recharging of underground water sources. Springs that used to give water all year around now disappear midway through the dry season. Deforestation also increases the danger that wind, and water run-off, will carry away precious topsoil. Today, there are few hillsides in the Upper Lempa unaffected by erosion.

SEMA (the government's environmental secretariat) estimates that the country loses the equivalent of 4,550 hectares of topsoil each year. For campesinos, erosion and deforestation significantly decrease agricultural output, make wood more expensive in time and effort (if not money), and decrease the dry-season availability of water for family needs and animal maintenance. Nationally, the ground water level is dropping at the rate of one metre a year.

The ecological problems increase the pressure on livelihoods already marginal.

For nearly a generation, campesinos in El Salvador have used herbicides, pesticides and chemical fertilisers to boost corn yields on depleted and eroded soils. While solving some of the campesino's problems in the short run, dependence on agricultural chemicals has created many others, damaging the rural ecosystem and reducing bio-diversity. Faced with dramatic increases in the cost of inputs, many Salvadoran campesinos no longer see increased chemical use as a sustainable strategy.

The water problems of the Lempa basin are also starting to cramp urban lifestyles. El Salvador gets 60 per cent of its electricity from two large hydroelectric dams on the Lempa, and the nation's energy security plan calls for five smaller dams to be constructed in the next two decades. The topsoil washed into the river through erosion settles to the bottom of the artificial lakes serving the dams, reducing their capacity. This, in turn, reduces the capacity of the dam to generate electricity, while the sediment increases the maintenance costs.

When residents in the capital received constantly increasing electric bills during the mid-1990s, they were, in part, paying the cost of erosion in the Lempa Basin.

In the last decade, exponential increases in demand for water — along with steady drops
in the water table around the capital—have caused San Salvador to look beyond its own considerable underground supplies. Massive projects have been designed to pump water to San Salvador from the artificial lakes of the Lempa. The same silt that fills the lakes and troubles power generating equipment also fouls the state-of-the-art pumping equipment, thus raising serious questions about the viability of such schemes.

The central hydrological role of the Lempa River has, therefore, linked the living standards of urban users of electrical and water services to the agricultural practices of campesinos scraping a living from the hillsides.

Non-governmental organisations (NGOs) concerned with these issues, such as PRISMA (the Salvadoran Environmental Research Project) and FUNDALEMPA (the Lempa River Foundation) see no solution to national shortfalls of water and electrical supply without an enormous investment in integrated development programmes for the peasant farmers of the Lempa Basin. SEMA and FUSADES (the Salvadoran Foundation for Economic and Social Development), a private sector foundation closely tied to the ARENA party, are slowly coming to similar conclusions, although much of the private sector still believes that the market will drive small farmers away from the Lempa before the situation becomes truly critical.

The farmers of the Lempa Basin are well aware that their agricultural practices are undermining their own livelihoods, but confronted with a daily struggle for survival they see no alternative. One experienced international volunteer says: 'They see the deforestation and the erosion and notice that there is less water around every year, but if they don’t plant the hillsides their families starve. Given the choice between hunger today and thirst in the future, people keep planting steeper hills.'

The development of effective soil conservation techniques and alternatives to hillside agriculture will take time and considerable financial resources. Large-scale reforestation of areas now under cultivation is technically possible but not socially feasible unless people are given options other than forced displacement programmes.
Santiago’s land: hope along the Lempa

Santiago’s land slopes steeply down to the Lempa River. He inherited his land from his father and grandfather before him. As a boy he learned about farming from his father who taught him the complex subtleties of planting and harvesting corn using techniques and technologies that had been passed from one generation to the next for over a thousand years.

The situation in Santiago’s village, Hacienda Vieja, deteriorated following the assassination of Monseñor Romero in 1980. The National Guard began patrolling the area, capturing anyone suspected of guerrilla sympathies or merely pointed out by informers. One of Santiago’s closest friends was taken away by the Guard, and found two days later floating in the Lempa tied to a mule, both man and mule with bullet holes in their heads.

One day, the local National Guard commander appeared in the town and gave the people twenty-four hours to leave; anyone who stayed behind would be shot. Santiago, 23 years old, had recently married Reina, 17. When the order came to leave, Reina was five months pregnant with their first child. It was November, the time of year to collect the corn harvest now well dried and ready for storage. Almost all of Santiago’s available cash had been invested in the corn field, or milpa.

Leaving meant financial ruin, but the residents of Hacienda Vieja took the National Guard’s threat seriously. No one stayed in town past the deadline. They all hurriedly packed what they could carry on their shoulders, and fled to La Virtud, Honduras, a three-hour walk over the mountains. For over a year Santiago and Reina lived with a Honduran family.

Fearing that the Salvadorans along the border were aiding the guerrillas, the Honduran government and UNHCR decided to move the refugees to Mesa Grande, a large refugee camp further from the border. They were loaded into trucks, once again only able to take what they could carry, and taken to Mesa Grande, joining 11,500 other refugees from El Salvador’s mountainous north.

In 1984, Santiago’s and Reina’s longing for home overcame their fears. With no support from the UNHCR or any other institution, they loaded up their few belongings and, with three other families, quietly returned to their village.

They were well aware of the risks they ran.

below Santiago in his milpa.
Their region had become one of the most conflictive areas of the country, occupied by the army and the FMLN, but controlled by neither. The army occupied a permanent position five miles from their village. Every time Santiago or Reina went to the market in Ilobasco, they were ordered off the bus and forced to queue up to show their identification. The army used such identity checks as a form of recruitment, forcibly taking away any male between the age of 15 and 25 who had not served his obligatory term in the army.

Their village, Hacienda Vieja, was barely recognisable. The church had been bombed, the water and electrical systems were in ruins, and thick weeds covered the only paved street. If the war had not destroyed a house, then neglect had left it barely habitable. All had been ransacked, robbed of anything of value, including the corn stored in small silos.

Within two or three years, all 45 of the original families had returned to Hacienda Vieja to plant their milpas, raise their children, and live the life that was familiar to them. Most of this informal repatriation took place well before the celebrated, UN-sponsored returns from the Honduran camps.

Today, at first glance, Santiago and Reina live very much as they did before the war. The rhythms of campesino culture, governed by the yearly cycle of planting and harvesting corn, are, however, under threat. Prominent among these threats are state economic policies that undercut small-scale, subsistence producers. The herbicides and pesticides that Santiago buys are more expensive every year. And because of the elimination of price supports and trade barriers, the price at which Santiago sells his small amount of surplus corn declines each year.

Campesinos are left with no alternative but to cultivate more and more acreage. Aware of the catastrophic ecological consequences of this search for survival, Santiago knows he is contributing to the premature death of a culture that has existed for over a thousand years. The region is almost entirely deforested, and precious topsoil washes away with every pounding rain storm. Within ten years it is probable that Santiago’s land will not be able to sustain his children. He sees his milpa produce less each year, he sees the streams that never used to dry up during the dry season now parched by the end of the summer, so that cattle die of thirst, and he watches his wife and children carry water every day from the village’s diminished water tank.

‘I want my children to be able to live as we have,’ Santiago says looking out over his milpa along the Lempa. ‘Twenty years ago we all began using chemical fertilisers and we all saw a big difference in the amount of corn our milpas could produce. At that time the streams here were full of several kinds of fish and crabs. Now they are completely empty of life, we know that we have a serious problem with the land and the water, and we know that time is running out.’

Last year, Santiago began experimenting with making his own organic fertiliser. He collected animal droppings and mixed them with other organic materials. He produced enough organic fertiliser to conduct an experiment: fertilising part of his plot with the organic mix to see how it compared with the chemical fertiliser. ‘I fertilised the section which has always produced the poorest corn, with the organic mix. [This year] the corn cobs are big and numerous, and I am convinced that organic fertiliser works as well if not better than chemical fertiliser.’

By making his own fertiliser, Santiago was able to save a little money; he may possibly break even this year. If successful in the long term, Santiago will have broken an addiction to chemical fertilisers that has left both people and land impoverished. ‘Next year I hope to fertilise an even bigger portion of my milpa,’ he says. Having seen his harvest, even the most sceptical local farmers are asking Santiago about his methods.

Santiago is contributing in his small way to building a sustainable agriculture that will allow the land to recuperate from years of chemical herbicides and fertilisers. ‘Without land and water we cannot grow our food. Without the ability to grow our milpas, our way of life is over, and we will have to go elsewhere to find work.’ Santiago and his family have already had to leave Hacienda Vieja once, and they don’t intend to do so again.
All eyes on El Espino

Before the ink even dried on the Chapultepec Accord, many investors were preparing to reap the bonanza arising from the pent-up demand for commercial and residential development around San Salvador. The ecological impact of such speculation was of little concern. The case of Finca El Espino, a coffee plantation on the outskirts of San Salvador, revealed the contradiction between unbridled development and conservation, and thrust ecological issues into the national policy debate.21

Even during the war, the urban sprawl of San Salvador threatened the 808 hectares of coffee planted at Finca El Espino, virtually the last undeveloped strip between the capital and the neighbouring city of Santa Tecla. The finca runs up the side of the San Salvador volcano, where it meets other large coffee plantations. Occupying a prime site along the Pan-American highway, it also borders San Benito, one of the capital’s most exclusive neighbourhoods.

The Dueñas family, one of El Salvador’s richest, owned and operated El Espino as a highly-profitable coffee enterprise for nearly a century. In 1980 the land was handed over to a co-operative comprised mostly of workers on the property, under agrarian reform legislation. The co-operative faced many financial and administrative difficulties, but managed to harvest coffee every year during the war. However, they never acquired clear title to the land. El Espino served as a major thoroughfare for guerrillas moving between bases on the San Salvador volcano and targets in San Salvador and Santa Tecla.

The very moment the bullets stopped flying, however, the value of this land exploded. The Dueñas family quickly convinced their friends in government that they still had a legal claim to the land. El Espino served as a major thoroughfare for guerrillas moving between bases on the San Salvador volcano and targets in San Salvador and Santa Tecla.

The deal immediately became a focus of national attention. The co-operative alleged that the sale represented a gift to the old oligarchy and an effort to roll back agrarian reform; while environmental groups claimed that covering El Espino with concrete would be an ecological disaster. The forest cover of El Espino was critical to the land’s ability to absorb the winter rains, and the recharging of the underground aquifer which was the primary water source for the metropolis.

A coalition of social and political groupings formed the Committee for the Defense of El Espino, and the arguments raged for more than three years. During debates in the Legislative Assembly, virtually every political figure in the country attempted to use the situation to their advantage. Meanwhile, coalition members were accusing each other of opportunism. While much of the public discussion focused on the ecological aspects, powerful economic and political forces were at work behind the scenes. By 1995, a compromise was reached whereby the Dueñas family would be allowed to sell part of the land for development, the co-operative would get clear title to another section, and the rest would become a municipally-owned park.

A year later all sides were back in court accusing each other of failure to abide by the agreement. Co-operative leaders, stung by accusations that they had ‘sold themselves, like Judas, for a few gold coins’ to rich families, stiffened their resolve to hold the government and the Dueñas family to their commitments. While a court order halted development temporarily, few believed that it could be stalled for long.

The tangled mesh of the El Espino case says much about the balance of power in post-war El Salvador. The fact the case became the subject of public controversy marks a change from the pre-war days when families like Dueñas and Poma dictated national policy. Regardless of its outcome, the affair created an unprecedented level of debate on ecological issues, increasing public awareness of the dangers of deforestation, and the delicate balance that conserves the country’s water supply.
Perspiration covers Napo’s face and terror fills his eyes as he rushes toward the Roman Catholic church in Tierra Blanca, Usulután. In his arms, he carries his one-year-old daughter, Angelita. The baby’s eyes are open, but rolling back into her head. Her skin is absolutely pale and strangely cool and dry given the intense, coastal heat. After taking one look at Napo, Sister Elena hurries back into her residence behind the church. ‘Wait here, I’ll be right back,’ she says, in Spanish, over her shoulder. Moments later, she returns with a wad of local currency amounting to $60, a great sum of money for Napo. She asks a visiting friend, ‘Will you take Napo and the baby into the private clinic in Usulután? He can tell you where it is. Don’t let them keep you waiting. Just tell the nurse that the baby is dehydrated. The money should be enough to get her treated.’

The breathless father can say only, ‘Gracias, hermana, muchas gracias’ as he and Angelita pile into an ancient Toyota jeep. Sister Elena explains to me that only the week before, Napo and his wife had buried Angelita’s twin sister. Because the local health post had no medicine, the baby’s mother had taken her to the regional hospital 25 miles away. After hours of waiting, she was told that the baby would be fine with a few pills. The child died on the way back to Tierra Blanca. ‘We could never give money to all of the people in Napo’s situation, but I felt I needed to do something in this case...I wasn’t surprised to see him here with the baby.’

Two hours later, the jeep rattles back into town with a relieved father carrying Angelita, who no longer looks on the point of death. She is still very ill, but oral rehydration has begun to replace her bodily fluids, and with simple antibiotics she will recover from her intestinal infection. She was treated at the clinic only because her father had the money provided by Elena. In the absence of viable local health care services, Elena will make regular visits to Napo’s house to try to determine the cause of the illnesses.

At a retreat centre fifty miles west of Tierra Blanca in the department of La Libertad, the large meeting hall vibrates with a hundred excited voices. The young people gathered above Childhood in El Salvador is a dangerous time: only 20 per cent of people in rural areas have access to health services, and many children die from diseases which would be easily treatable.
here are the ‘popular’ teachers from small local communities. Many of them are under the age of 20 and few have attained even a fifth grade education. They work with nongovernmental organisations (NGOs), and are the primary hope for the education of the thousands of children living in those areas of the country where the public education system ceased to function during the war.

The teachers have gathered here with NGO coordinators with three goals in mind: to share teaching techniques and experiences; to discuss how they should relate to the Ministry of Education in reestablishing public education in their communities; to consider how they can gain the certificates necessary for recognition as professional teachers. Most of all, they are enjoying the chance to get to know each other after years of isolation. Two days later, they will be back in their communities teaching children, with few materials and little pay.

The health emergency in Tierra Blanca and the teachers’ meeting in La Libertad illustrate the dismal state of basic service provision in post-war El Salvador, and the ways in which local organisations are responding. Poor health and education services, especially in rural areas, contributed to the intolerable social conditions that gave rise to the civil war.

During the war, public services disappeared altogether from those areas of the country not under government control, and the diversion of resources to the war effort caused further decay of services elsewhere. When the Cristiani administration began to implement its structural adjustment programme in 1989, the government’s already meagre expenditures for health and education were further reduced. By the end of the war, per capita expenditures on health and education were well below pre-war levels.

Meanwhile, NGOs had begun trying to offer basic services. The government and military were very hostile to their work, since the people they were serving were considered ‘the enemy’. Lack of resources and trained personnel forced NGOs to train local people as health and education workers. As the war progressed, NGOs came to play an important role in supplementing services in poor communities all over the country. Despite the lack of resources, government opposition, and the NGOs’ inadequate coordination and accountability to their constituents, their efforts saved many lives and provided some education for thousands of children, under extremely difficult conditions.

As the war drew to a close, statistical indicators confirmed the social crisis: only 20
per cent of rural population with direct access to health services; infant mortality rate at forty-six per thousand; under-five mortality, sixty per thousand, over half of these deaths due to diarrhoea, respiratory infections, and other easily-treatable diseases; a 40-1 teacher-student ratio in public schools; 15 per cent of school-aged children never attending any school; rural illiteracy rate, 35.4 per cent (55 per cent among women working in the home).

After the war, poor Salvadorans were optimistic about the possibility of dramatically improving such indicators. Reconstruction funds could be used to rebuild social infrastructure in the ex-conflictive zones. Multilateral donors, especially the InterAmerican Development Bank, had noted the disastrous decline in basic services as a side-effect of structural adjustment, and were beginning to press governments to devote resources to these services.

Armando Calderón Sol promised thorough reforms of the health and education systems, and pledged to increase social spending to 50 per cent of the government budget by the year 2000. Five years after the signing of the Peace Accord, the country still awaits those improvements. As a percentage of total public expenditure, combined spending on health and education actually declined from 25.5 per cent in 1990 to 23.8 per cent in 1995. Increased spending on public security and debt service, as well as the maintenance of military spending levels (despite a 50 per cent cut in the armed forces) account for the slow relative growth of social spending.

Resources are only part of the problem. Bureaucracy, centralisation, and corruption pose serious obstacles to any real change.

The integration of the ‘popular’ educators and health promoters into ministry systems could provide a partial solution, but that integration has proven to be a slow, difficult process. One important measure of the stability of peace in El Salvador must be the extent of improvement in the everyday lives of the poor. While Angelita from Tierra Blanca had the good fortune to survive a life-threatening illness, each year thousands of other Salvadoran children are not so lucky. Similarly, glaring shortcomings in the school system leave the future uncertain for those children that survive infancy. The surge of economic growth in post-war El Salvador has resulted in precious little improvement in social services.
The search for an alternative

Undoubtedly, the Salvadoran economy grew impressively in the first half of the 1990s. In addition, inflation decreased, as tariffs fell, and the government imposed a value-added tax to stabilise its income. Indeed, the World Bank has referred to this period as a 'great leap forward'. But growth and macroeconomic stability, however praiseworthy, do not automatically lead to long-term well-being for the majority of a country’s population.

El Salvador’s post-war growth spurt has depended on external resources, such as remesas and foreign aid, and these funds will tend to diminish as the country approaches the new millennium. While some Salvadoran exiles returned home after the war’s end, the vast majority did not. Foreseeing an economic disaster if emigrants all returned, government leaders lobbied US officials to ensure at least a temporary continuation of the special immigration status accorded Salvadorans.

With a wealth of family connections abroad, and hard times at home, poor Salvadorans continue to emigrate. The official figures are notoriously unreliable, but, five years after Chapultepec, family remittances surged past one billion dollars. (Some analysts questioned the statistics, suggesting that, by 1995, a large proportion of total inflows was related to laundered drug money.) In any case, the government acknowledges that remittances will slowly decline as Salvadorans living abroad become more integrated into their new countries.

Foreign aid served as the other main external impetus for economic growth in the 1990s. The country averaged $400 million in official transfers in the period 1992-96, although that level of aid is unlikely to be maintained in future.

The ‘great leap forward’ has followed the pattern of exclusion typical of economic life in El Salvador since the arrival of the Spanish, with wealthy and middle-income Salvadorans benefiting disproportionately. In the first two years of the structural adjustment experiment, the share of national income going to the richest 20 per cent of Salvadoran society increased from 43.0 per cent to 54.2, while the share going to the poorest 20 per cent decreased from 5.6 per cent to 3.4 per cent. The rich are getting richer and the poor poorer at the worst possible time, just as the country tries to heal the wounds of a traumatic civil war. Current economic policies are not serving the country in its effort to construct a lasting peace, but is there an alternative?

Soon after the elections, a reporter asked new president Armando Calderón Sol about his policy on the free-enterprise zones. He replied that he did not like the idea of setting aside specific areas where foreign capital would receive privileged status: ‘Why don’t we turn the entire country into one big free-enterprise zone?’ In 1995 the government proposed to do just that by a plan to remove all tariffs on imported goods, and tie the nation’s currency to the dollar, to encourage foreign investments. In addition, structural...
adjustment was to be reinforced by privatising more state enterprises and boosting value-added tax. Where would laid-off state workers go for jobs? What about agricultural producers undermined by cheap food imports? Calderón’s ‘cure’ might well kill the patient. Opposition from across the political spectrum, including the manufacturing and agroexport sectors making up an important part of ARENA’s traditional base, caused the government to delay implementation of the proposals, but not to withdraw them.

FUNDE (the National Development Foundation), a think-tank with close ties to popular organisations and the FMLN, has set out a very different vision for the national economy, designed to produce an inclusive development process that directly addresses social, economic, and ecological issues.\(^{25}\)

FUNDE’s tripartite plan proposes the integration of macroeconomic policy designed to produce long-term economic growth with a sectoral strategy to rebuilding the agriculture and manufacturing sectors and a social investment strategy designed to reduce poverty and transform economic growth into genuine social development.

FUNDE proposes these quite general notions as more than an economic and social blueprint; rather, as the starting point for an economic debate among all of those sectors marginalised by the government’s focus on the financial and commercial sectors. FUNDE invites industrialists like those represented by ANEP (the National Association of Free Enterprise) and commercial agricultural producers to join this debate, provided that they agree that the nation’s economy must be revitalised in such a way as to address the problem of mass poverty. Do such policies have any political viability in an ARENA-dominated scenario? Would the World Bank and the other international financial institutions ever agree to them? Only time can tell, but the call to such a debate can only be seen as a positive move in post-war El Salvador.

If ‘new economic agents’, such as agricultural co-operatives, peasant farmers, and street vendors, are central to the alternative economic model, then a new vision must also suggest sustainable ways of including them, in the context of ecological degradation and a rapidly globalising economy. One Salvadoran development worker with long experience summed up this dilemma when he said, at the end of a long discussion of the FUNDE proposal: ‘We’re still missing the local part of the equation...If FUNDE was given the Ministry of Planning tomorrow, would people know what to do in San Vicente?’

In a sense, post-war El Salvador has served as a school in which thousands of poor people have set out to learn ‘what to do in San Vicente’ and in many other places. The conditions have been far from ideal: trying to recover psychologically from the war in situations of extreme poverty, and with structural adjustment erecting barrier after barrier to their efforts.
While it is no more than a myth that all poor people in El Salvador belong to popular organisations, poor people did inherit a high level of organisation from the war years. They have gained control of significant amounts of resources, especially land. In recent years, the organised poor have enjoyed unprecedented external resources. How have they used these resources, and what lessons have they learned?

**The FUNDE prescription**

In early 1996, economic indicators began to create a general perception that the economy was heading for a recession, after the rapid expansion of the early 1990s. The growth of the maquila sector was levelling off and the construction surge losing steam. ARENA's postwar economic model was looking shaky.

Among the policy recommendations in FUNDE's multi-faceted plan are:

- A decrease in regressive taxes like the value-added tax, with progressive taxes on income and corporate profits, and a crack-down on tax evasion.
- An emergency programme for the protection and conservation of natural resources that would promote massive reforestation, and the recognition of the country's water resources as a 'strategic natural resource'.
- Increased spending on health, education, and housing accompanied by initiatives to de-bureaucratise the public institutions responsible for these expenditures and to increase participation of beneficiaries in public programmes.
- 'Democratisation' of the credit system through the creation of new institutions and support of existing alternatives to ensure the availability of credit to small- and medium-scale producers.
- Increased public investment in social infrastructure, especially in rural areas, to create employment and improve services.
- Direct or indirect price controls on a few basic goods, such as beans, corn, sugar, cooking oil, and salt, that dominate the consumption patterns of poor Salvadorans.
- An industrial policy favouring production for the internal and regional (Central American) market.
- A self-critical appraisal of the strengths and weaknesses of public enterprises, instead of the current trend toward wholesale privatisation, and the participation of workers where privatisation does occur.

Since FUNDE has a close historical relationship to the FMLN, the similarity between the FUNDE plan and that of the Frente is not surprising. Much more noteworthy were the resemblances between the FUNDE plan and the so-called ANEP Manifesto published by the manufacturing and commercial interests represented in the National Free Enterprise Association (ANEP) in 1996. However, the significance of the coincidence should not be overestimated: given the historical links between ANEP and ARENA, it is unlikely that new political alliances will form on the basis of shared economic analysis. However, ARENA's economic policy was clearly being questioned, as the 1997 elections approached.

**Defying even the Lempa:**

**The SES of San Vicente**

In the southern part of the department of San Vicente, 4,000 people are attempting to build a new regional economy in an area virtually abandoned during the war. In their different ways, these ex-combatants, war veterans, returned refugees, internally displaced persons, and former residents of the region have all been affected by the war.

The hardy pioneers of these new communities have faced floods, drought, bouts with cholera and malaria, hunger caused by lost harvests, and the isolation that comes with the impossibility of land transport during the long months of the rainy season. Yet they remain determined to take advantage of the opportunity to own and work their own land.

Unlike other ex-conflictive zones, San Vicente has experienced a relatively trouble-free land transfer process, and most communities have achieved clear title to land.

In September 1993, at the initiative of the CORDES Foundation, a Salvadoran NGO, the communities of the zone voted to form the SES (Regional Economic System), an organisation...
designed, in its own words, to 'put total decision making power regarding their social and economic destiny into the hands of people who live in the sector, and to achieve a real and sustainable system of development'. CORDES set up the SES to provide productive credits to both family and collective production throughout the zone, and a multi-service centre for agricultural services such as technical assistance, fertilisers, and agricultural machinery.

At first, the communities struggled hard to survive. By 1995, however, things were improving. For Carlos Molina, of Puerto Nuevo: ‘Yes, now we can begin to see the impact of the development projects, and this can only get better as the people themselves have a chance to develop their capacities.’ The SES initiated an irrigation project for dry-season planting in Rancho Grande, another to bring potable water south into the zone, and a third to train residents to act as ‘popular agricultural technicians’ in their communities.

Formidable obstacles still faced the SES as it entered its third year of existence. Organisational and technical problems continue to limit potential increases in production. Even though the communities had gained clear title to land through the PTT, community councils did not immediately assign land to families. The resulting uncertainty made some people hesitant to fully ‘buy in’ to the SES model, and both family and collective production suffered. By the end of 1996, however, CORDES and the local leadership of the SES had decided to divide the land into distinct parcels based on local land-use maps, and USAID was supporting the process by providing satellite-based surveying technology.

No one can control the weather, but a system of dikes and drainage ditches controls the flooding of the Lempa River. However, the poor condition of that system presents the greatest threat to the future of the SES. USAID estimates that repairing the flood control system will cost $6 million. In September 1995, heavy rains, coupled with a decision by the electrical company to open the floodgates of a dam, caused the second devastating flood in three years.

Before the floodwater had even receded, furious SES leaders were in the Legislative Assembly demanding legislation prohibiting the electric company from opening the floodgates again without warning. With or without that legislation, in the long term the problem cries out for a financial commitment from the government to a flood-control project.

Simón Amaya, a local campesino and elected president of the SES, sees the enormity of the problem of the floods and the equally challenging social needs for adequate health care and educational services. In the long run, he says, the SES will have to confront the national government to get these needs met. For the time being, however, it will have to rely on the support of its external friends.

Recognising the hard road ahead, Simón is still optimistic: ‘Yes, I do feel hopeful. The important thing is that through participating people understand more, little by little; they learn new skills, and there is advancement in the educational area. As all this happens, people begin to understand why something like the SES is important, and the project becomes more viable. Sure, today some people have their doubts, that’s natural. In the future, maybe economic capacity will make it possible for us all to think differently... maybe then we won’t even have to depend so much on others.’

**Banking on the urban poor: PROCOMES**

The 1992 census showed that, for the first time in history, the majority of the Salvadoran population lived in urban areas. The war accelerated mass urbanisation. In 1971, when the previous national census was carried out, only 39.5 per cent of a much smaller population lived in urban areas. In 20 years, the number of urban Salvadorans nearly doubled. The vast majority of the new urban population ended up in the so-called ‘marginal’ communities: vast, densely-populated areas often located on the periphery of the city. In San Salvador, alone, hundreds of thousands of people live in such communities, often without even the most basic amenities. Several such communities in the capital took the name ‘Tenth of October’ because they were formed on 10 October 1986 when a powerful earthquake devastated the city. Another huge
shantytown in Soyapango is called 'Twenty-second of April', for the day when 80 families moved onto the site of an abandoned landfill. As many as 14,000 people live in a sprawling community there today.

Many of the original residents of the Sixteenth of March Community were old people and young children.

PROCOMES has helped women start up market stalls, corner shops, and small workshops.

During the war, community organisations emerged to help the urban poor in their struggle to legalise their claim to the land on which they lived, and to fight with municipal authorities over the provision of basic services such as water and electricity. NGOs helped communities to respond to the various emergencies that dominated everyday life.

PROCOMES (The Corporation of Communal Projects) began its work in and around San Salvador in 1988. The new conditions of peace challenged PROCOMES to reconsider its orientation toward emergency relief. 'We had to change the idea that we were working just to alleviate emergencies,' says project manager Virginia Magaña. ‘We had to begin building economic and social development in the communities.’

What did this mean for communities almost totally reliant on the informal sector of the economy? For PROCOMES, it meant continuing to equip people to do battle with the authorities, but it also meant supporting them in their efforts to achieve some degree of economic security. To build that security, PROCOMES chose to use the tool of communal banks, based on the peer-lending model made famous by the Grameen Bank in Bangladesh. In 1992, PROCOMES formed its first communal bank, in the community of San Luis. A group of ten people borrowed 300 colones (£23) each from a fund provided by PROCOMES, to be paid back in four months. Besides providing the funds, PROCOMES assigns a financial advisor and trains borrowers in the use of credit, and in financial administration. Other than that, bank members are in charge: they collect debts, make decisions about new loans, and see to the overall administration of the bank.

María Antonia Ramirez, one of the original members of the San Luis Bank, sells fruit, vegetables, and drinks from a table at the front of her house. ‘The money I’ve borrowed from the bank is a great help. Without it I wouldn’t have gotten anywhere. Now I just have to see how I’m going to pay it back.’ She’s not worried about going into debt, though. ‘If I can’t sell one thing, then I’m off looking to sell something else,’ she says with a proud smile.

Rina Martínez explains how the bank deals with members that fall behind in their repayments:
payments. ‘Everyone gets together to agree on how to respond to the case. We all take responsibility.’ She emphasises, however, that such cases do not come up very often. In Rina’s case, after starting out with the 300 colon loan and repaying that loan and several more, she recently borrowed 6000 colones for a much larger project. The bank has transformed her little stall into a well-stocked store with a range of goods which she can now buy at wholesale prices.

The banks provide credit for people who would never, ever qualify for bank loans,’ says Virginia from PROCOMES. ‘And it gets them away from the coyotes in the market who are willing to lend, but at interest of up to 20 per cent per day.’ The San Luis bank typically charges a rate of 3 per cent per month on its loans.

The ‘Sixteenth of March’ community in Soyapango set up its bank after three years of resisting the efforts of the police, and then the army, to evict them from their land. The bank is one of several community efforts led by ‘the two Martas’ (Marta García and Marta Hernández). Four years after its rocky beginning, the community does not yet have legal status, but it has lights and water...and it has its bank. The bank has 38 active members, 34 of them women; they have used bank loans to set up corner shops, small workshops, market stalls, and a pupusa stand or two. Marta Hernández, who recently borrowed 2000 colones to send her daughter to vocational school, says, ‘My idea is to continue with the loans, to buy a sewing machine and try to make a little money, not a lot, not even a minimum wage, but something.’

That 90 per cent of the members in the bank are women is not at all unusual. Women head the vast majority of families in such communities. As Virginia puts it, ‘We are not a women’s organisation, but we recognise that our work with the banks is making us an organisation that works mostly with women. With the communities the way they are, something would be wrong with our banks if they were not mostly women.’

PROCOMES has a gender programme that seeks to understand the impact of power relations between men and women in the home, on the ability of women to participate in the communal banks and other income-generating activities.

Based on three years of experience with communal banks, PROCOMES is ready to expand the programme to reach more people in more communities. Although they create significant income-producing opportunities for participants, communal banks only provide a few of the urban poor with a way out of poverty. Virginia Magaña recognises this limitation, but insists that they can not be judged on such a narrow basis. ‘We in PROCOMES have an historic commitment
with people that the system has always discarded as people who don't matter. Today, maybe unlike five or ten years ago, our commitment demands that we try to do something to help people build some basic economic capacity and stability. With all their limitations, the communal banks have done this in many cases, and until we find a better way to respond to poverty in the communities we will help people form banks. The people are happy with our decision, and that is very important to us.'

Co-operatives take a big step forward: SOCRA

As the kingpin of the agroexport economy for over a century, coffee, the 'golden bean', established itself as the archetypal symbol of economic injustice in El Salvador. While coffee cultivation made huge fortunes for a few families, it provided only the barest subsistence for hundreds of thousands of Salvadorans, including seasonal coffee workers and small-scale cultivators. The 1980 agrarian reform distributed dozens of the largest coffee estates to co-operatives made up primarily of workers on those estates. But the highly profitable activities of processing and exporting coffee remained in the hands of the old oligarchy.

In the mid-1980s, co-operative leaders, including René Hernández, began to devise a way in which small co-operatives would be able to regain the 30–50 per cent of the value of their coffee that they lost after harvesting. 'We wanted to build a new beneficio [processing plant], obtain an export license, and market our coffee without the big private people ever seeing it.'

Through war and peace, René and his co-workers doggedly pursued their dream against apparently impossible odds. Eventually, in October 1994, they inaugurated a new, state-of-the-art coffee beneficio near the Pan-American highway in the department of Santa Ana, the country's richest coffee region. 'You wouldn't believe how many times people told me that we were crazy to think we could do it...especially when coffee prices dropped so quickly. On many occasions, I thought we were crazy, too, but other compañeros encouraged us to keep going. I don’t know if we could have done it without our friends in the international agencies.' The $800,000 credit for the construction of the beneficio came from a European development finance agency, EDCS (Ecumenical Development Council Service), whose investment was guaranteed by a Belgian bank brought into the process by Oxfam Belgium.

A year earlier, fifteen coffee co-operatives had formed SOCRA (the Society of Agrarian Reform Co-operatives) the company that owns the beneficio and the hard-won licence to export coffee. In 1993, SOCRA did a trial run, processing coffee in a nearby co-operative-owned plant and then exporting in its own name. For once, the gods of the international market co-operated with a grassroots venture, and the price of coffee surged upward just as the SOCRA coffee hit the market.

The people in the SOCRA co-operatives feel positive about the benefits. For Ricardo Antonio Martinez, founding member of San Antonio Zacamil co-operative: 'For me, it's been great. When we've needed the help of SOCRA, they have responded. Sometimes a farmer can't work for lack of money...SOCRA provided money when we most needed it. We can really talk with them, about our work and other things, talk that could never happen in the private beneficios.' Andrés de Jesus Caledonia, also of San Antonio Zacamil, explains: 'SOCRA gives us the opportunity to learn lots of things. How this sack of coffee is processed, and how it gets to the market in Europe and the US. Our participation has had benefits for both SOCRA and our co-operative.'

As well as processing and exporting coffee, SOCRA employs technicians that travel regularly to the co-operatives, helping them to resolve production problems. However, the co-operatives will only work with SOCRA if it makes economic sense to do so. One indicator of the viability of SOCRA is the price it pays for the coffee, and SOCRA has already proved to be very competitive in this respect. The credit needs expressed by Ricardo pose a more difficult dilemma. SOCRA must be able to extend credit to the cash-starved co-ops against their harvest in order for them to be able to participate. Otherwise, SOCRA will have no coffee to process in its shiny, new plant.
The project began with small credits from international agencies. They also borrowed $20,000 from a bank, using their office building as collateral, but now SOCRA faces a credit squeeze. These credits enabled SOCRA to survive the first year, but, as they prepared for the next harvest, the co-operatives needed further credit. After overcoming the barriers of control of the processing and export of their product, SOCRA now faced the stone wall of the Salvadoran banking system. In response to the emergency, the international organisations all expanded their credit commitments, but they cannot substitute indefinitely for a supportive banking system.

Undaunted, SOCRA is pressing forward and hoping to expand to other areas of the country. News of their experiences has spread around the small world of Salvadoran coffee co-operatives, and 12 more co-operatives are in the process of affiliating. With the modesty that comes from not knowing what will happen tomorrow, René Hernández assesses SOCRA’s success: ‘Obviously having a beneficio is an excellent achievement, but now we have to move enough coffee to be able to pay salaries and interest, and to extend credits. Without that, we won’t benefit anyone. But, still, to go from being a pinche campesino, as they call us, that only knew how to go out and bake in the sun, to being able to run an enterprise like this one is also an achievement....’

The SES, PROCOMES and SOCRA represent three different attempts to create economic opportunities for specific groups of poor Salvadorans. Other groups of ex-refugees, ex-combatants, co-operative members, and urban women are engaged in similar experiments all over the country. To their credit, the
same international NGOs that helped these groups to survive during the war have continued to support them as they face the new challenges of peace. Although such attempts at self-reliance are tiny in relation to the huge problems of poverty in El Salvador, they provide examples of alternatives to structural adjustment which could be more widely replicated.

**Salvadoran NGOs: the challenge of change**

In the course of the war, the Salvadoran NGO sector grew from a handful of charity clubs into a varied collection of hundreds of organisations providing a wide range of services. As in so many other areas of social life during the war years, El Salvador’s churches played a critical role in this development. In the early 1980s, with almost all avenues of social action closed off by repression, church workers took tremendous risks in establishing NGOs, and many dedicated individuals paid with their lives for the privilege of providing relief to tens of thousands of internally displaced people.

Almost all NGOs had close links to either the FMLN’s revolutionary project or the counterinsurgency strategy advanced by the government. The civil war influenced everything they did, including the day-to-day choices of where and how to work. The complex political situation created formidable barriers to NGO coordination; several organisations in the same area provided identical services to people differentiated only by their particular party connections within the FMLN.

While peace made it possible to work more openly on long-term development, NGOs needed new personnel and administrative procedures as well as fresh strategic orientations. Rapid institutional change (called reconversion by the Salvadorans) engulfed all local NGOs in the mid-1990s, as political alliances were re-examined, and vertical wartime structures were changed to give constituents more control over the organisations designed to serve them.
On October 31, 1995, President Armando Calderón Sol brought ‘good news’ to the Salvadoran people: that the implementation of the Peace Accord was now officially over. According to the president, 95 per cent of the Accord had been fulfilled, and the other 5 per cent had been rescheduled for completion in the next few months. For Calderón Sol, ‘this official announcement is not only good news for the Salvadoran people, but also grounds for legitimate pride, since peace is a victory and an asset which we have all achieved with great effort and sacrifice.’ However, other problems such as the alarming national crime wave and continuing economic deprivation had long since replaced compliance with the Peace Accord as the primary concern of most Salvadorans.

Always a problem in El Salvador, crime exploded after the end of the war. By the mid-1990s, the murder rate in San Salvador was higher than that in crime-ridden US cities such as Los Angeles or Miami. A survey found that just under 60 per cent of Salvadorans reported that they or a member of their family had been a victim of a violent crime; half of all respondents identified crime...
as the country’s worst problem, with ‘economic insecurity’ a poor second at 17 per cent. Kidnapping for ransom had become commonplace.

Despite wide public awareness that organised crime involved people close to the military and the ARENA party, the government chose not to pursue those links but instead, called the army out to police the streets and passed emergency legislation that threatened the fragile efforts to reform the notoriously corrupt justice system. Then, in 1996, despite strong opposition and doubts about its efficacy in fighting crime, ARENA took steps to reintroduce the death penalty.

Official intolerance of opposition was demonstrated in various ways. Citing violations of law, the government shut down a dozen community radios that had served as important sources of free expression in the country’s ex-conflictive zones. After a long battle, ARENA pushed through the National Assembly a bill giving the Ministry of the Interior significant control over the activities of NGOs. As the Salvadoran economy faltered, it was clear that economic growth had not resulted in an improvement in living conditions for poor Salvadorans. Street demonstrations by war veterans and other social groups grew in militancy, and the government responded with increasing violence. The Salvadoran people repudiated such policies and practices by voting for the FMLN and other opposition parties in 1997.

The Chapultepec Accord represented a series of accommodations made by all sectors of society to respond to the overwhelming desire of the Salvadoran people for an end to the conflict. Those accommodations included a number of democratic reforms and new institutions that provided an opportunity for the country to escape from its authoritarian past. If the reforms contained in the Peace Accord are not successfully consolidated and broadened to include a democratisation of control over the country’s resources, then peace will not fulfil its promise. In the absence of openness to opposition and policies that directly address the persistence of mass poverty, the resentments created by inequality and intolerance will produce shock waves that will shatter the fragile democracy struggling to survive in Latin America’s ‘little finger.’ After a confrontation with police in late 1995, one war veteran remarked that, ‘In this country it is harder to get rice and beans than weapons to begin a new war.’ If he is right, democracy is in trouble whether or not a new war is on the horizon.

The 1997 elections, which increased the number of opposition members in the legislative assembly, and the number of municipalities controlled by the FMLN and its allies, gave grounds for hope that democracy is alive and well in El Salvador, and that the Chapultepec Accords have changed things for the better. However, it remains to be seen if the new balance of political power will bring action to address the problems of poverty and crime.

Five years after the end of a civil war of unprecedented ferocity, El Salvador remains at the threshold of a door to a new future opened by peace. Many Salvadorans, including people featured in this book, such as Miriam Chicas, Vilma Sanchez, Simón Amaya, and Santiago, have been attempting to move their country forward, through that door; but economic injustice weighs heavily against them. Without freeing themselves of that weight, they could not take full advantage of the opportunities of peace. Unfortunately, the door opened by peace will not stay open forever. If El Salvador can not take forward this opportunity for change, when will another one appear?