Neoliberalism: The Genesis of the Central American Security Crisis

Camila Meléndez
Skidmore College

Follow this and additional works at: http://creativematter.skidmore.edu/inter_aff_stu_schol
Part of the Latin American Languages and Societies Commons, and the Latin American Studies Commons

Recommended Citation

This Thesis is brought to you for free and open access by the International Affairs Department at Creative Matter. It has been accepted for inclusion in International Affairs Senior Theses by an authorized administrator of Creative Matter. For more information, please contact jluo@skidmore.edu.
Neoliberalism:
The Genesis of the Central American Security Crisis

Presented to the Faculty of International Affairs

Skidmore College

In partial fulfillment of the requirement for the degree of the Bachelors of Arts

By
Camila Mena Meléndez

May 4, 2015
Saratoga Springs, New York
ABSTRACT

Neoliberalism has been for long a popular subject in the assessment of development models and their effect in emerging and developing countries. The study of this model's implications has remained however, focused to the realities and context of the 1990s disregarding the undeniable and interminable effect of rigid, universal, uni-dimensional and out-of context set of policies. This work therefore expands the study of neoliberalism assessing its political, economic and social implications and continuous role in the current crisis in the Central American countries. This work achieves the exploration of the neoliberalism-insecurity nexus by studying the conceptual framework of security, the existing literature around neoliberalism's effect in Central America and on the relationship between poverty and insecurity.
TABLE OF CONTENTS

TABLES & FIGURES

ACKNOWLEDGEMENT

ABBREVIATIONS

I. INTRODUCTION

II. CONCEPTUAL FRAMEWORK OF SECURITY

III. THEORETICAL FRAMEWORK: DEMOCRATIC SECURITY

IV. POVERTY- SECURITY NEXUS

V. ASSESING NEOLIBERALISM

VI. CASE STUDY

VI. FINDINGS & ANALYSIS

VII. CONCLUSIONS & POLICY RECOMMENDATIONS

VIII. REFERENCES
ACKNOWLEDGMENT

I would like to thank the members of national institutions, regional organizations, think tanks and members of the civil society in El Salvador that have contributed to my research through information, resources and personal insights on our security crisis.

I would like to make a special mention to Professor Pushkala Prasad who has guided me throughout this process. I am mostly thankful because it is through her that I have learned about the discipline and importance of critical thinking and have developed a passion for continuous learning and academia, which will guide my future endeavors.
INTRODUCTION

Regardless of whether we are talking about international, national, public or human security, the topic of security is relevant in itself, given the threats and costs it is inflicting on both individuals and societies with low levels of development (OAS, 2006). According to the OAS, the dire state of insecurity today constitutes the principal threat to stability, the strengthening of democracy, and a threat to the development potential of our region. In general, violence, insecurity and underdevelopment pervade our societies, greatly undermining the quality of life of citizens, who feel vulnerable, intimidated, and harassed by the constant threat of being victimized (OAS, 2006). It is also posing a threat and a high cost to our political, economic and social systems.

Tackling insecurity is a necessary pre-condition for achieving any form of economic and social development, which is often dismissed. This suggests that the discourse and study of insecurity necessitates further and deeper understanding. The current discourse on ways to deal with the already existing insecurity illustrates a lack of attention and understanding of the complexity of the problem. Little discourse is found in literature on how to address the roots of insecurity and few efforts on coordination to generate a long-term strategy to address it.

This paper attempts to broaden the discourse on security, exploring its current face and implications, bringing attention to certain misrepresentations and misunderstandings at a policy level that contribute to the failure to address the issue of security effectively and sustainably. Following an analysis of the existing literature around the topic of security, the study is based on the conceptualization of security as defined by the Secretariat of the Central American Integration System (SICA).

The study explores the security-poverty nexus and establishes that poverty is a major driver of different insecurity forms. The study then looks into the major contributors of poverty, arguing that neoliberalism has exacerbated misery and socio-economic inequality and studies the implications of neoliberalism in the creation of
poverty and insecurity through the cases of El Salvador and Nicaragua. The study concludes with an assessment of neoliberalism as a model for peace and development and series of recommendations on how to ensure that the insecurity crises is addressed not only through the provision of public order, but also tackling insecurity in all its dimensions and creating consequently, the conditions for sustainable security.

**DEFINING SECURITY**

Security has become one of the most overused words, yet remains to be the most undefined and ambiguous. What exactly are we talking about when we talk about security? While there is no single ‘correct’ or universally accepted definition of security, at its core, security means public safety. In a secure environment, citizens need not fear for their persons or their possessions and everyday life can proceed without criminal and unpredictable disruptions. According to the UN, effective and accountable security is defined as “an ideal state for a country and its people, where there is no discrimination and full respect of human rights and rule of law” (UN, 2007). While this definition provides a straightforward and simplistic view of security, changing contexts and rising scenarios have lead to new understandings and greater complexity in security’s conceptual framework. Figure 1.1 illustrates the differing understandings or breakouts of the security concept, which have been introduced through by international organizations, regional and national institutions.
Figure 1.1 Security Framework

International Security

As a result of growing globalization and increased contact between and among nations, the UN has pushed for the strengthening the understanding of international security. Maintaining peace between states and communities that allows for coexistence and development, the strengthening of friendly relations among nations, and encouraging willingness to cooperate in the solution to international problems has been core aims within the UN conceptualization of international security (UN, 2005). Peace, according to UN definitions, transcends the willingness and need to avoid an international military conflict, as it both includes and aids in the achievement of economic development, social justice, human rights, good public management, and democratic processes (UN, 2005).
National Security

The conception of security that dominates literature and academic discourse on the subject, however, tends to focus on the concept of national security as defined by the US doctrine. Most scholarly articles on insecurity in the Cold War era focus on the traditional approach to security, which is state-centric. Insecurity was therefore conceived as “threats to the state and the need to defend the state from such threats, which accounted for race for arms and nuclear weapons” (Ajodo-Adebanjoko and Walter, 366). Modern understandings of national security emphasize protection of the state and territorial integrity from other state actors as well as tran-state actors, organized crime and terrorism, resulting from increased globalization (US National Security Council). The European security model has adopted its own internal security strategy. At the core of their strategy is the understanding of internal security as the protection of citizens from non-state actors and disasters including organized crime, drug trafficking, cyber crime, cross border crime, violence itself, economic crime and corruption, and natural and manmade disasters (EU, 2010). According to the EU, “internal security should focus in the prevention of crimes and increasing the capacity to provide a timely and appropriate response to natural and man-made disasters through the effective development and management of adequate resources” (EU, 2010). While the EU acknowledges the need to create a more integrative approach, the understanding of both security and the strategic guideline for actions focuses too much on a very technical understanding of security and a very operational cooperation strategy (EU, 2010).

Public Security

Public security is also understood within the framework of the security. Its discourse has been framed by the Organization of American States (OAS) as the
physical and psychological protection of persons, property and democratic political institutions against both internal and external threats of violence, criminality, delinquency and intimidation (OAS, 2005). Among the major factors that are considered threatening to public security are murders and criminal activities occasioned from drug traffic and related crimes. Other delinquency daily acts such as theft, violence, kidnaps, sexual abuse, youth gang membership, household violence, all considered central threats to civilized and peaceful coexistence and a major challenge to the consolidation of democracy and rule of law (OAS, 2005).

**Citizen’s Security**

The security of the individual has evolved into more complex manners than past decades. The Inter-American Development Bank (IADB) emphasizes on the concept of citizen’s security, as the efficient protection on the state’s behalf of some rights and fundamental liberties of its citizens. Different than public security that focuses mostly on the right to life and property, citizen’s security emphasizes the right to free movement, education, dignified employment and living conditions and the right to engage in economic activities without further restrictions than those established in the judicial order (IADB, 20012).

The IADB establishes that a central component in the understanding of citizen’s security is its focus in the protection of citizens from crime and violence. It emphasized the distinction between violence and crime, arguing that not all crime is violent and thus these should be seen as two separate, yet related terms. Violence is defined as “the intentional use of physical force or power, threatened or actual, against oneself, another person or against a group or community that either result in or has a high likelihood of resulting in injury, death, psychological harm, development and deprivation” (Sherman, 2012). While this understanding of violence is not uniformly accepted, it can be used as a way to understand the context in which violence occurs and the interaction between the differing types of violence. The IADB is the only
organization that stresses the costs borne by fear of crime and includes it as another problem with high repercussions given its role in undermining “quality of life” (IADB, 2012). Their security definition and strategy focuses on violence, crime, and fear of crime as its three key dimensions. While their understanding of security is coherent and cohesive with the Bank’s institutional view and can be used to substantiate courses of action and proffered approaches, it fails to capture the full range of citizen security interventions and promising practices in the region. In addition, the evidence-based interventions fail to represent the full range of approaches needed to address the characteristics of crime and violence in the region. It necessitates a much more integrated, comprehensive public sector response, addressing characteristics at the individual and situational level and factors at the community level.

**Human Security**

The security landscape has changed and post Cold War era scholars now place emphasis on the security of the individual. This recent approach, coined ‘human security’ focuses on the protection of individual’s rights. Human security is commonly understood as being part or complementary to citizen’s security. However, a description of this sub-concept seems necessary given its focus in including deprivations, food, health and environmental effects as forms of insecurity. According to the UN, beyond simply providing rule of law and protection from violence, democratic governments must also provide minimal guarantees of individual freedom, placing the individual’s need, integrity and livelihood over those of the state. In describing this ideal, the UNCHR (UN Commission of Human Rights) reads,

“Human security means protecting vital freedoms. It means protecting people from critical and pervasive threats and situations, building on their strengths and aspirations. It also means creating systems that give people the building blocks of survival, dignity and livelihood. Human security connects
different types of freedoms- freedom from want, freedom from fear and freedom to take action on one’s behalf” (UNDP, 2015).

While the aforementioned concepts are all part of a single framework- that of security- they differ in their focus, the aspects or players they want to protect, the kind of protection aimed and what is considered a threat and imply consequently, different responses at the state and community-level responses. Table 1.2 illustrates the differences between the security understandings in international, regional and national discourse and their principal characteristics pointing out to the significance of what their different focus imply.
<table>
<thead>
<tr>
<th>Category</th>
<th>Who &amp; what should be protected?</th>
<th>Who or what presents threats?</th>
<th>What forms do threats present?</th>
<th>Objectives/ Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Security</td>
<td>Respect of global Peace, Human rights and rule of law</td>
<td>Organized terrorist groups, non-state actors</td>
<td>International military conflict, transnational terrorism &amp; crime, climate change</td>
<td>International peace, willingness to cooperate &amp; coexist</td>
</tr>
<tr>
<td>National Security</td>
<td>State institutions territorial integrity</td>
<td>Other nation-states, transstate actors &amp; structural issues</td>
<td>Disputes or aggressions from rogue states, drug trafficking, crimes, terrorism, population movements</td>
<td>Domestic stability &amp; peace &amp; coexistence among internal actors</td>
</tr>
<tr>
<td>Public Security</td>
<td>Civilians safety, State institutions</td>
<td>Crime, violence, terrorism, state incompetence</td>
<td>Gang violence, targeted violence, corruption, impunity</td>
<td>Prevention of crime and safety, democratic institutional development</td>
</tr>
<tr>
<td>Citizen’s Security/ Human Security</td>
<td>Citizens integrity, political, economic and human rights &amp; economic sufficiency</td>
<td>Poverty, environmental degradation, resource &amp; food scarcity</td>
<td>Deprivation in health, education, employment, human migration, natural disasters</td>
<td>Equality, freedom from poverty, right to life, property &amp; participation in economic activities</td>
</tr>
<tr>
<td>Democratic Security</td>
<td>Institutional strength &amp; guarantees, Citizen’s safety, integrity &amp; rights</td>
<td>Corruption, impunity, unresolved structural problems with police, crime and violence, poverty &amp; inequality</td>
<td>Corruption domestic &amp; regional violence, poor living conditions, natural disasters</td>
<td>Enhanced democracy &amp; political institutions</td>
</tr>
</tbody>
</table>
Common Problems Encountered in Defining Security

At a theoretical level, we cannot agree and won’t be able to agree on a sole understanding of security. The question becomes then, whether or not it matters if we can’t agree on a single definition of security. Without a doubt, definitions do matter. Clarification of how security is defined matter as the different interpretations identify different individuals and groups as insecure, and thus require and translate into different strategies and policies. Having said this, it is still important to acknowledge that security has different dimensions, objectives, and aims, and trying to limit one’s understanding of it would disregard its different branches, elements, and major players. While we should acknowledge the different kinds of security and their respective definitions, given state's' limited resources it is important to evaluate which kind of security should be prioritized. It is my view then that internal security strategies should not be limited to the conventional understanding of national security. While governments should prioritize the most pressing form of insecurity in the short-run, they should simultaneously incorporate the different security concepts into a much more holistic strategy that puts the individual at its center.

THEORETICAL FRAMEWORK

All Embracing Security: Democratic Security

In evaluating El Salvador and other post-conflict cases, both the provision of public safety and the more comprehensive protection of human security are important and sometimes conflicting aspects of the security discussion. In 1995, the governments of the Republic of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama adopted under the leadership of the Central American Integration System (SICA) the new concept of democratic security, giving the understanding of security a multidimensional scope.
A common misunderstanding when talking about democratic security is viewing its model as one that focuses solely on the strengthening of political institutions and democratic processes. While the democratic security principle is based on democratic values, the basic goals of the democratic security is to “integrate Central America so into a security strategy that creates conditions that permit their personal, family and social development in peace, freedom and democracy” (SICA, 1995). The commitment to democracy is seen as a long-term strategy “based on a government of laws and the guarantee of basic freedoms” but directly linked to the “promoting economic freedom, social justice, and the strengthening of a community of democratic values” (SICA, 1995). Democratic security as defined by the Framework Treaty on Democratic Security in Central America (1995) engages in the analysis and consideration of more complex ways of understanding not only security itself, but also democracy and human rights.

According to the current Director of Security for Central America, José Vinicio Martinez, “the understanding of security transcends that of the traditional national security strategies where security is seen as a matter of public insecurity and the use of military forces to protect citizens from the rise of organized crime.” The principle of democratic security adds to the list of traditional threats besides organized crime other factors, from socioeconomic threats to urbanization, values and culture, family situation of city dwellers, the prospects for youth, lack of respect for the law, impunity, unresolved structural problems within the police, and the prison problem. This pluralistic thinking of security thus requires an all-embracing model that focuses on tackling insecurity through different dimensions. Following this conceptual framework of democratic security, the Central American Security Strategy (ESCA) launched in 2011 adopted a “new, unique, integral and indivisible model of regional security inspired in the achievements in its intense process of pacifism and integration (SICA, 1995). These focused on the achievement of security through the three dimensions of public and physical safety for society and state, institutional strength...
and guarantees, and socioeconomic development” (SICA, 1995) as shown in Figure 2.1. The democratic security strategy focuses on the principles of rule of law emphasizing on “strengthening civil power, political pluralism” and in “the elimination of violence, corruption, impunity, terrorism, drug trafficking, and arms trafficking; the establishment of a reasonable balance of forces that will take into consideration the domestic situation of each country and need for cooperation among all Central American countries to ensure their security (Cite). However, it also urges equal efforts in achieving human security by “strengthening economic freedom, the elimination of poverty and extreme poverty, the promotion of sustainable development, the protection of the consumer, the environment and the cultural heritage” (SICA, 1995). The understanding of security by the Central American Integration System brings together public, democratic, and human security, demonstrating that security encompasses different facets and has its repercussions in the diverse spheres- political, economic, social, and physical.

**Figure 2.1**

**Democratic Security Framework**

While the term “democratic security” has yet to become a popular subject of study in the academic literature, it is constantly discussed in the context of Central America forums and policy-making. The essential point of departure for policy-makers...
in this region is the proper diagnosis of the insecurity problem to be resolved. Even prior to that is determining the right understanding of what democracy and development is and what it takes to achieve it. Given the lack of a widespread, holistic understanding of such notions, Central American countries have ignored the Framework Treaty on Democratic Security in Central America and address the problem based on a one-dimensional understanding of security, resulting in serious targeting issues.

Policy-makers are ignoring the undeniable relation between security, democracy and development, a relationship that implies not only correlation but also causation. Security can promote democracy and growing insecurity creates multiple challenges and threats to improvements or even sustainability of democratic quality. Security is the basis for democratic governance, as shown by indicators that demonstrate crime plunging countries into a complex and vicious cycles in which insecurity discourages participation, stokes mistrust and doubts as to whether a democratic government is truly the best option, and increases perceptions of impunity and disruptions of elections (OAS, 2005).

The problem perpetuates, as policy-makers are also falling into an archaic and limited view of democracy that results in a limited achievement of democracy itself and thus an incomplete form of security. The poor state of development raises questions on human rights and freedoms and has been linked to certain forms of insecurity. At a political level, there has been a global failure to address the inefficient delivery of public services; exclusion from the benefits of progress and inequality of opportunity paving the way to deeply rooted poverty.
POVERTY & THE CHALLENGE TO SECURITY

Among the most prevalent causes of security issues is poverty. The link between poverty and insecurity is often perceived as twin problems that adversely affect sustainable development (Brainard, Chollet & LaFleur, 2007). Poverty has not been a prime concern until the 1990s, when the World Bank recognized the failure of their stabilization and structural adjustment policies in eliminating poverty through a sole focus on economic growth. This, lead to a shift to distributional growth and other poverty-reduction strategies has lead to a much more adequate and successful approach in addressing this socio-economic ill, though it remains a problem. Similar to security, defining poverty remains problematic given the different debates relating to what it entails, how it is to be measured and tackled. C. Ruggeri Laderchi (2003) argues that the different identifications of poverty along with the different views of what constitute a good life, and a good society, makes policy formulation messy. Regardless of whether we are viewing human deprivation through a monetary or a capabilities approach, both means of understanding and measuring poverty are linked to insecurity.

A significant amount of scholarly work has been devoted to discredit the notion that poverty has any security consequences. However, there also exists a large area of emerging scholarly consensus on the argument that this relationship is direct and undeniable. Within this economic literature of conflict, however, there is disagreement on the nature of the relationship- is it poverty that is breeding insecurity or vice-versa? Some scholars agree on the simple, unilateral relationship between poverty and insecurity and others argue on their mutually reinforcing and casual relationship.

One groups believes that poverty alone is enough to cause insecurity. According to Urdal (2009) “when aspirations are not met, people may resort to armed conflicts, which in turn make life insecure for individuals within the community”.
Berkeley economist Edward Miguel and his colleagues have helped establish that growing poverty alone significantly increases the likelihood of conflict (Brainard, Chollet, and LaFleur 2007). Miguel examined annual-country level data for forty-one countries in Sub-Saharan Africa between 1981 and 1999 and showed the relationship between changes in income and prospects of conflict. He shows that for each additional percentage point in the growth rate of per capita income, the chances of conflict are about 1 percent less (Brainard, Chollet, and LaFleur 2007). In other words, when income is doubled, the risk of conflict decreases by half. At the country-level, Brainard, Chollet, and LaFleur (2007) explore that risk of conflict is higher in poor countries as “poor people have little to lose” by engaging in conflict. Some argue, that if anything conflicts provide a platform for the pursuit of dignity and voice and to present their collective and political grievances. Those who dismiss the fact that poverty, and by extension insecurity, is the major cause of conflict, argue that poverty causes insecurity when other factors are present (Ajodo-Adebanjoko & Walter, 2014).

To them, poverty is not a sufficient condition for the occurrence of conflict. According to Nelson (1998) the precise links between economic grievances and ethnic conflict are exclusive, variable, and strongly conditioned by a wide range of non-economic factors.

A second group argues that the poverty-insecurity nexus are mutually reinforcing, leading to what Brookings scholar Susan Rice calls “a link that constitutes a tangled web with overlapping threads of intervening variables” (Rice, 42). Mainstream opinion, in the media and elsewhere, tends to characterize conflict as a result of ancient ethnic hatreds or political rivalries. Yet the groundbreaking analysis by Oxford economist Paul Collier in “The Political Economy of Natural Resources” shows otherwise. According to Collier, primary commodity exports provide opportunities for rebel predation during conflict and so can finance the escalation and sustainability of rebellion (p.1111). Colliers argue that countries with all three risk
factors are “engaged in a sort of Russian Roulette struggling to promote development before the bullets start to fly.”

Verstegen’s (2001) studies, further supports the argument that poverty and conflict are closely related. In her opinion, violent conflicts have led to deaths and displacement of many people and to the destruction of property, which leads to destruction of years of development efforts and, investments and consequently to insecurity. Ajodo-Adebanjoko & Walter, U (2014) argue that when aspirations are not met, people may resort to armed conflicts, which in turn make life insecure for individuals within the community. This direct, causal and complex poverty-insecurity relationship is depicted in Figure 3.1 Rice (2007) argues that poverty at the state-level perpetuates in-state conflict and criminality, arguing that poor states are unable to provide their citizens with basic services, which forces citizens to opt for outside providers or illicit-profitable activities to fill in this social service gap. She continues by arguing that while poor countries are more likely to experience civil war than more developed, richer ones, “when conflict breaks out, poverty can help perpetuate the fighting, and once a conflict has ended, poverty may also increase the likelihood that it will recur” illustrating the argument that poverty is both a cause and consequence of conflict (p. 38). While poverty is not in itself an explanatory factor as demonstrated by the simple fact that there is much less crime in extremely poor rural areas than in other, correlation becomes clear when poverty interacts with other factors such as the inequality, marginalization and exclusion of the most vulnerable groups (OAS, 2015).

Because insecurity is not only in terms of conflict, focusing only on conflict may mask other potential threats and vulnerabilities. The study of poverty and insecurity should go beyond conflict and thus, will be explored in relation to human (socio-economic) and democratic (political) security to include the adverse effects on important human and societal functions and structures.
**Human Security**

Rice (2007) explores the costs of human and environmental insecurity in relation to poverty. According to her study, poverty encourages population growth both as a response to high child mortality and as an opportunity to increase income generation. Given that a large majority of the poor live in agricultural areas, they require arable land for subsistence and energy. This need drives farmers to firewood gathering and slash-and-burn agriculture, which accelerates the process of deforestation. Deforestation by itself decreases environmental and climate resilience, making rural farmers and their families much more prone to facing the harms of erosion, flooding, and soil degradation (Rice, 2007). Once again, poverty at a state-level seems to contribute to the duration and gravity of this problem, as weak states typically are the ones that lack the will and means to prevent peasants, farmers, and even foreign actors from partaking in deforestation. The effect of poverty on environmental insecurity results to be cyclical and mutual; environmental degradation reduces natural resources and agricultural yields and in turn, increases the climate change process. This increases the vulnerability of the poor by making farmers more prone to floods, droughts and hurricanes and in return, to disease, hunger and misery (Rice, 2007). Not only is poverty, both at individual and state-level creating environmental insecurity and furthering deprivation, but also given the enormous pressures that environmental insecurity puts on the social fabric of communities, it even furthers violent conflicts over resource scarcity, including food and water (Rice, 2007). Growing research has also associated the effects of population growth (explored above as a result of individual-level poverty) as an increase factor to the risk of human exposure to pathogens and state-poverty as a systematic perpetrator of disease. Rice concludes “Growing population pressures causes individuals to seek arable land, wood and depend on livestock for income-generation and self-sustenance, increasing their exposure to zoonotic diseases such as the H1N1 swine flu” (p. 41). To add to this, weak state’s inadequate healthcare infrastructure hampers disease detection and
prevention and increases the prevalence of disease epidemics, such as Ebola, dengue-fever and Zika not only in Africa, as it's often studied, but also in the poorest, weakest states around the world (Rice, 2007). Figure 3.2 shows the how poverty at individual and state level can create an ingrained poverty cycle with repercussions such as disease, conflict and environmental degradation at local, national and global levels.

**Political Security**

As noted above, criminality and environmentally induced conflict are more likely to occur in countries with weak governments and authoritarian political institutions. Strong states, on the contrary, are typically able to prevent, deter, and repress large-scale organized violence (Miguel, 2007). Then, because political security can be both a cause of insecurity in itself and one that enables and further drives other aforementioned forms of insecurity, the character of a country’s political and governing institutions does matter. The ability of certain political models and structures to create the enabling conditions for peace, socio-economic development and prosperity becomes central to the discussion.

Although democracy is not the cure to all ills, it is often seen as essential to promoting citizen’s trust and confidence and associated with achieving lasting success in reducing both poverty and insecurity. Democracies are often linked with strategic commitment, active and shared leadership, clearer policies, and most importantly, more transparent management due to accountability systems, checks and balances within the system, and the predominance of the rule of law (Miguel, 2007). The presence of these various mechanisms makes corruption and illicit enrichment of public workers and officials much more challenging. The free flow of information within society, another characteristic of democratic systems, is also seen as key to the successful prevention and cooperation in emergency responses to in-state threats (Miguel, 2007). Nobel Peace prize winner Amartya Sen has noted that famines has
never occurred in democracies, because democratic governments "have to win elections and face public criticism, and have strong incentive to undertake measures to avert famines and other catastrophes" According to Sen, it is also largely due to the information flows and feedback systems that authoritarian systems often lack (p.33).

The study of democracy is even extended to its role or ability to break the poverty-insecurity nexus. According to Kahl (2007), consolidated democracies are unlikely candidates for civil war and are less vulnerable to widespread upheaval during times of crisis. Kahl explains, “Democracies normally enjoy greater system legitimacy than authoritarian states and are better able to channel grievances into the normal political process. Democratic institutions also increase the transparency of political decisions and place constraints on executive authoritarian, limiting the ability of state elites to instigate violence” (p.69).

He argues that consolidated authoritarian states can be more effective at avoiding conflict and other forms of insecurity (Kahl, 2007). Given that authoritarian states normally consolidate executive, judicial and legislative powers under one leadership and political agenda, they often yield results and are able to implement programs and policies in a much more effective manner. However, risks arise if the bills or policies pursued are unfavorable, detrimental or harmful to a majority. Nevertheless, as Kahl (2007) describes, “their stability typically relies on a high degree of coercive power and patronage”, often generating grievances and oppositions from excluded social groups and making them vulnerable to civil wars and violence in times of crisis (p. 72).

In spite of the differing views and dimensions on the nature and implications of the poverty-insecurity challenge, a widespread agreement among many scholars lies in the negative implications of poverty to global security. Rice (2007) evocatively calls this relationship a “doom spiral” arguing that insecurity at a nation-level increases
infant mortality, creates refugees, fuels drugs and weapons trafficking and produces considerable economic costs to neighboring countries in the form of refugee flow in and investment pull outs. There was a repetitive emphasis that, in order to address the direct implications of global poverty to global security, that the issue of in-state poverty required inter-state and regional collaboration.
A LOOK INTO NEOLIBERALISM

Most of the underpinning foundations for security lie in the political economic structure of a country. In the case of many Central American countries, this has been that of neoliberalism. Walton (2004) explains on the two ways in which neoliberalism is commonly used. In a narrow sense it is conceived as “a shift in a subset of policies to a greater reliance on markets” and the broader usage of neoliberalism as “a wholesale change in the relationship between the state and society, with a more vigorous embrace of the market being part of a generalized withdrawal of state provisioning and action” (pg. 166).

Any assessment of policy formulation requires first an understanding of the motives and hopes for their execution. Advocates of neoliberalism argued that for a revival of rapid transition to open markets, the abolition of tariffs and subsidies and the reduction of social spending among others would lead to benefits in economic development, stability and distribution, “a largely unregulated capitalist system not only embodying ideal of free individual choice but also achieves the optimum economic performance.”

Examinations of neoliberalism and its consequences in Latin America have been a popular theme of study, resulting into split accounts and views of such political economy mix. The disagreement can be seen as a result of different interpretations of the evidence of the economic and social effects of the market oriented policies. For example, some scholars in the line of thought of Friedman and Hayek, assess the growth, stability and distribution that took place in particular Central American countries following the implementation of the SAPS as directly related to the neoliberal reforms, while Keynesian would argue that these depended on other factors such as distribution of assets, structural policies and political and social institutions.

The economic literature suggests however, a virtually unanimous agreement on neoliberalism’s failure as a multi-dimensional development model in Central America
pointing out to its contribution in increasing poverty and inequality at a national and international level. Wade (2010) argues, “The application of neoliberal economic model has exacerbated socio-economic inequalities” and has had “a negative impact on the countries prospects for peace.”

The disagreements exist, however, in the assessments of the aspects that lead to such disastrous policy mix. Some argue that the failure of neoliberalism in addressing poverty resulted from its one-dimensional view of development and others argue that it's the lack of context knowledge and accommodation in the policy-package.

Revista Envio assess the structural adjustment policies as ones that “created a new model of selective growth and that its productive strategies for steering us out of crisis are not very reliable.” The authors criticize the policies’ prioritization of the nation, efficiency and the market over social welfare and the poor majority. He dismisses the conception of ‘trickle down economics’ saying that this is made impossible by the very fact that the model aborts all possible strategies that would foster social integration and on the contrary, “Neoliberalism brings with it the tendency towards concentration and exclusion, which structurally reduces the possibility of achieving development and equity.” He argues that every aspect that would seem as successful in economic terms came about with a caveat and at tremendous social costs; growth took place but was exclusive to certain sectors and while inflation rate decreased, structural unemployment increased sacrificing the domestic productive base and popular sectors, “Individual strategies, like business, sectorial and local strategies, constitute partial and insufficient solutions.” In other words, the model lacked equitable development strategies that would include the greatest possible range of sectors for socio-economic and socio-political development.

At both international and national level, the model failed to recognized structural disparities in terms of income and resourced and their link to individual productive capacity and while the shift towards markets was beneficial, it was “probably
disappointing relative the expectations of advocates, and certainly incomplete as a development strategy” (Wade, 2008).

Other authors argue that among the greatest failures of the neoliberal policies that it operated in a one-model fits all basis. Neoliberal policies did not account for regional, national contexts and thus, ignored the individual intricacies and differences in country’s political, economic, social and cultural contexts. Huber and Solt, state their opposition against “the pressure to implement a standard set of neoliberal reforms regardless of context.”

The economic literature suggests as well, an agreement on neoliberalism’s failure in Central America as a development model. The neoliberal policies called for abolition of quotas and reduction of tariffs duties, which created new opportunities for international trade and investments. However, from a regional perspective, the commitment to “free trade” and “reduction of tariffs” was inherently imbalanced in favor of power countries who intervened directly whenever their economic interests were being threatened.” Gilam (2012) argues, “Free trade would be ideal for a world in which inequalities don’t exist. If all countries were operating on a level playing field, it would probably be the fairest way to do business. Unfortunately, as part of colonial legacy that shapes our current global dynamics, countries do not operate on a level playing field” and thus, “free trade allowed powerful companies to throw their weight around internally, undermining local economies and taking advantage of poorer countries.” The costs of free trade can be seen by the fact that since 1980, over $4.6 trillion dollars have flowed from poor to wealthy nations through these policies (Chacon, 2007).

At a local level, privatization and deregulation along with other harsh economic measures allowed for the strengthening of dominant minorities accompanied with the gradual disintegration of welfare economics. Not only were the financial elite dictating government economic and social policy at that time, but also, the economic restructuring they led, resulted in a bigger divide between social groups. While the
policies increased potential capacity of the economic system and led to a certain extend to micro efficiency, the levels of production were expanded but lead to macro insufficiency as they failed to reduce poverty insignificantly.

Wade (2008) states that the dominant paradigm of economic liberalization in post-conflict societies applied without regard to either local context or the long-term consequences of such policies. This could be seen through the rapid liberalization that the governments adopted as dictated by the WTO, which forced weak and uncompetitive farmers to open up to international trade putting them in disadvantage. This led to entire branches of production in the Central American internal markets to be driven into bankruptcy on the orders of the WB and IMF.

**PROBLEMS/GAP WITH LITERATURE**

While the existing literature explores the immediate economic implications of neoliberalism to assess whether they were constructive or destructive to Central American development, it falls short in studying neoliberalism in relation to other disciplines such as political science and sociology. In such sense, it ignores the contributions of neoliberalism in other forms of insecurity particularly political and physical security. In addition, academia is failing in studying extensively and making connections between such policies in relation to recent phenomenon such as conflict and migration, a necessary nexus to address particularly in the development of strategies and policies.

This paper therefore attempts to study neoliberalism beyond its effects in the 90s and the following years and instead, studies its effect and relationship with the security crisis in Central America. It is argued then, that the economic effects of neoliberalism, while not the sole reason for poverty as poverty is in itself a structural issue with links in colonial heritage, it certainly had a role in exacerbating poverty, inequality and the rise of transnational groups thus having a political, economic, social
and environmental backlash that would take the form of different insecurity forms as depicted in Figure 3.1.

**Figure 3.1**  
The Backlashes to Neoliberalism

**CASE STUDY:**

**IMPLICATIONS OF NEOLIBERALISM IN EL SALVADOR & NICARAGUA**

This paper examines the effects of neoliberalism in poverty and thus in insecurity through the cases of El Salvador and Nicaragua. Both El Salvador and Nicaragua provide for an interesting case study given their different historical backgrounds, the adoption of neoliberalism under similar political environments and the fact that the implementation of neoliberalism was socially detrimental for both, but yielded interestingly, different security scenarios.
Both El Salvador’s & Nicaragua’s history has been plagued political instability, inequality and underdevelopment. After a troubled history of Spanish rule, both El Salvador and Nicaragua experienced the rise of the “coffee oligarchy” and a small wealthy elite. For the case of El Salvador, an American sociologist coined the phenomena of small ethnic minorities as the country’s ownership by “the fourteen families,” symbolizing the fourteen departments and the families that made up the economic elite in the country (Wilkerson, 2008). This metaphor has been updated to the changes in economic power and players, some arguing that El Salvador’s power structure has changed from being in the hands of fourteen families to being in the hands of eight powerful financial conglomerates.

This period was followed by the rise of right-wing authoritarian regimes and decreasing tolerance to political opposition and civil uprisings, which were often perceived as communist insurgencies. The growing discontent and frustration with standards of living and distribution of wealth along with an infamous electoral fraud in 1972, paved the way for the 12-year civil war between a coalition of left-wing groups backed by USSR and Cuba, and the right-wing authoritarian government backed by the USA.

A peace accord negotiated in 1992 brought the war to an end and assimilated the leftist Farabundo Marti Liberation Front (FMLN) guerrilla movement into the political process as a political party. The state was plagued by extreme insecurity with its many civilian casualties, severe economic ruin, and a large portion of its populace fleeing the country (Karl, 1992).

During the most critical times of the war between 1984 and 1989, Napoleon Duarte, leader of the democratic socialist party led the country. While he attempted to implement a number of distributional policies, from land reforms to a fairer tributary system, he was met with strong opposition and none of the policies were able to materialize effectively. Following the establishment of its democratic phase, El Salvador was led by right-wing ruling party (ARENA), which was characterized by
having strong ties and alliances with the U.S. Republican governments, and for its adoption of Neoliberalism and market liberalization policies as a path to development.

Similarly in Nicaragua, the political repression and massive inequality promoted by the Somoza dynasty led to the rising opposition of the Sandinista National Liberation Front (FSLN) and the outbreak of war that would last until the 90s and would make of Nicaragua as well a major proxy war battleground for the Cold War (Everingham, 1998). The Nicaraguan Revolution brought about the rise of the Sandinista regime, which was accompanied by immense restructuring and reforms to all three sectors of the economy. The Contra War, a term used to describe the growing tension and confrontation between the FSL and the Contras, US supported and backed right-wing rebel group, ended in 1989 with the signing of the Tela Accord (Everingham, 1998). An election in 1990 resulted in the election of majority of right-wing parties under the leadership of Victoria Chamorro which initiated with the adoption of neoliberal regimes.

In the case of El Salvador, neoliberal policies had mixed results. The implementation of privatization, liberalization of prices and the economy along with a regressive value added tax, dollarization and CAFTA were among the main features of the neoliberal agenda in El Salvador. While the policies resulted in important macroeconomic variables, economic growth from 1989 onward, low inflation, stable exchange rate, the inflow of remittances due to migration, at the same time it caused a crisis in the agricultural and social sector (Walte). With the new economic orientation however, the prices of coffee dropped slightly, imports grew by 15% “banks decreased their support in agriculture and oriented almost 40% of credits to import trade causing the rise in consumer prices, increase in banks’ interest rates and fall on wages”

Van der Borgh (2000) argues that the main failure of structural policies in El Salvador was in their neglect for socio-economic issues in favor of decreases in public investment, education and health care, adding that “although the lower classes in Salvadoran society have benefited from foreign remittances, poverty has not
substantially diminished in the past ten years. Instead, the rich have become richer and social cleavages have increased.”

In the case of Nicaragua, liberalization and privatization resulted into high costs particularly in terms of poverty and inequality. The restructuring within the export sector lead to drops in exports by 10% with increases in the volume of imports as a consequence of the value of inflation. In social terms, privatization led to further inequalities. The distribution of privatization took place across diverse capitalist interests, 51% allocated to national business, 24% to small proprietors, 16% to former military officers and 9% to the government as renter. It is important to note, that farmers and employers that were facing increasing pressures from the liberalized market, were excluded from the gains and profits (Everingham, 1998). Privatization was accompanied with the termination of public programs with “little discretion in the laying off state workers” (Everingham, 1998). The decline in state labor force constituted a major reason in the rise of unemployment to 53%, a figure also responsible for the rise of poverty to 70% (Everingham, 1998).

FINDINGS & ANALYSIS

ASSESSING THE SECURITY CRISIS IN EL SALVADOR & NICARAGUA

NEOLIBERALISM- POVERTY- SECURITY

Cruz argues that market economies, which have accompanied democracy in post-war countries, “increase the levels of crime by generating economic inequality, unemployment, and poverty to a large scale and by weakening the institutions of social welfare” (Neuman and Berger 1988). The effect of poverty, as a result of neoliberal policies will be assessed through the security crisis of El Salvador & Nicaragua.
Political Insecurity

When assessing the nature and health of democracy in El Salvador, it can be argued that the region lives in democracy in the sense that the people elect leaders, there is separation of powers and there are laws and institutions to enforce the rules. In this sense, there has been a great stride in terms of human rights and political freedoms particularly since the right-wing authoritarian military governments and the armed conflict that plagued the region until the early 90s. But the nascent democracies face some major problems as a result of post-war crime problems (OAS, 2005).

First, government backslides into authoritarianism has created new sources of insecurity and distrust in democracy. This was seen in El Salvador, particularly with the implementation of the so-called Fist Iron Policies in 2001. Call (2002) argues that in their attempt to half violent crime, governments increased aggressive anti-gang policies that involved mass incarceration and confrontation between police forces and gang members- many times increasing as well the motivations for arbitrary arrests. Corruption as well, mainly through the bribing of the police, allowed criminal elements to entrench themselves and undermine the quality of justice and protection of citizens. The presence of corruption however has increased and taken other forms since the civil war. El Salvador ranks 80 out of 175 countries in Transparency International’s Corruption Perceptions 2014 Index. While El Salvador has laws, regulations and penalties to combat corruption, their effectiveness remains
questionable (US Dept. of State, 2015). Corruption often creates doubt among the general public on the transparency, accountability and trustworthy nature of their authorities.

Citizens and human insecurity as well is linked with political insecurity. High crime rates has become problematic as its poses questions as to whether a democratic government is truly effective and casts doubts on the government’s ability to do its job, particularly official agencies’ ability to systemic plan and address crime issues.

Episodes of limited elite cooperation might not sustain the momentum of a nascent democratic regime in pursuit of better relations with civil society. Democratic prospects are slight when elite interaction alienates mass social groups from participation and representation in formal policy decisions. Constant elite machinations contribute to an uncertain political atmosphere, protracted deadlocks between power centers, and a cumbersome and erratic legislative process (Everingham, 242).

**Human Insecurity**

The constant presence of several manifestations of poverty along with food and environmental insecurity has lead to further structural challenges. According to an UNDP study on poverty in El Salvador effectuated in 2015, it was determined that 35.2% of all households are poor in its multidimensional sense, with almost four of the fourteen departments having almost half of its population living in poverty. Among the main deprivations that affect the majority of the households that are multidimensional poor are low education within adults (80.6% of households), the low access to social
security (70.1% of households), unemployment or job instability (56.6% of households) and the restrictions provoked by insecurity (54.4% of households). An interesting aspect of this study is its use of primary documents- interviews and interactions with the major protagonists of poverty- as an intangible method to measure and assess poverty in El Salvador. The responses and views from those interviewed varied due to their differing conditions; some viewed poverty as spiritual wealth and other view richness as the path towards dignity, others exuded pessimism while some optimism and others conformity and resentment. A widely agreed response was on the issue of dignity and how their state of poverty have made them victims of social marginalization, oppression and perpetuating misery.

The effects of the 2009 global financial crisis have furthered this sense of misery, which set back some progress made in poverty reduction. While conditional cash transfers largely supported by multilateral development banks, along with remittances transfers from Salvadorans abroad help reduce poverty in 2010 and 2014 from 47% to 41%. Gammage (2010) links migration to significant poverty reduction. He argues that migration “achieves the multiple objectives that have underpinned state-led development strategies from reducing poverty, recruiting dollars, expanding the financial sector, and compensating for declining export prices and volumes in El Salvador.” However, he recognizes the current limitations in channeling remittances away from private consumption and into more collective projects that can improve local services provisions, generate employment, provide basic infrastructure and leverage overall development.

These variables demonstrate that while poverty has been reduced, assuming a one-dimensional measurement of poverty through income levels, overall poverty and development, defined by the UN and Salvadorans themselves remains unchanged. El Salvador’s ranking in the UN's’ Human Development Index (HDI) remained the same from 2009 to 2013.
Citizen’s Insecurity

The violence and criminality phenomena in El Salvador is often perceived as a both a cause and result of poverty, social exclusion, unemployment, and lack of opportunities for the youth. Following the war, high unemployment, underdevelopment rates, and an inability of the Salvadoran economy to absorb the influx of young males trained to battle pervaded the scenario. Despite disarmament attempts, guns remained easily accessible, and with jobs scarce, the Salvadorans who were involved in war affairs returned to violence as a means of self-sustenance. It is often argued that crime increased even further due to ineffective policing. El Salvador’s consolidation of the military and its limits on the number of ex-combatants who could join the military, made security forces both smaller and less experienced. Often, this discrepancy between the total personnel and the rising number of unemployed young men with guns is often seen as a direct cause for the rise of criminal groups (Karl, 1992).

Joaquin Samayoa, a renown political analyst and current Director of Research and Educational Development of FEPADE also identifies the rise of criminal violence in the postwar years, particularly in the institutional sense through the vacuums and deficiencies rising from the new judicial order. He argues “the new institutionally was weak and prevailed in a society with a profound aversion of the abuses in authority that took place during the years of conflict.”

The crime problem has worsened with the increase of organized street gangs, commonly referred as “maras.” The rise of the two largest and most dangerous groups, la Mara Salvatrucha (MS-13) and the 18th Street Gang (M-18) is understood as a result of migration fueled by poverty and civil war conflict. Karla Hanania de Varela, a renown sociologist from UNICEF argues that the security crisis that El Salvador is facing is in large part, “the result of the no resolution of the same causes of the armed
conflict” arguing that the peace agreements allowed for the end of war, but the structural causes of war were not resolved.” The two gangs grew out of slums in Los Angeles, and when the US enacted tougher immigration laws in 1996, noncitizens convicted of crimes were deported to their home countries after serving time in jail. Not only did the US carried out the deportations, but they failed to disclose the criminal background of deportees, meaning that they were set free upon their return introducing the gang problem in a society already struggling with violent crime (Wilkerson, 2008). In the words of Andrew Papachristos, Associate Professor in the Department of Sociology at Yale University, a faculty fellow at the Center for Research on Inequalities and the Life Course (CIQLE), “US immigration policy has led to unintentional state-sponsored gang migration.”

Gangs now boast 10,000 core members and 20,000 young associates involved in growing violent crime, drug trafficking and robberies (Lakhani, 2016). Violence in El Salvador on one hand has spiked to almost 102 deaths per 100,000, surpassing the murder rates from civil war rates and making it, according to the World Bank, “the current world’s murder capital” (C). During 2015 alone, El Salvador reported 6,000 murders and an average of 25-30 deaths per day resulting from violence-related acts (Lakhani, 2016). Gang violence extends to kidnaps and rapes making life insecure to already vulnerable groups, particularly women and children.

In El Salvador, citizen’s insecurity, particularly violence and crime, have a direct effect on poverty, as in criminal acts there is a direct destruction of property (both public and private) (OAS 2005). The criminality, in its growing proportions and forms, has become a primary reason for unemployment, drops in school attendance, and immigration. Gang extortion and rent-seeking has led individuals to quit their jobs given fear of persecution. In some instances, in the attempt to avoid being threatened or intimidated, it has caused human displacement other areas in the countries causing families to face the economic pressures from cyclical or permanent unemployment. UNDP Human Development Report 2015 indicates that 289.9
thousands Salvadorans are internally displaced (HDR, 2015). While the report does not present data on youth not in school or employment, the expected schooling years for youth in 2014 were 12.3 years; slightly higher than those of Guatemala and Honduras, but certainly lower than other Latin American countries like Ecuador and Colombia reporting 14.2 and 13.1 years respectively (HDR, 2015). Criminality has been accredited as a principal factor for school dropouts due to the youth’s fear to attend school and be intimidated and pressured outside the school installations into joining gangs. According to Kennedy (2014), while the case of UAC (Unaccompanied Children) is a multi causal phenomenon, 60% of the children in El Salvador reported migrating due to violence, threats and insecurity. The costs of child migration can be high economically speaking, given the departure of a potential labor force and the threat of a possible generational gap. The costs are also human and psychological costs particularly to the individual children, through the significantly as a result of their travels towards the United States through territories and routes controlled by drug cartels. UNDP reports that 9.7% of the population in El Salvador are refugees abroad, however, this certainly depends on terminology and the basis in which Salvadoran migrants are considered. The gangs, while accounting for less than 1% of the population have managed to pose a threat to the majority’s human rights- to their right to education, employment and to their right to live. The gang phenomena then raise several questions. On one hand, can we call gangs, ‘terrorist’ and our citizen’s insecurity crisis a ‘civil war’ and on the other, can we argue that the current status of our migrants is that of ‘refugees’? These answers would indicate other numbers and measurements particularly for the Salvadoran refugee population and would yield broader questions on the role of the state, immigration policies and international involvement/cooperation on El Salvador’s security crisis.

While economic growth in El Salvador increased by 2.5 percent in 2015, higher than that of previous years, it was mainly accredited to private consumption thanks to solid remittances flows. Remittances are a major source of foreign income
approximating 16.8% of GDP in 2014 and accounting for $4.2 billion up until 2013. El Salvador follows Guatemala as the second highest value recipient of remittances in the region, both countries receiving almost 64% of the total remittance flow to Central America and they are the fourth and fifth largest remittance receiving countries in LAC (IDB, 2015). Increasing remittances are correlated with increasing emigration of Salvadorans, many to the US. While there is no current consensus of the exact number of Salvadorans abroad, household survey data reveal that more than 20% of households in El Salvador have at least one member overseas (EHPM, 2004). The ministry of Foreign Relations estimated in 2004 a total of 2.5 million Salvadorans abroad, a number that has been increasing due to insecurity and crime related issues as mentioned above (IDB, 2015).

Figure 4.2 shows El Salvador’s unprecedented increase in homicide rate from 43.3 in 2013 to 104 per 100,000 in 2015 also representing the highest rate among several Latin American countries. It must be acknowledged that the crime climate is also intensified by armed robberies, rape, home invasions and burglaries, many that are intangible and unquantifiable and thus their stake and effects on other phenomenon are often dismissed. The fact that only 25-30% of all crimes are reported to the police along with lack of accurate, reliable and comparable data on violence, crime and fear of crime the issue of public security is not only misrepresented by perpetuated by the diagnosis deficit (Bailey & Dammert 2006).

Extortion for example, which is also difficult to quantify but persists as well as a very common and effective criminal enterprise that preys on the collective fear of the population. Recent progress in the reductions of homicides has not been accompanied by a significant reduction in the extortion that often leads to other violent crimes and a deterrence factor for investment. Rent seeking has forced SMEs and large corporations to shut down operations and assume large costs in security matters. The company
Hooters for example, became the first time that an American business had to close down their operations abroad due to threats and rent seeking (Cite).

This intimidation has forced on one hand, the public sector to spend 10.8% of its GDP, in other words, $2,010 million in security (WB, 2011). The mentioned costs represent investment made by the Salvadoran state in health and education as a percentage of GDP but it also include costs corresponding to medical attentions provided to victims, costs for private and public security, justice administration and material losses, as reported by the World Bank. A study released in 2014 by ANEP (National Association for the Private Sector) demonstrates that the private sector as well, has had to assume costs surpassing $600 million for private security contracts in 2015 alone. These costs include private surveillance, security cameras, bodyguards, security cars for vans and trucks transporting goods and products and private transport for employees.

Such increase in security costs can also be seen through the growing government debt depicted in the table above. All of these resources, private and public, could be used to impulse economic growth and social development programs, yet they are being redirected in ensuring physical security. All these factors together have caused business confidence to plummet and a rebound in investment to be hampered, affecting capital inflow & outflow, economic growth and national income while encouraging inflation, unemployment and negatively affecting the living standards of people.

Figure 4.1

Foreign Direct Investment in Central America (2014) (%)

- Panama: 45%
- Costa Rica: 13.3%
- Guatemala: 10.9%
- Honduras: 8%
- Nicaragua: 5%
- El Salvador: 5%

Figure 4.2

Homicides Soar in El Salvador

As homicide rates fell in other Central American countries, El Salvador saw a dramatic increase last year in deadly violence. Homicide rates per 100,000 people:

- El Salvador: 104
- Honduras: 61
- Guatemala: 36
- Colombia: 26
- U.S.: 5
The case of Nicaragua in terms of public insecurity proves to be a fascinating one. While Nicaragua has similar lingering problems from the armed conflicts, levels of human development and institutional fragility to that of El Salvador as noted in the assessment above, it has criminality rates much lower to those the Central American Northern Triangle.

Since the effects of neoliberalism have exacerbated poverty and poverty is linked to illicit behavior and gang involvement, Nicaragua provides an exemplary case to assess this relationship. A look into the lack of violence amidst the presence of low development and continuous poverty would suggest that poverty is an unsatisfactory factor for crime and violence. However, such conclusion could be misleading unless we immerse in a careful study of the reasons behind gang formation in El Salvador and compare those to Nicaragua- particularly studying US immigration law for Salvadorans and Nicaraguans and the political economy of the states following the war period. While mass migration to the US from Nicaragua lead to the granting on refugee statuses, for many Salvadorans, their migration was confronted with mass deportation as Table 1 illustrates with Nicaragua having the lowest number of deportees (5,026) in compared to that of El Salvador (56,076). The deported Salvadorans returned to their native homeland to only exacerbate the crime climate via gang infiltration and expansion.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of members in gangs</th>
<th>Number of gangs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honduras</td>
<td>36,000</td>
<td>112</td>
</tr>
<tr>
<td>Guatemala</td>
<td>14,000</td>
<td>434</td>
</tr>
<tr>
<td>El Salvador</td>
<td>10,500</td>
<td>4</td>
</tr>
</tbody>
</table>
While the civil uprisings between these two countries proved to have similar roots and actors, it must be noted that the outcomes were not identical. While both countries adopted a comprehensive neoliberal policy package along with the peace agreements, Nicaragua adopted political and economic policies that promoted a mixed economic system and effective social development which set a much more stronger structural system that would be able to resist the effects of neoliberalism in security matters. The Sandinista Revolution reforms including created agrarian reforms and large scale programs in literacy, health care, education, childcare and unions led to social structures that broke away with the social exclusion characteristic in El Salvador, which for Nicaragua created a much more compact and caring society. The establishment of a more social society along with the creation of a communal police that would exercise efficient control over small communities guaranteed public security from within, in such a way that it followed a bottom-up structure different than that of El Salvador. The combinations of the concurrent events lead to distinct outcomes in the aforementioned countries; while Nicaragua did not experience massive deportations from criminal groups but experience the implementation of strong social programs, the country evaded the elevation and crime. However, the combination of deportation and neoliberalism in El Salvador lead to the augmentation of crime and gang activity.

Both the cases of El Salvador and Nicaragua are indicative of the failures of neoliberalism and its relationship with poverty and consequently insecurity. On one hand, the adoption of neoliberal policies in El Salvador show that increase in distrust in the official system and its failure to help the underlying economic foundations
which can be seen through rising emigration. Emigration of Salvadorans due to socio-economic reasons is indicative of the failures of neoliberalism in creating a self-regulating economy. On the other hand, the implementation of social policies and its benefits over neoliberal policies in Nicaragua exemplifies, once again, the detrimental nature of neoliberalism in Central America.

**CONCLUSIONS & POLICY RECOMMENDATIONS**

While neoliberalism is not the sole cause of poverty and insecurity, it has certainly exacerbated conditions of inequality and misery as its seen through the case of El Salvador and Nicaragua. Its one-dimensional focus in economic growth and its failure in addressing the root causes of poverty through distributional growth demonstrate its incompleteness as development strategy. In addition, its promotion for a wholesale retreat of the state in favor of heavy reliance on markets is undesirable for the majority.

It must be acknowledged however, that there is no single pathway towards peace. However, past policy experiences demonstrate the need of adopting overarching theoretical frameworks to lend coherence to the appropriate study and understanding of the security crisis, the interconnectedness between different constructs and concepts such as security, poverty, development and democracy to accurately develop policy recommendations.

The democratic security model, as coined by SICA, should be considered as a macro framework that comprises important areas and issues that a national policy on safety and security fails to include. SICA’s strategic framework of security takes up on principles and elements that combine actions against criminality and prevention under the principles of democracy and human rights. While every country in Central America has adhered to it, assessment on national and regional policies indicates that its multi-dimensional outlook to security and security promotion is not followed
thoroughly. While it certainly proves to be the most comprehensive and effective way to understand security and to approach it within national strategies and it serves as a model for inspiration, the strategy itself requires improvement.

It must be acknowledge that for advancements in security to take place, useful guidelines for tackling poverty and inequality should be central in the security policies. The desired and effective model for El Salvador and Nicaragua alike should be holistic, participatory, inclusive, feasible, focused on specific solutions for each problem and its causes. However, most importantly, it should drive away from following imperialistic one-dimensional and cultural insensitive models of development and be conducted according to regional and context definitions and needs for development and democracy.

REFERENCES


Data/Notes/Tables:


World Bank. World Development Indicators. Table: States & Markets. Fragile Situations Part I