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Reading the Economic Signs of the Times in El Salvador

HÉCTOR LINDO-FUENTES

It is impossible to comprehend the Jesuit martyrs of El Salvador without understanding the connection between their commitment to the poor and their reading of the economic situation of El Salvador, a poor and overpopulated territory of only 8,123 square miles. The UCA Jesuits insisted that it was necessary to think critically about the reality of their country in order to advance their vision of a university committed to the promotion of social change. Their publications and those of the university they led sought to show the historical origins of the inequality and widespread poverty of the country and to analyze the ways in which the political system went hand-in-hand with the structure of the economy.

In the second half of the nineteenth century the earnings from a new export crop, coffee, helped to consolidate the weak state, which had gained its independence from Spain earlier in the century. The expansion of coffee production led to important changes in the economic institutions of the country. The project of the small elite that monopolized the positions of power included the privatization of the communally owned lands of Indian communities and towns, the creation of banks, and the use of government revenues to improve the transportation system that brought coffee from plantations to the ports. Although they considered themselves to be working in the liberal tradition, the people in power believed more in the sanctity of private property and the freedom to export than in equality. The civics text used in primary schools at the end of the century exemplifies this attitude. It stated that the sovereignty of the people should not be confused with the “power of the mob,” and listed a number of vaguely defined categories of individuals who were deprived of the rights of citizenship. Under such circumstances the precise definition of who had rights was left to people with power. During the twentieth century, while laws restricting full citizenship rights were slowly being reformed, the attitudes of the powerful remained deeply entrenched in the past.

The greater reliance on exports also meant that sudden drops in the international price of coffee could lead to bank failures, widespread unemployment, and sharp falls in government revenue. Small tremors in international markets could be felt as earthquakes in a small country like El

Salvador. Not surprisingly, when the Great Depression reached the country the results were catastrophic: government revenues were cut in half, many coffee planters, unable to pay salaries, let their workers go, and the political system could not respond to alleviate the crisis. In this context army officers staged a coup d'état. A few months later a rebellion exploded in an area with heavy Indian population. These events of January 1932 were labeled as “communist inspired,” even though the budding communist party played only a marginal role. In a swift reaction the army and civilian militias massacred rebels and alleged sympathizers. Estimates of the death toll range between ten and thirty thousand.

This was a turning point in the history of the country: the army presented itself as indispensable to protect the landowners against the rebellious masses and the “communist threat.” The guerrilla force fighting against the government in the 1980s was named after Farabundo Martí, a communist leader executed during the 1932 rebellion, and one of the notorious right wing death squads during the same period was named after General Maximiliano Hernández Martínez, the President who ordered the repression and ruled with an iron hand until 1944. This alliance between the army and the oligarchy proved lasting, as military governments succeeded each other until 1979.

By the late 1950s, some leaders felt the need to widen the spectrum of economic activities and industrialize the country, but there was a problem—the country was too small to provide a market for modern industrial plants. The solution was to integrate the markets of the five Central American countries following the European model. The treaties that organized the Central American Common Market were signed in 1960. Some industrialization was achieved (industries accounted for one-fifth of the gross national product by 1970) and the economies of the region grew, but unevenly. Some countries benefited more than others and inequality within countries increased. Moreover, at the end of the decade the rate of growth of the economy, over six percent a year at the beginning of the

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decade, sharply declined. In 1969, for a variety of reasons including the social tensions within El Salvador and Honduras, and animosities created by the fact that El Salvador had benefited much more from the Common Market, a brief war broke out between the two countries. One of the victims of that war was the market integration experiment.

This was a second turning point. The first guerrilla groups organized immediately after the war, as disenchantment with the regime began to reach wider sectors of the middle class. The economic origins of the discontent did not escape the policy makers and a group within the government thought that economic reform was urgent. The government attempted to respond by planning land reform and promoting a new industrial strategy that involved foreign investment in the "maquila" system. By this time the Universidad Centroamericana José Simeón Cañas (UCA), led by the Jesuit martyrs, had already opened its doors. The reaction of the UCA publications to the new policies was a reflection of a new view of a university deeply involved in public affairs and committed to social justice. They supported the land reform as a step in the right direction, and criticized the industrialization tactics for being unable to produce enough jobs while increasing economic dependency. When powerful landholders bitterly opposed the land reform program, a redistribution of large landholdings among the peasants, the government was forced to back down. Peaceful change in the countryside began to seem utopic after these events.

The situation of the rural poor was rapidly deteriorating. Commercial crops such as coffee, cotton, and sugar were displacing small subsistence producers. Studies made by the end of the 1970s to prepare the terrain for the land reform provided a snapshot of the unequal distribution of land. Half of the arable land was concentrated in large properties that represented only 1.5 percent of all agricultural units, while the poorest half of landowners occupied less than five percent of arable land—this in a country that was still largely agricultural. Of course, these statistics referred only to those who owned land, but by 1975 the number of landless peasants had increased to include more than forty percent of rural families.

Carlos Rafael Cabarrús, an anthropologist who worked in Aguilares, an area in the central region where liberation theology groups found a warm reception, has written about a rapidly deteriorating environment for the rural poor. They had a tough time finding land for the production of subsistence products, and the little they found was marginally productive and sold at ever higher prices. At the same time, fertilizers were becoming more expensive. Since scarcity made it impossible to leave land fallow, productivity declined. Those

without land had enormous difficulties finding a job. (Unemployment rates have been estimated up 72 percent.) Peasants often had to spend hours walking back and forth from tiny plots scattered in different areas, which made the use of machinery difficult and irrigation impossible. It was precisely in that area where one of the first cases of persecution of the Church took place, when Father Rutilio Grande, who had been active organizing base communities, was murdered in 1977. The spiral of violence that was leading the country to civil war had already begun.

As the unemployment rates in the countryside would lead one to expect, migration to the cities could be seen as a way out of despair. The capital, San Salvador, concentrated much of the country's trade and industry and became the most frequent destination. For decades it was the only region of the country that showed positive immigration statistics. In 1975, the year for which the best pre-war data are available, the situation of the poor in urban areas was better than in any other region, but the meaning of "better" in this context was hardly enviable. A survey indicated that sixty percent of the dwellings were considered overcrowded, almost a fifth lacked toilets, and 13.7 percent had dirt floors. More than a third of the capital's population was functionally illiterate (Sermeño Lima).

The eleven-year civil war, which began in earnest in 1981, was hardly the ideal environment to solve the problems of the country. The economy kept deteriorating despite hasty efforts to introduce economic reforms and the large influx of aid (the U.S. spent about four billion dollars to prop up the regime during eleven years of civil war). Low-intensity warfare created an environment of pervasive insecurity that brought new investment to a halt. By 1985 the UCA estimated that 3.5 million people lived in conditions of extreme poverty. Hundreds of thousands of people were displaced by the war and the lack of opportunity, heavy migrations redistributed the population within the country, and even more people looked even farther in their search for a new opportunity. Thinking critically of these events, keeping the fate of the poor as an intellectual north, was a dangerous game during this period. The Jesuit martyrs understood that it was also an absolute necessity.

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