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Volume 2 Winter 2, Winter/Spring 1990

Hemisphere

A MAGAZINE OF LATIN AMERICAN AND CARIBBEAN AFFAIRS

Winter/Spring 1990

Volume Two • Number Two

Five Dollars

Renewal in Chile

*Brian Loveman, Pamela Constable,
Hugo Castillo*

Grassroots Religion

David Stoll, Brady Tyson, Aisha Khan

Austerity Shock

*John Walton, David Barkin,
Eduardo A. Gamarra*

Flickner on the Aid Morass
Shifter on Peru's Human Rights Challenge
Thrupp on Costa Rica's Ecological Burdens
Stepick on Post-Duvalier Haiti





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The Aid Morass

by Charles Flickner

It was a strange winter in Washington. The warmest January ever was bracketed by extreme cold in November and March. The cherry trees and magnolias weren't the only ones confused. The capital city itself couldn't decide how to respond to the astonishing changes in Eastern Europe and Central America. It's blowing hot and cold on the prospects for US aid.

As many pundits bemoan Washington's supposedly parsimonious response to appeals for assistance, the gap between myth and reality in the federal government grows larger. Perhaps the most common assessment was reflected by a *New York Times* headline, "Congress, Hoping to Aid New Democracies, Finds Itself Shackled by Budget." The executive branch could respond, if it had a common voice, "Look, we've sent up to Capitol Hill generous appropriations requests. Why doesn't Congress get off the dime and act?"

Politics on the Hill

Returning from a December 1989 trip to Latin America, Senate Republican leader Bob Dole broke a Washington taboo regarding the sanctity of foreign aid levels to Israel and Egypt, the Camp David twins. Dole suggested that the only way for the US to help emerging democracies in Eastern Europe and Latin America would be to reduce aid for the current major beneficiaries: Israel, Egypt, Pakistan, and Turkey.

Charles Flickner is a Senate Republican staff member.

Almost no members of Congress stood forward with Dole, but few criticized him. Senate Appropriations Committee chair Robert Byrd joined in the attack on current aid priorities, but didn't focus on Latin America. By April the Bush administration made it clear that, unless the global sum of foreign aid was expanded, it too would favor "shaving" the existing levels for traditional recipients, including Egypt and Israel.

With gridlock anticipated for next year's budget, the scramble is on to stuff additional domestic and international spending into the current fiscal year. But this year's budget is already \$4 billion over the Gramm-Rudman ceiling.

The fiscal 1991 budget process is dead in the water. With the Democratic Congress and the Republican president at odds over defense spending and taxes, insiders are betting that an across-the-board sequester (a kidnapping

or cancellation of appropriations) will occur in October. Only maverick Ways and Means Committee chair Dan Rostenkowski has shown the courage to offer a proposal that actually reduces the deficit to the Gramm-Rudman target of \$66 billion.

With gridlock anticipated for next year's budget, the scramble is on to stuff additional domestic and international spending into the budget for the current fiscal year, which ends on September 30. There's one obstacle, though. This year's budget is already \$4 billion over the Gramm-Rudman ceiling. Additional spending for Panama and Nicaragua, not to mention Eastern Europe, requires a 60-vote supermajority in the Senate to set aside the budget ceiling.

Following the precedent set with several of the contra aid packages, the Bush administration opted to offset its \$800-million aid package for Panama and Nicaragua with equal reductions in the defense budget. When on February 26 the defeat of Daniel Ortega in Nicaragua's presidential election surprised Washington, detailed legislation to implement the Panama package was put on hold until it could be combined with assistance for Nicaragua. This package, too, is to be paid for by the Defense Department, but it has become so bogged down in Capitol Hill politics that Dole stated that Nicaraguan president Violeta Chamorro's "first term may expire before we get the aid down there."

It is clear no supplemental appropriation (i.e. stuffing items into the current budget) is likely to

become law before mid-summer. Advocates of domestic spending were unwilling to pass a "clean" supplemental budget limited to international items on the president's "must do" list without adding some of the items they deemed urgent or unlikely to survive a Gramm-Rudman sequester.

Bush and Central America

On March 13 President Bush finally decided to take personal responsibility for expediting both the Panama package and a newly announced \$300-million Nicaraguan aid package through Congress. Was he concerned about the health of Panama's president Guillermo Endara, who was then engaged in a marathon fast against the slow US response? Bush's ability to get his way with Congress should not be underestimated. His veto of the bill to extend visas for Chinese students demonstrated what a dogged Bush could accomplish.

The proposed Panama aid package set an unusual precedent. The administration admitted that \$130 million would be the US share of an international effort to pay off more than \$540 million owed by Panama to the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), and the World Bank. Although US bilateral funds have been used elsewhere in Latin America to pay arrears and prime the pump for new multilateral bank loans, it has never been done openly.

It will be intriguing to see how Congress—not to mention Nicaragua and Panama, for whom a

similar arrangement is suggested—will react to using US grant funds to keep alive the myth that the multilateral banks never make bad loans.

The fear in Latin America, that the attractions of newly democratic Eastern Europe will divert development aid and investment, may prove to be greatly exaggerated. The drug war will insure that.

The Brady Plan to reduce the commercial debt-service requirements of selected countries does not address the problems many smaller Latin American and Caribbean nations have with paying off loans to the IMF, the World Bank, and the IDB. While the integrity of these institutions is important, so too may be their willingness to accept that some of their loans turn out sour, just like any other banking institution.

A bipartisan agreement on security assistance to El Salvador is in the works. Secretary of State James Baker inconclusively appealed for such an agreement in a

February 28 statement and held several private meetings on the Hill to discuss the matter. The murder of six Jesuits may have been the last straw for Republican stalwarts on military aid to El Salvador. It certainly was for Democrats.

The fear in Latin America, that the attractions of newly democratic Eastern Europe will divert development aid and investment, may prove to be greatly exaggerated. Except for Poland, there is little public support for massive aid to Eastern Europe. Besides, some of the new democracies know too well the hidden costs of hosting a huge aid establishment, and don't want traditional foreign aid. Clearly US bilateral aid to Latin America and the Caribbean will remain far larger than assistance to Eastern Europe. The drug war will insure that.

One of the positive results of the US obsession with Central America over the past decade is a core of insiders on Capitol Hill who have a lot invested in the isthmus. Extensive travel and new friendships bind many of our leaders with those in Central America. In Washington those ties count.

Latin America and the Caribbean may benefit from the new approach many are taking to Eastern Europe. The first question asked now is, "What are your plans?" That question is followed by, "What do you need?" and "How can we help?" There is less emphasis on dollar totals. To ask first, "How much?" is to risk being accused of "throwing money at the problem," and few politicians do that in the 1990s. ■

Negotiating Shock

by Mark B. Rosenberg

In the midst of growing scarcities in gasoline, medicine, and basic foodstuffs, Rafael Leonardo Callejas was inaugurated as the new president of Honduras in January 1990. Callejas, who leads the *Partido Nacional*, won the presidential election in November 1989 with more than 50% of the popular vote and a commanding majority in the country's unicameral *Congreso Nacional*.

The new president is the most skilled and capable leader of Honduras in this century. Callejas is intelligent, disciplined, and forward-looking. His youth belies his maturity. Just 46 years old, Callejas has served in a variety of government posts and as a cabinet minister. He has campaigned on the *Partido Nacional's* presidential ticket three times, first as a vice-presidential candidate in the early 1980s. Following his party's defeat in 1981, he cautiously negotiated his ascendancy through a political thicket characterized by cronyism, old-boy networks, and proverbial smoke-filled rooms. The force of his personality and political acumen were decisive in his rise.

Now in the office to which he has long aspired, Callejas presides over a ruptured economy and a bankrupt government. The party's governing plan for 1990-94 states that per capita income is 13% lower than in 1980. In terms of economic development, the 1980s were a wasted decade.

Callejas has few economic options, none of them good. Unlike his predecessors, he cannot barter use of Honduran territory for a blank-check supply of economic aid. Indeed, even before he took

office, the US clearly signaled that the "wink-and-nod" days were over. A \$70-million line of credit from the US Agency for International Development was put on hold to lever the outgoing government to initiate strong macro-economic reforms. Honduras had earlier been declared ineligible for new funds by the World Bank and the International Monetary Fund.

But how does a government negotiate "austerity shock" when most of the country's citizens already live in poverty? Callejas himself recites the ugly figures: 20% of the population earns under US\$0.50 a day and the average annual income is under US\$400.

Getting Ready

Confronting imminent economic and fiscal apocalypse upon entering office, the new president took measures to prepare himself for the thankless task of restructuring the Honduran economy. First, Callejas mounted a comprehensive study team to identify the country's problems and develop alternative policy responses. With the financial assistance of the National Endowment for Democracy, a *Partido Nacional* think-tank gave exhaustive attention to the country's economic problems. The core of this analysis subsequently appeared in the government's *Plan de Gobierno 1990-94*.

Second, Callejas enlisted *Partido Nacional* advisers to work with two US economists, Arnold C. Harberger and Daniel L. Wisecarver, to develop a comprehensive plan to restructure the economy. "Policies for Efficiency and Growth in a Market-oriented

Economy" (January 1990) is a fascinating document from the neoclassical school of economics, written at the behest of the *Consejo Hondureño de la Empresa Privada*. The study outlines two points about the Honduran economy:

- A large and growing fiscal deficit accounts for the crisis in the country's balance of payments and arrears in its foreign debt obligations.
- Due to efforts to maintain both the exchange rate and some foreign exchange reserves, the economy's price structure, in internal terms and relative to the world market, became extremely distorted.

According to the authors, there is no realistic alternative to fiscal austerity through revenue increases and expenditure cuts. They advocate, then, the "shock treatment" from which so many Latin American and Caribbean countries are now reeling.

The Harberger-Wisecarver document outlines what the content of economic reform should be. What it does not address is the thorny and perhaps more difficult issue of how the treatment should be applied.

A "How to" Guide

A *Wall Street Journal* op-ed article (January 17, 1990), written by Roger Douglas, a former New Zealand government official, helped to provide the operational guideposts that Callejas needed. Douglas claims that "the idea that governments can retain power by refusing to make necessary and valuable structural reforms is, in fact, nonsense." "Quality"

medium-term policies, he writes, must be enacted by reform-oriented governments without compromise. Douglas concludes that consensus will develop only if concessions are not made to special interest groups.

To attach the austerity electrodes to the Honduran body politic, Callejas seems to be following the principles that Douglas suggests. For example, Douglas argues that "you need quality people for quality policies." Callejas has surrounded himself with one of the most skilled cabinets ever assembled in Central America. Known derisively by the opposition press as the "Chicago Boys," the cabinet is a clear departure from the crony-oriented political *chambas* of earlier presidents.

Douglas further argues that reform should be implemented in "quantum leaps" and that "speed is essential." Initially Callejas eschewed this advice in calling for "national concertation." Yet once he understood that it would be impossible to gain consensus in advance of strong reforms, Callejas moved swiftly. In early March 1990 he pushed his entire package, including a floating exchange rate, lowered tariffs, higher sales and income taxes, and the streamlining of investment regulations, through the *Congreso Nacional*. In the process, Callejas accomplished, at least on paper, what no democratically elected civilian politician would have dared in the 1980s: the reform of the Honduran economy to make it more competitive in the international commercial and financial markets.

"Let the dog see the rabbit," another Douglas guideline, has also informed the president's actions. This principle calls for clear and continual statements to the public about the nature of the economic problems, the government's objectives in addressing them, and the costs and benefits of the options pursued. Callejas has therefore opened himself to

the country's perfervid press, and has asked his cabinet members to follow his lead. These officials are receiving high marks for the plain language they use to explain the government's new policies.

Still another suggestion by Douglas for would-be reformers is "Don't blink; public confidence rests on your composure." Organized labor has already demonstrated against the measures, and a number of ministers have been chastised behind the scenes by private-sector kingpins whose market monopolies are threatened by the reform package. Although the package will raise prices significantly, Callejas maintains a close working relationship with key labor union leaders—some of whom were previously given high positions in the party or offices in the presidential palace. This gentle form of co-optation, which stands in deep contrast to the fate of labor union leaders in other Central American countries, is distinctively Honduran. It should give the president the margin of political space he needs to implement his policies.

Not that Callejas has been intimidated by his friends in the private sector. In this respect he seems to grasp Douglas's argument that the "abolition of privilege is the essence of structural reform." Even though the president and many cabinet members are stridently pro-business, many private-sector leaders view them with suspicion because of the new administration's hold on

political power. Yet because the president has not isolated himself from the business sector, he continues to enjoy their support.

Along the same "anti-privilege" lines, the new economic measures rescind the duty-free imports enjoyed by the armed forces. Callejas's efforts to reduce the power and privileges of the military may well be the Achilles' heel of the austerity package. The Honduran armed forces, however, are no longer empowered with the hard-line security mission that the regional militarization of the 1980s gave them. Riddled with petty personal rivalries and corruption, the military may take its austerity medicine too. Callejas can succeed without their support, but his chances are much greater if the military commits itself publicly to his efforts.

Douglas's useful column does not address the country's most difficult issue: how to deal with the US Embassy. Most embassy officials, though, are jubilant about the Callejas commitment to structural reform. They are backing their enthusiasm with aggressive lobbying in Washington for the additional economic assistance that is crucial to the reform program.

Callejas has taken the initiative and has the vision and political perspicacity to hold his ground. Nonetheless, he needs all the help he can get. If this president cannot accomplish structural economic reform, no other Honduran can. ■

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Human Rights: Peruvian Responses

by Michael Shifter

Peru's human rights record is among the most troubling in Latin America. Since 1987 the UN Human Rights Commission has ranked Peru first among nations in the number of *desaparecidos*. International rights organizations, such as Americas Watch and Amnesty International, point to patterns of summary execution and torture by Peru's security forces. Roughly half the population of the country's coastal, mountain, and jungle regions lives under a state of emergency.

Since the early 1980s this grim situation has prompted Peru's nongovernmental human rights organizations to respond. Their response has primarily taken the traditional form of monitoring government violations. Rights groups have documented abuses by Peruvian security forces and denounced the governments of Fernando Belaunde (1980-85) and Alan García (1985-90). The groups hold the government responsible—through complicity or passivity—for violations against its citizens.

Yet Peru's human rights situation has never been entirely conventional. The Belaunde and García governments were civilian and democratically elected, in contrast to the military rule in Uruguay, Argentina, and Chile during the 1970s, which gave the impetus to human rights efforts in those countries. Still, Peruvian human

rights organizations followed the traditional approach and pressed the government to honor its legal and political commitments.

In the past few years, however, two tendencies complicated Peru's already unconventional situation: the growing strength of the Maoist insurgency *Sendero Luminoso* and the progressive weakening of the Peruvian state. For *Sendero*, "human rights" is a bourgeois notion, and any form of dialogue and negotiation is out of

proach is inadequate. The traditional approach to human rights—including the monitoring and criticism of government violations—fails to take into account the growing impact of abuses by insurgents and the ineffectiveness of the state.

Thus an alternative approach is in the making. Seeking not to supplant but to build upon the traditional approach, the new, more affirmative one displays several characteristics: it documents insurgent atrocities, strives for balance and consensus, aims to strengthen a nonviolent democratic center, and stresses the education and training of key sectors of civil society. The emerging approach responds in part to public opinion that wonders whether rights violations might be an inevitable price to pay for fighting guerrillas. It includes a new and fundamental question: can Peru deal effectively with insurgent groups within a democratic framework that respects human rights?

Insurgents and the State

Sendero Luminoso, which emerged nearly a decade ago as an armed force in the impoverished department of Ayacucho, is now in firm command in the coca-rich Upper Huallaga Valley, and enjoys a substantial presence in Junín, a key center of food production, transportation, and communication. Even coastal cities, including Lima, are witness to a rise in *Sendero* activity. Curiously only where there are effective state surrogates, such as church and peasant organizations in Puno, have *Sendero* advances been stalled.

Can Peru deal effectively with guerrilla warfare within a democratic framework that respects human rights?

the question. Meanwhile the weakened state can neither deal effectively with the insurgency nor provide basic protection for its citizens. Insurgency and breakdown have taken place in a context of unprecedented economic crisis, an expanding drug economy, and political polarization. Over the last decade the spiral of political violence has claimed more than 18,000 Peruvian lives.

In response many of Peru's nongovernmental human rights groups realize their traditional ap-

Michael Shifter is a program officer in the Andean Region/Southern Cone Office of the Ford Foundation.

The insurgency's targets are no longer restricted to government party representatives, police and military officials, and, most tragically, peasants who often have little choice but to collaborate with such government personnel. *Sendero's* aim of gaining local support among the population's organized sectors has meant that the guerrillas' main competitors in this strategy—labor leaders, development workers, priests, judges, teachers, and opposition politicians—have also been threatened, intimidated, and killed. Particularly alarming to the country's extensive network of service and research organizations working in rural development was *Sendero's* brutal assassination of peasant leader Víctor Lozano and anthropologist Manuel Soto in Huancayo in January 1989. Although the municipal elections of November 1989 took place without major problems, *Sendero's* campaign of pre-election terror against local officials left a vacuum of authority—and a climate of fear—in many communities.

Violence also characterizes the tactics of Peru's second guerrilla group, the five-year-old *Movimiento Revolucionario Tupac Amaru* (MRTA). Although widely regarded as much less formidable and worrisome than *Sendero*, MRTA (or at least a faction of the movement) may be adopting some of the Maoist group's tactics, as evidenced by the January 1990 assassination of Peru's former defense minister, Enrique López Abujar.

Faced with economic and political crisis, the Peruvian government has responded ineffectively



to such threats. Its policy tends to favor military over political strategies, though the emphasis varies depending on the region and the military official in charge. Many analysts observe that in areas such as Ayacucho and parts of the jungle region, the government's counterinsurgency efforts sometimes deepen the resentment of the local population against the security forces, thereby inadvertently adding to *Sendero's* popular support.

Such support was evidenced in March 1989, when *Sendero* successfully attacked the police base in the jungle town of Uchiza, leaving ten officers dead. The townspeople reportedly witnessed public executions with little outrage. Nearby military units failed to

respond and provide support to the embattled police during the six-hour assault, a dramatic display of the Peruvian government's lack of coordination in combating the insurgency.

An army general directing military operations in the Upper Huallaga Valley reportedly had some success in fighting *Sendero*, chiefly by appealing to the hearts and minds of the local population. But the widely publicized approach proved to be at odds with a drug policy that gave highest priority to defeating the drug traffickers in the area.

The growth of *Sendero* and erosion of state capacity help account for the July 1988 emergence of a loosely coordinated network of paramilitary groups known as the

Comando Rodrigo Franco. (The network takes its name from the *Alianza Popular Revolucionaria Americana* [APRA] party official who was killed by *Sendero* in 1987.) According to a recent Peruvian congressional investigation, the *Comando* is linked to sectors of the current APRA government. The paramilitary groups have murdered several leftists and have threatened and intimidated journalists, politicians, professors, labor leaders, and television personalities. That the government has failed to recognize, and take action against, the *Comando* has further frustrated human rights efforts.

Innovative Approaches

Until the last few years, criticism of insurgent actions served mostly as an appendage to denunciations against government abuses. In striving for greater balance and public credibility, however, some rights groups are now calling attention to the abuses committed by both sides in the country's internal conflict.

Meanwhile the limitations of traditional frameworks have led to a reassessment of juridical approaches to human rights. Some leading advocates—including Diego García-Sayan, executive director of the Lima-based *Comisión Andina de Juristas*, and Carlos Chipoco, one of the founders of the *Instituto de Defensa Legal*—argue for the application of international humanitarian law to deal with internal armed conflict and political violence. They point to Article 3 of the 1949 Geneva Conventions, which focuses on the rights of noncombatants and on medical attention to the wounded.

García-Sayan urges open discussion about whether *Sendero's* de facto control over some of Peru's territory offers a sound juridical basis for maintaining that the insurgency is guilty of human rights violations. This posture would

depart from the conventional human rights approach that says abuses can, strictly speaking, be committed only by government forces.

Also rethinking traditional approaches are Americas Watch, Amnesty International, and other international organizations. For example, in its October 1988 report on Peru, Americas Watch devotes a full section to "Violations of the Laws of War Committed by the Insurgents." Human rights groups, national and international, are collaborating in working out the new conceptual challenges.

What are the practical implications of such new thinking? Many Peruvian rights groups are targeting key institutions that at best are neglected by the state. Since 1988, for instance, the *Comisión Andina de Juristas* has undertaken a training program for judges, prosecutors, and lawyers, aimed at enabling them to perform their roles more effectively within an otherwise weak judicial system. The three-day courses encourage the use of habeas corpus writs and focus on ways to secure basic constitutional guarantees. In an effort to minimize corruption, promote the rule of law, and improve human rights conditions, the program provides a service to judicial personnel, who often are working at considerable risk, in places such as Lima, Ica, Puno, Huancayo, Cuzco, and Trujillo.

Concurrently human rights education in Peru has become among the most sophisticated in Latin America. Through a variety of educational methodologies and pedagogic materials, educators are fostering the rule of law and the exercise of basic rights and responsibilities "from below." Coordinating these efforts is the *Red Peruana de Educación en Derechos Humanos*, which consists of six organizations: the *Escuela de Derechos Humanos del Instituto de Defensa Legal*, the *Comisión Andina de*

Juristas, the *Comisión Episcopal de Acción Social*, the *Centro de Estudios y Acción para la Paz*, the *Instituto Peruano de Educación en Derechos Humanos y la Paz*, and the *Centro Amazónico de Antropología y Aplicación Práctica*.

As the political crisis deepens, the *Red Peruana de Educación en Derechos Humanos* is intensifying its activities, working together with an array of local organizations—including churches, labor unions, public and private schools, and adult and youth groups—throughout Peru. Such activities can be properly measured only in the long term. Nonetheless, they are supporting sectors ignored by the state and perhaps susceptible to *Sendero* advances.

Some human rights groups are complementing such activities by exploring alternative perspectives on political violence in Peru. Since 1987 the *Instituto de Defensa Legal* has organized public discussions that involve representatives of diverse political tendencies, including the Marxist and non-Marxist left, APRA, and the *Frente Democrático*, the center-right coalition headed by novelist and presidential candidate Mario Vargas Llosa. Further, in an August 1989 working paper, the *Instituto* presents a range of views about a controversial issue: the supplying of arms by the government to peasant self-defense committees in Peru's emergency zones.

Peru's human rights situation—and the emerging responses of some nongovernmental rights groups—is perhaps unique in Latin America. Although rights advocates in, say, El Salvador and Colombia are also increasingly stressing principles of humanitarian law, the extremism of *Sendero* sets the Peruvian case apart. Also without parallel in Latin America is the fact that the victims of Peru's armed insurgency include members of popular organizations and social movements with historically close ties to human rights

groups. And while the weakness of the state is not peculiar to Peru, in possibly no other country has this problem been so acute and have human rights groups so clearly acted to fill the vacuum and assume the offensive.

Can these incipient human rights efforts help to reverse Peru's deteriorating situation? The obstacles to reaching out to diverse sectors of civil society are considerable, and programs involving the mass media could be much stronger. Rights groups themselves wonder about their own impact, often questioning whether Peru's fundamental problems of violence and governmental breakdown are amenable to even innovative and well-conceived strategies. Indeed, in a disturbing development, in February and March 1990 some Lima-based rights organizations were the targets of attacks.

The vast majority of Peruvians are hoping the next government, scheduled to begin in July 1990, will do better than the García administration in addressing political violence. Yet none of the presidential candidates, including the surprise first-round and run-off winner Alberto Fujimori, engaged in serious discussion about counterinsurgency policy. Their failure to do so was troubling.

Most analysts agree that the Fujimori government is likely to confront the *Sendero* insurgency—and the process of social disintegration—for some time to come. As the politics are played out, Peruvian human rights groups will continue their resourceful, often courageous, efforts to buttress the country's fragile political democracy. ■

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Austerity and Labor

by John Walton

The debt crisis has devastated the labor movement in Latin America. Austerity policies have crippled the region's living standards, particularly those of the popular classes. With no end in sight, the debt crisis has undermined the developmental hopes of these people and their institutional representatives—hopes that once defined Latin America's social objectives.

Social Consequences

A central feature of the crisis is the striking uniformity of "structural adjustment" policies in debtor nations. Under the aegis of the International Monetary Fund, structural adjustment involves a package of austerity measures: currency devaluation, increased interest rates, decreased imports, lessened regulation of foreign investors, privatization of state-owned firms, and above all, reduced government subsidies for food, transportation, petroleum products, education, and health services. This package is intended to create "market-driven" economies that generate income for debt servicing.

Yet, according to the UN Conference on Trade and Development, structural adjustment is leading to economic stagnation in Latin America and elsewhere in the Third World, and is accelerating the transfer of income from

poor nations to developed ones. The middle and lower classes—especially the urban poor—are suffering the heaviest burden of debt servicing. Cuts in government spending mean decreased earnings and job losses for state employees, as well as reduced food and transportation subsidies for the urban poor. The sale or closure of state firms also eliminates jobs, while import restrictions hurt small commercial firms and national industries that depend on foreign equipment.

Debt and Labor

The debt crisis has undercut the institutional power and living standards of Latin American labor. These losses are evident in the magnitude of the regionwide decline in real wages and corresponding rise in both unemployment and underemployment; according to the Inter-American Development Bank, "informal" jobs have become the only employment alternative for growing numbers of Latin Americans. Labor's losses are also evident in drastic reductions in the welfare benefits previously won by unions, including major cuts in real per capita expenditures on state health and education programs.

Besides imposing heavier burdens on Latin America's lower and middle classes, the drop in living standards undermines the ability of labor unions to effectively represent workers, as reflected in organized labor's diminished legitimacy, internal divisions, and chastened militancy. For instance, labor analyst Edward Epstein observes that the higher the rate of

unemployment and the more repressive the policies of governments, the fewer the number of strikes and strikers in Latin American countries. In this respect the debt crisis and austerity measures have created a political climate favorable to government assaults on organized labor, as demonstrated in cases such as Argentina under Carlos Menem, Bolivia under Jaime Paz Zamora, and Mexico under Carlos Salinas de Gortari. After reviewing several examples of state-labor conflict in Latin America during the 1980s, British scholar Ian Roxborough concludes that, while each state attempted alternately to divide politically the unions and forge a new social pact, "the general story is one of 'muddling through' rather than of a clear strategic plan. . . . As the effects of the economic crisis have bitten deeper into the working class, labor's capacity to respond has also diminished."

A related trend is that the combination of debt, austerity, and economic restructuring has reshaped the social basis of the political arena to the disadvantage of organized labor. On the one hand, the expansion of informal employment and the weakened political clout of unions reduce the size of organized labor's following. On the other hand, the key issues of the last decade and the foreseeable future center on the politics of *consumption*—access to housing, transportation, education, and health care—rather than the politics of *production*, the traditional focus of organized labor. "Workplace" issues have not disappeared from Latin America's political arena, but they tend to

John Walton is professor of sociology at the University of California, Davis. He is completing a book, Cities in Revolt, with David Seddon.

generate less mobilization than, and to overlap only partially with, matters like subsidy cuts, price increases, and service reductions. Meanwhile the economic, social, and political conditions associated with debt and austerity have given rise to new forms of popular organization and action, including religious base communities, barrio associations, *coordinadoras* (national networks of regional and local grassroots groups), and protests (e.g., *paros cívicos*, demonstrations, general strikes, riots, and looting).

Is Organized Labor Irrelevant?

The trend of domestic politics in Latin America involves increasing popular movements, eroding elec-

toral support for traditionally dominant parties (even of the putative left), and declining labor union influence. The political role of organized labor, however, has differed from country to country. In countries like Peru, Ecuador, and Bolivia, organized labor has been the principal agent of austerity protest, particularly in the form of general strikes that ally workers with students, public employees, and middle-class merchants and consumers. More generally, comparative findings link levels of urbanization and unionization to variation in the occurrence and severity of austerity protest. Paradoxically, organized labor has been both a key element in causing austerity protest and, if the evidence is correct, a reluctant

or opportunistic follower of popular initiative.

Latin America's political future is uncertain. It combines state austerity policies with instances of energetic popular organization. The political direction of the 1990s depends on whether the managers of structural adjustment prevail, or whether labor and neighborhood organizations as well as other local movements form a representative and effective alliance. International models are available for either course—from Mexico's *Partido Revolucionario Institucional* to Poland's Solidarity. The question for organized labor is whether it will follow the well-worn paths of patronage or build an independent, democratic social movement. ■

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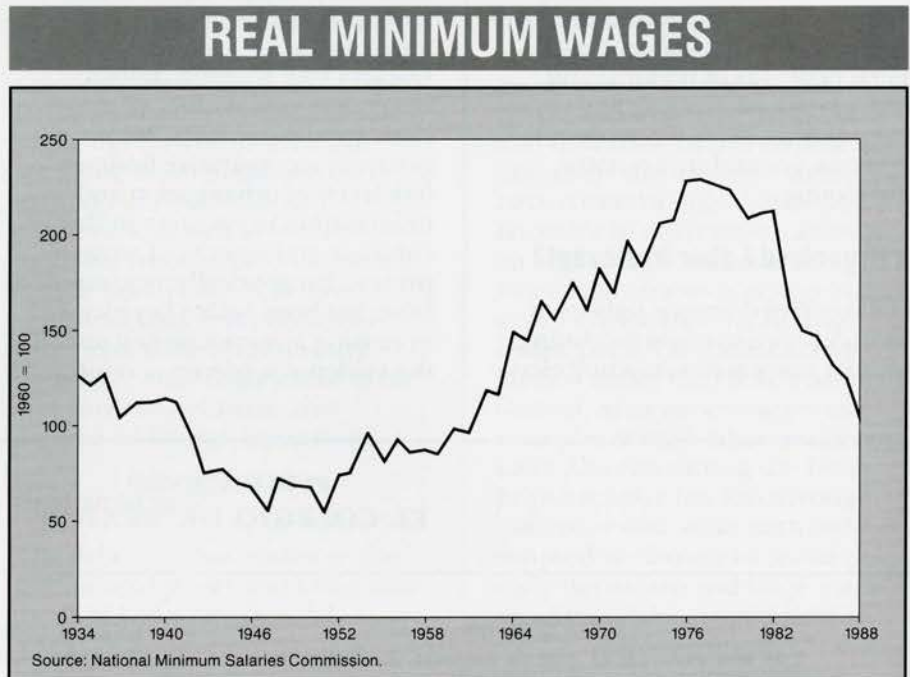
El Pacto: There They Go Again!

by David Barkin

How short are our collective memories! Mexico's stabilization efforts of 1987-90 are reminiscent of its tripartite pact between labor, business, and government during World War II. Its purpose was to restrain wage and price increases "so as not to damage wartime production." In a private telegram to Washington, the US ambassador of that moment, George S. Messersmith, pleaded for emergency shipments of corn to Mexico, writing that: "[in spite of the industrial boom] I have not been so pessimistic with regard to the outlook here at any time since I came to Mexico as I am now. The cost of living has gone up tremendously. We are living really on a social volcano here now. The situation of the workers is intolerable for everything they eat has gone up enormously and wage increases do not seem to help for the price controls have been inadequate" (quoted in Stephen Niblo, "The Impact of War: Mexico and World War II," 1988).

Mexican collaboration with the war effort consisted of the wholesale acceptance of American demands to reorient production to the needs of the US economy, on terms established by the US government. This reorientation caused the major shortfall in food

David Barkin is professor of economics at the Universidad Autónoma Metropolitana, in Xochimilco, Mexico City. His recent publications include Distorted Development: Mexico in the World Economy (Westview Press, 1990).



production as US demands led Mexico to switch almost one-quarter of its maize land to oil, edible seeds, and natural fibers for export. This policy and US opposition to the shipment of corn to meet Mexico's needs provoked widespread domestic opposition. Even before the war's end it was clear Mexico had paid dearly for increased economic activity: it had granted extraordinary influence to the US in reshaping the Mexican economy and formulating its future development policies. The distribution of wealth became much more regressive, setting an unfortunate standard for the decades to come.

Problems and Promises

In light of the wartime policy, today's *Pacto de Estabilidad y*

Crecimiento Económico (PECE) is nothing novel. PECE promises to reverse the economy's stagflation. The administration of Carlos Salinas de Gortari reassures Mexicans that Brazil's failed Cruzado Plan and Argentina's sorry experience are irrelevant. Even without looking south, Mexico's austerity, wage freezes, and inflation of the 1940s should instill serious doubts about claims that it can resume more equitable growth without first reversing the recent increase in income inequality and decline in living standards. During the early 1940s real wages plunged by more than 50% and did not recover until 1971.

The mainstays of PECE are wage and selective price controls and a drastic reduction in government spending, especially for social services. Such austerity

imposes a disproportionate burden on the working classes, whose share of national income had already fallen from 36% in the mid-1970s to 25% in 1987. Open unemployment is rising and production for the domestic market is shrinking due to price controls, gutted tariff barriers, and tumbling purchasing power: real wages are now lower than those of the late 1930s.

PECE identifies inflation as the major economic problem and the rekindling of growth as the principal objective. The government accepts responsibility for much of the recent inflation, asserting that it results from sizable budgetary deficits. Officials fail to point out, however, that these deficits arose from the state's inability to tax the incomes of the small but politically powerful group of rich Mexicans who control most of the country's wealth. Consequently the state had to finance massive investment programs and modest social welfare programs with inflationary measures such as foreign borrowing. Despite the avarice of the wealthy, the Salinas administration's programs continue to subsidize their investments in the hopes of spurring economic development, while allowing and even financing massive capital flight by these same people.

Even as the administration has hiked revenues and cut costs, the inherited imbalances continue. On the revenue-boosting and cost-saving side, policymakers have increased the value-added tax, improved tax collection, imposed some levies on profits, augmented prices for public-firm goods and services, and closed or sold some public firms. Yet servicing the debt forces the government to borrow additional money, increasingly from domestic lenders as foreign banks seek to limit their exposure. Since 1980 the internal debt in pesos has swelled by 350% to more than \$50 billion—equal to nearly half the foreign debt. But

since domestic interest rates are three or four times higher than international rates, the cost of servicing peso obligations is *twice as large* as that of the foreign debt. Mexico's internal debt offers juicy compensation for support of government policy by the wealthy. Nevertheless, it is an exorbitant price to pay for the inflow of foreign capital required to sustain the rest of the economic stabilization package.

As export production is booming, the domestic market—upon which most Mexicans depend for a living—is in the throes of depression.

Policymakers say this package is necessary to curb inflation and set Mexico on the path to recovery. Superficially they are correct. By substantially reducing the budget deficit as a percentage of the national product, the Salinas team has slashed inflation from its searing pace of 1987-88 to its tranquil level of a decade ago. And the rate of economic growth doubled in 1989, to about equal with the rate of population growth.

The technocrats claim this scenario is boosting the confidence of domestic and foreign business in the government's ability to manage the economy. They argue that, along with the opening up of Mexico to international competition, such confidence will stimulate private investment and create a more efficient productive apparatus. They insist that this apparatus will enable Mexico to compete successfully in world markets and provide im-

proved goods at more attractive prices to Mexican consumers.

Indeed, the private sector has responded with a surge in non-traditional exports such as auto parts, but foreign competition and price controls have restricted Mexico's traditionally important generator of employment: production of goods for the domestic market. This downward trend includes the sharp decline in production of basic crops by small farmers because food imports have reached record levels. Opening the border to a flood of consumer durables and food imports has resulted in a drain on foreign exchange, and only the wealthy have reaped the benefits of the Salinas administration's policy.

The Present Danger

Contrary to the official view, inflation is not the most serious of Mexico's ills nor is its control the key to economic recovery. As export production is booming, the domestic market is in the throes of depression. The reasons are the large-scale decline of the population's purchasing power, the shrinking private investment in production for the internal market, and the allocation of government spending away from social services and infrastructure. For most Mexicans, PECE is driving a set of nails into their coffins.

The danger of ignoring this problem is a lesson that should have been learned from Mexico's experience during World War II. Once again producers are responding with zeal to the government's changing signals and incentives. Unlike the earlier epoch, domestic shortfalls in basic foods, raw materials, and industrial products can be readily supplemented by imports—for those who can afford them. With the advent of liberalized foreign trade, imported consumer goods are crowding the shelves of upscale stores.

But the livelihood of the majority of Mexican producers and workers depends on the eroding domestic market. Linked to this erosion is the disappearance of jobs and the development of new family survival strategies. "Invented" jobs are burgeoning as people attempt to find niches as itinerant merchants and informal suppliers of assorted services, while national chains counter-attack with marketing strategies targeted at the shrinking middle and upper classes. Also geared to the latter groups are expanding financial services, as people with savings are taking advantage of high returns in Mexico's banking system and stock market, as well as speculating in construction.

An Alternative Road

Ironically Mexico's suffering on this account is needless. The fundamental obstacle to prosperity is the official definition of the crisis as a *financial* problem. This perspective leads to a search for new ways to restructure the debt, generate foreign exchange, and reduce government spending. Thus authorities reject approaches that incorporate small producers; instead they favor export industries using the latest technologies.

Policymakers seem impervious to the claim that Mexico could be enjoying a thriving internal market. In the countryside, idle productive resources in the hands of small farmers could eliminate more than \$3.5 billion in food imports and create upwards of two million jobs in a short time. In the cities, idle light-industrial capacity could be mobilized to produce consumer goods, construction materials, and light machinery to supply a reinvigorated domestic market and employ many additional workers.

Such an alternative would require the reintegration of small farmers into the main stage of the national economy. By offering

farmers remunerative prices for their labor, the government could induce them to bring their lands back into commercial production and enable Mexico to regain food self-sufficiency. In turn, this process would stimulate rural demand for goods and services from the rest of the economy, thereby benefiting every social group in Mexico. The country's balance of payments and budget would both improve. Although this approach would raise consumer prices, the cost would be small indeed com-

The official definition of the crisis as a "financial" problem leads authorities to reject approaches that incorporate small producers and the domestic market.

pared to the prosperity that the strategy would generate. Specific programs for the needy would be less costly than current commodity support programs.

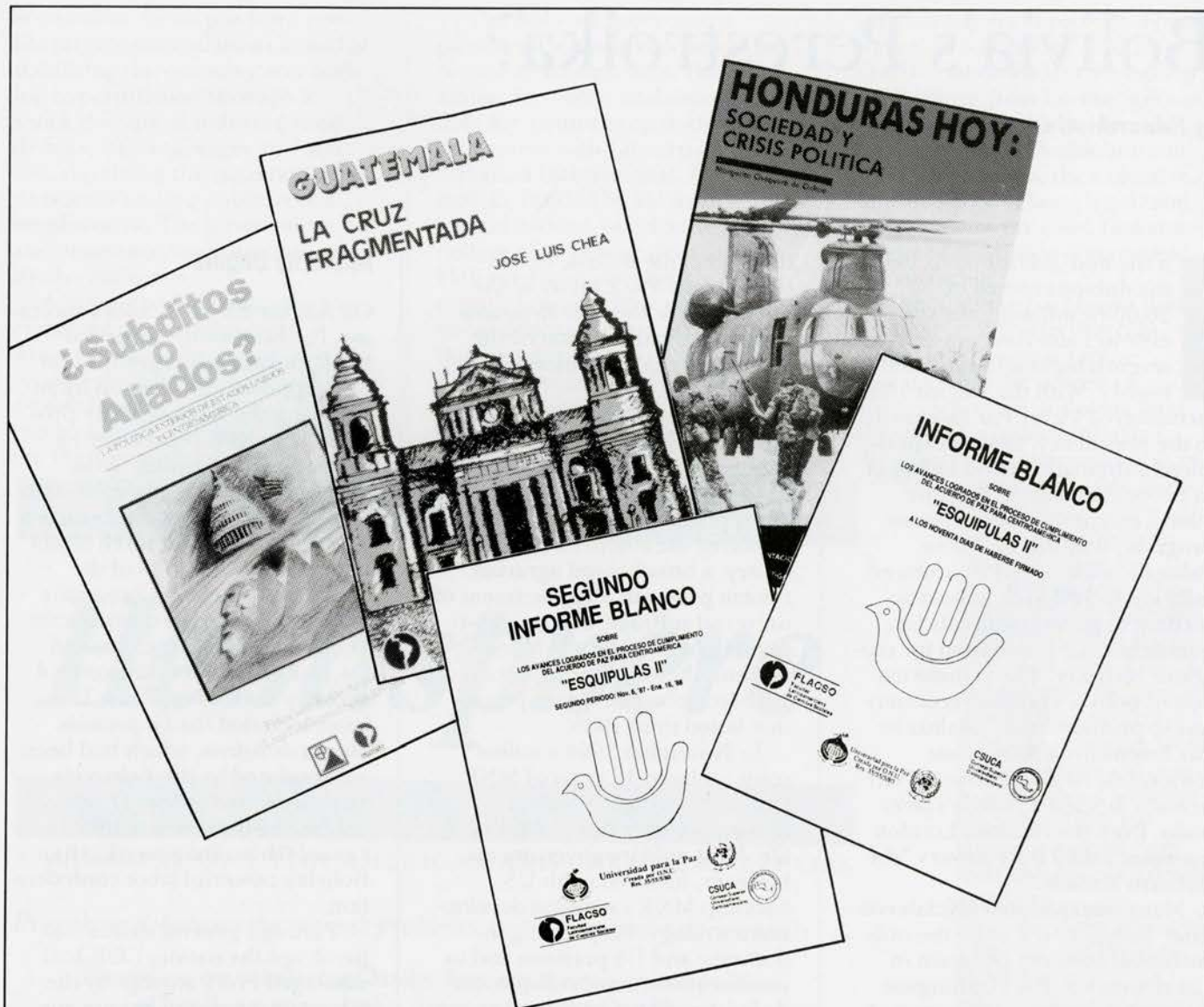
What are the objections to such an apparently simple and inexpensive program? Some argue that Mexico, including its small farmers, have lost their ability to produce basic food crops in the volume required for national self-sufficiency. Others are frankly apprehensive about the political implications of offering the small farmers an opportunity to earn the minimum wage. But such objections are misplaced: available land already in the hands of small producers, combined with the increased yields possible with existing technologies and available resources, could assure important

production increases in a very short time. Political barriers are more significant: some political bosses would find their hegemony threatened as their former clients gained greater autonomy. By facilitating this autonomy the political monopoly of the *Partido Revolucionario Institucional* might be threatened, especially if the small farmers felt the new program was won in the face of the party's opposition.

PECE does not even permit consideration of such an alternative. It focuses on inflation and deceives people into thinking that other ills can be corrected by minimizing price increases. Reducing inflation by deepening the country's depression will merely create further problems. What is needed is a reorientation of thinking about the roots of, and solutions to, the economic crisis. The crisis can only be overcome by mobilizing the productive potential of the Mexican people.

This alternative strategy does not directly challenge the current export-oriented approach. Mexico has the resources to continue increasing its production for export while broadening its economy to incorporate once again basic food production. The alternative strategy offers essential benefits to millions of small farmers and rural and urban workers whose job opportunities have become precarious and incomes have been seriously eroded. It would also accelerate the incipient process of political democratization. As such the strategy might be threatening to those who benefit most from the concentrated power and wealth that characterizes the reigning neoliberal approach.

All groups in Mexico would have higher incomes if the alternative approach were implemented. Mexico has the potential to both boost its exports and reclaim its domestic market. Why then must its leaders continue repeating the mistakes of past decades? ■



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Bolivia's Perestroika?

by Eduardo A. Gamarra

In the mid-1980s Bolivia held the dubious record of 26,000% inflation, the worst ever in Latin America and the seventh highest in recorded history. With the August 1985 ascension of Víctor Paz Estenssoro to the presidency, Bolivia experienced a dramatic restructuring of its political economy. By June 1986 a comprehensive austerity program, dubbed the *Nueva Política Económica* (NPE), reduced inflation to 10% and, at least according to government officials, established the foundation for economic recovery. The transformation of Bolivia's political economy was so profound that loyalists in Paz Estenssoro's *Movimiento Nacionalista Revolucionario* (MNR) proudly labeled it Bolivia's *perestroika*. Even the cautious London *Economist* called the recovery "the Bolivian Miracle."

Many international officials consider Bolivia's NPE to be the only successful austerity program in Latin America. For Washington, Bolivia has become a showcase of democracy and an example of what other nations in the region could accomplish if they adopted the "correct" free-market policies. Domestically Bolivia has established a new political consensus around the NPE's premises. Although Paz Estenssoro and MNR

no longer rule Bolivia, his successor, Jaime Paz Zamora of the *Movimiento de Izquierda Revolucionaria*, has steadfastly stayed the course since taking office in August 1989.

To put this situation in context, it is worthwhile to recall that Paz Estenssoro and his MNR led Bolivia's 1952 revolution. He and MNR presided over the nationalization of the country's tin industry, a broad-based agrarian reform program, the enactment of universal suffrage, and the downgrading of the military. More significant, they initiated a process of state-led economic development that lasted until 1985.

In November 1964 a military coup replaced 12 years of MNR rule with 18 years of military dominance over Bolivian political life. Most military governments, however, followed (with US backing) MNR's state-led development strategy. Responding to domestic and US pressure and to imminent economic collapse, the Bolivian military attempted an orderly withdrawal from the political arena in the late 1970s. Only after a tumultuous four-year period of transition plagued by coups, countercoups, and aborted elections was civilian rule achieved. In October 1982 when Hernán Siles Zuazo, one of MNR's founders, was sworn into office, Bolivia was already experiencing the worst political and economic crisis of its history. During a hapless three-year period, Siles was incapable of controlling or satisfying demands from social groups and was largely responsible for precipitating Bolivia's record hyperinflation.

Austerity Begins

On August 29, 1985, Siles's successor, Paz Estenssoro, surprised MNR and the leftist groups that had supported his election by announcing the NPE austerity program. The NPE represented a dramatic restructuring of the development strategy established 33 years earlier by Paz Estenssoro and MNR. It sought three objectives: the liberalization of the economy, the ascendance of the private sector as the central actor in economic development, and the recuperation of state control over key state enterprises. The latter included the *Corporación Minera de Bolivia*, which had been appropriated by the *Federación Sindical de Trabajadores Mineros de Bolivia*, the backbone of the *Central Obrera Boliviana* (COB), Bolivia's powerful labor confederation.

Through general strikes that paralyzed the nation, COB had sabotaged every attempt by the Siles government to impose austerity. In the process, however, it eroded the effectiveness and legitimacy of strikes and other forms of union protest. Thus, when Paz Estenssoro's new MNR government fired 22,000 mineworkers, COB could barely muster enough support to call a general strike. Once capable of bringing down governments, COB was reduced to weak defensive actions to prevent the imposition of even harsher measures.

Bolstering the NPE's credibility was the presence of Harvard economist Jeffrey Sachs, who became the government's principal adviser. Aided by several Bolivian

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economists, Sachs put forth neoliberal recommendations aimed at stabilizing the economy and ending hyperinflation through a shock therapy of reducing fiscal deficits, freezing wages and salaries, devaluing the currency, and drastically cutting public-sector employment. The government also announced privatization and similar measures.

A key to the NPE's success was exchange rate stabilization. Through liberalization of the foreign exchange market and the establishment of a *bolsín* (auction mechanism) in the *Banco Central*, the black market for dollars came

The Bolivian government pioneered innovative schemes to reduce its foreign debt. For example, in 1988 it established a debt-for-nature swap under an arrangement with Citicorp and Conservation International. In 1989 Bolivia, funded by aid from several nations, purchased \$300 million of its private debt through IMF-mediated channels. Such accomplishments impressed international donors. Bolivia is now the third largest US aid recipient in Latin America, after El Salvador and Honduras, as well as Latin America's highest per capita recipient of Japanese aid.

which it has yet to recover. For instance, in September 1985 hundreds of labor leaders, including COB leader Juan Lechín, were arrested and banished to remote jungle towns. With absolute control over congress, the executive imposed NPE-related legislation, such as a new tax code, that consolidated the policy of economic restructuring.

Although the pact broke down during the 1989 election campaign, its three-year tenure revealed that the success of austerity policies in Bolivia (and elsewhere) is related directly to the capacity of governments to es-

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proceeded at a snail's pace. The collapse of the tin market and the decline in the price of natural gas—the nation's only sources of hard currency—threatened to undermine the government's program. Even when faced with a severe recession and soaring unemployment, Paz Estenssoro refused to alter the NPE guidelines. His tenacity was finally rewarded in 1987 as the economy grew for the first time in the decade, and continued growing, with inflation stabilizing at 20% per year.

Implementing Austerity

At the heart of the NPE's success was the government's ability to neutralize opposition from labor and political parties in congress. A so-called *Pacto por la Democracia* between the ruling MNR and former dictator General Hugo Banzer Suárez's *Acción Democrática y Nacionalista* (ADN) guaranteed a political base for the government's policy. For the next three years Paz Estenssoro used the pact to impose three congressionally sanctioned states of siege that dealt Bolivian labor a severe blow, from

maintain stable coalition. The Bolivians have learned this lesson was demonstrated when new president Paz Estenssoro, a social democrat, who led the *Acuerdo Patriótico* (ADN) before assuming office in August 1989. Like the *Democracia*, the new administration enabled the executive to control opposition from political parties in congress to press ahead with the November 1989 Paz Estenssoro imposed a state of siege, and banishing hundreds of teachers.

Patronage may have replaced the rotation in Bolivia, but the rotation of patronage among bitter rivals is the underpinning for short-term stability. Patronage can guarantee

the long-term stability of the NPE and Bolivian democracy is questionable.

An Exportable Cure?

The NPE's effectiveness is fragile, and its impact varies by economic sector and social class. To begin with, the health of the Bolivian economy is tied to the export of natural gas to Argentina. Yet Argentina has not met its payments on time, and economic reactivation in Bolivia has been severely hampered by chronic delays.

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A key to the NPE's success was exchange rate stabilization. Through liberalization of the foreign exchange market and the establishment of a *bolsín* (auction mechanism) in the *Banco Central*, the black market for dollars came to a grinding halt. Critics point out, however, that the *bolsín* also created a means for laundering "narcodollars," profits from the cocaine industry.

Most analysts argue that the NPE revealed Paz Estenssoro's abandonment of the 1952 revolution's goals. Arguably, however, the NPE reflected less a reversal of the system of political economy linked to Paz Estenssoro and MNR than an adaptation of the original revolution to a new set of realities. For Paz Estenssoro and his economic advisers, state capitalism had reached its final limits. Shortly after launching the austerity plan, Paz Estenssoro claimed the NPE flowed directly out of his original approach to revolutionary change.

Yet Bolivia's economic recovery proceeded at a snail's pace. The collapse of the tin market and the decline in the price of natural gas—the nation's only sources of hard currency—threatened to undermine the government's program. Even when faced with a severe recession and soaring unemployment, Paz Estenssoro refused to alter the NPE guidelines. His tenacity was finally rewarded in 1987 as the economy grew for the first time in the decade, and continued growing, with inflation stabilizing at 20% per year.

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Whether the rotation of state patronage among formerly bitter rivals can guarantee the stability of the austerity program and democracy is questionable.

Implementing Austerity

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which it has yet to recover. For instance, in September 1985 hundreds of labor leaders, including COB leader Juan Lechín, were arrested and banished to remote jungle towns. With absolute control over congress, the executive imposed NPE-related legislation, such as a new tax code, that consolidated the policy of economic restructuring.

Although the pact broke down during the 1989 election campaign, its three-year tenure revealed that the success of austerity policies in Bolivia (and elsewhere) is related directly to the capacity of governments to establish and maintain stable coalitions. That the Bolivians have learned this lesson was demonstrated by new president Paz Zamora, a social democrat, who entered into the *Acuerdo Patriótico* with Banzer's ADN before assuming office in August 1989. Like the *Pacto por la Democracia*, the new alliance has enabled the executive branch to control opposition from labor and political parties in congress and to press ahead with the NPE. In November 1989 Paz Zamora imposed a state of siege, arresting and banishing hundreds of striking teachers.

Pragmatism may have replaced ideology in Bolivia, but the rotation of state patronage among formerly bitter rivals is the underlying basis for short-term stability. Whether patronage can guarantee the long-term stability of the NPE and Bolivian democracy is questionable.

An Exportable Cure?

The NPE's effectiveness is fragile, and its impact varies by economic sector and social class. To begin with, the health of the Bolivian economy is tied to the export of natural gas to Argentina. Yet Argentina has not met its payments on time, and economic reactivation in Bolivia has been severely hampered by chronic delays.



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Several economists argue that the health of the Bolivian economy is also tied to the revenues from the booming cocaine trade. Other economists note that the impact of the drug trade is less than speculated. In any case, Bolivia has not found a legitimate way to tap into this industry and must exercise great caution so as not to stir the wrath of Washington's war on drugs.

Meanwhile Bolivian industry, construction, and mining have not fully recovered. Commerce, especially the import-export sector, is the only profitable venture. But with booming contraband, prominent entrepreneurs have demanded substantial changes in the NPE tariff policies to protect them from foreign competition and bankruptcy. Indications are that President Paz Zamora will yield to these pressures.

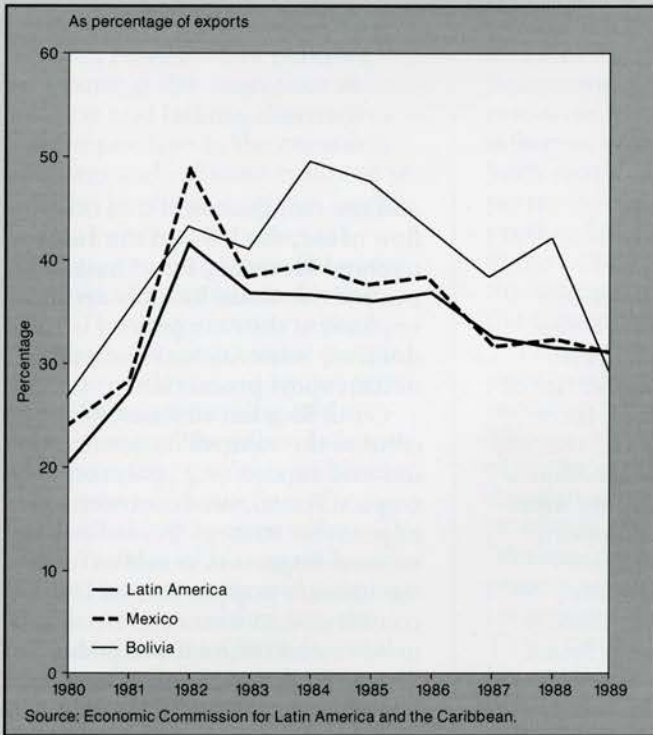
Socioeconomic indicators also reveal the slow pace and tenuous nature of recovery. Unemployment stands at 20%, salaries remain extremely low, and prices for most products are out of reach for the majority of Bolivians.

The potential loss of jobs by members of a transformed sector of the labor movement presents the most serious domestic challenge to the NPE. After searching in vain for employment, thousands of Bolivia's displaced miners migrated to the Cochabamba valleys to grow coca leaf. After reestablishing unions, they emerged as the most powerful sector of organized labor. This development poses major problems for the Bolivian government, which has attempted to comply with coca eradication agreements with the US. If the government attempts to forcefully "relocate" this sector

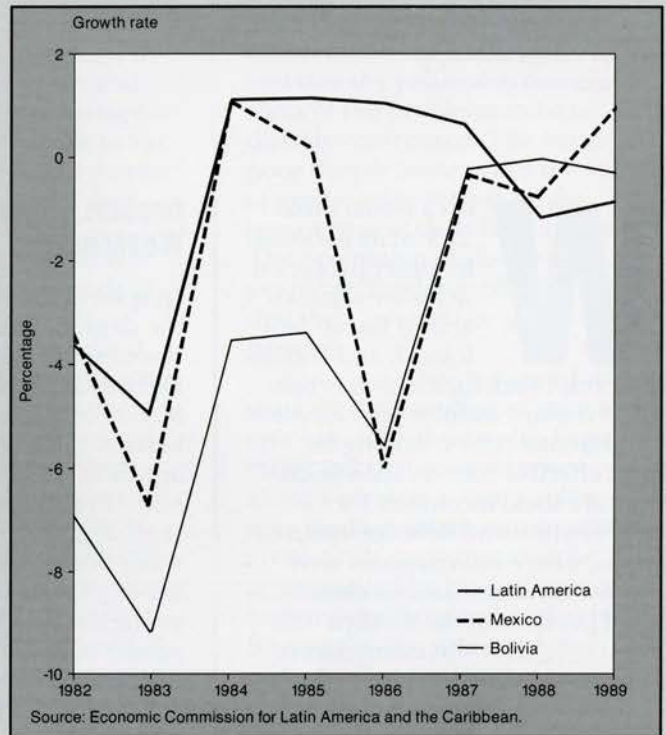
one more time into the ranks of the unemployed, growing tensions could erupt into an explosive confrontation.

Despite these negative portents, Bolivia has become a "model" of stable governance and sound economic management. But optimism about the model's exportability must be tempered by two considerations. First, the smallness of the Bolivian economy made stabilization possible with relatively small amounts of capital. Second, the particularities of Bolivia's social and political structure enabled the NPE's advocates to defeat their opponents, especially the labor movement. At least for now, the NPE's shock therapy has stabilized the Bolivian economy, but the cost is apparently much higher than what its neighboring governments are either willing or able to impose on their people. ■

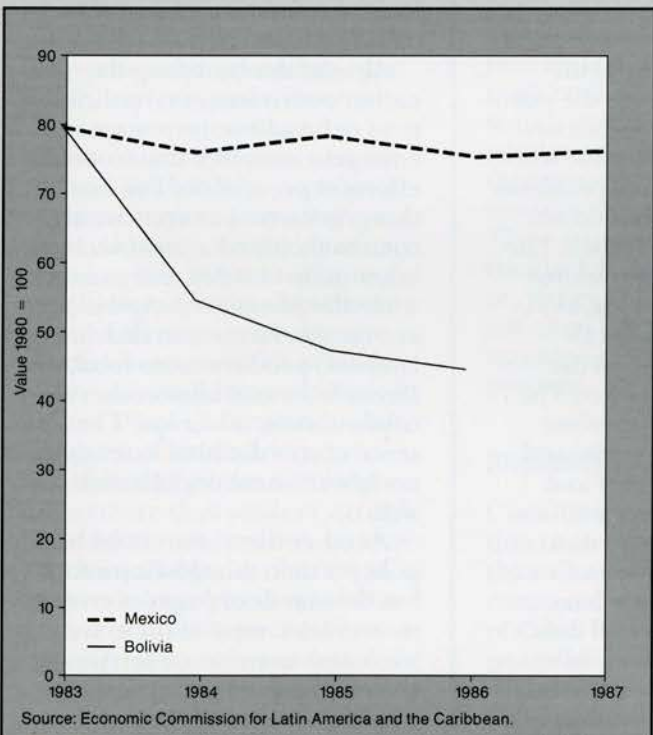
EXTERNAL DEBT



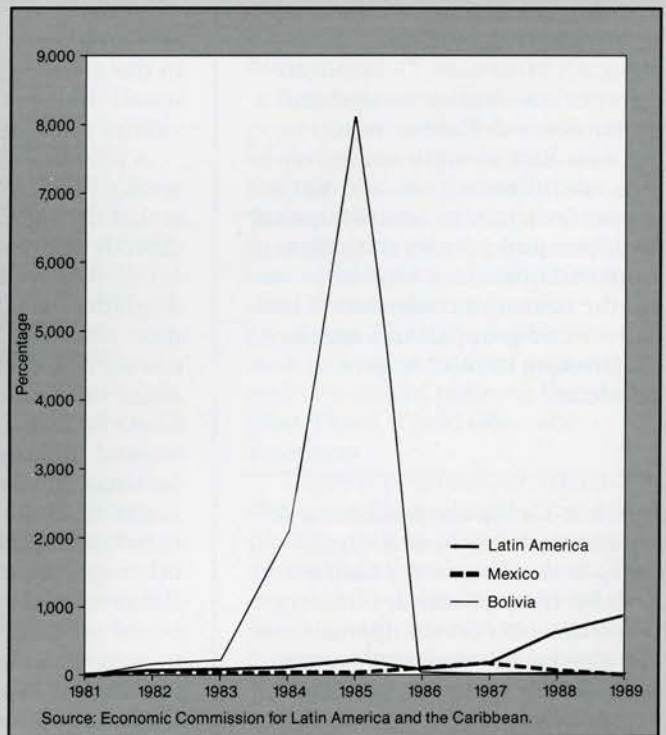
GDP PER CAPITA



AVERAGE REAL WAGES



INFLATION



Costa Rica's Resource Challenges

by Lori Ann Thrupp

With a remarkable 27% of its national territory protected in national parks and in forest, biological, and Indian reserves, Costa Rica is widely considered a successful model for environmental policy. Among its most effective conservation initiatives are fiscal incentives for reforestation and debt-for-nature swaps, where international environmental organizations absorb small portions of the foreign debt in exchange for the maintenance of parks or reserves. The nation's environmental laws, whose reach extends from pesticide use to waste disposal, are elaborate and ambitious in principle. Its universities and US-linked research institutes, such as the Organization for Tropical Studies, are addressing environmental issues on a growing scale. Moreover, Costa Rican "ecotourism" has blossomed into a multimillion-dollar business.

Costa Rica's long-standing efforts are indeed significant. Yet a deeper look into its environmental problems and policies raises fundamental questions: How effective are the country's conservation initiatives and groups? And are they confronting its most urgent problems?

Lori Ann Thrupp is a postdoctoral fellow with the Energy and Resources Group at the University of California, Berkeley. Her publications include "Pesticides and Policies: Approaches to Pest-Control Dilemmas in Nicaragua and Costa Rica," Latin American Perspectives (1988).

Impacts, Impediments, Weaknesses

In spite of the country's efforts, the degradation of Costa Rican resources is worse than ever. Deforestation occurs at the rate of 50,000 hectares per year, far beyond the 3,000 hectares that are annually reforested. Meanwhile a host of problems, including watershed degradation, soil erosion, water and air pollution, overfishing, sanitation and waste problems, and pesticide damage, results in rising economic losses for rural and urban Costa Ricans.

Costa Rica's poor bear a disproportionate share of the environmental burden. For instance, those peasants who are being displaced to marginal lands and can least afford fertilizers are the principal victims of deteriorating soils. Similarly those people who reside in the growing informal settlements of urban areas are the main victims of inadequate sanitation.

A principal reason for the worsening of environmental problems is that the state's policies do not directly address their causes. The fundamental causes of resource degradation in Costa Rica, as in most countries, are political-economic forces rooted in the wider international market. The Costa Rican economy revolves around the export of coffee and bananas, followed by beef and sugar, in exchange for manufactured goods from the US and other developed countries. Costa Rica's trade dependence has combined with a chronic fiscal deficit to generate one of the world's highest per capita foreign debts. Given regionwide economic crisis

and the strings attached to the flow of aid, the US and the International Monetary Fund have pushed the Costa Rican state to implement the twin policies of domestic austerity and nontraditional export promotion.

Costa Rica has substantially increased the value of its nontraditional exports (e.g., palm oil, tropical fruits), yet this structural adjustment strategy has led to augmented imports of cereal to feed the nation's population, and has contributed to worsened rural and urban socioeconomic inequality. Moreover the adjustment strategy has exacerbated the trade deficit and aggravated pressures on natural resources. From an environmental standpoint, the nexus between the Costa Rican and world political economy impedes local attempts to promote sustainable development.

Against this backdrop the nation's environmental policies tend to be ad hoc responses to emergencies rather than cohesive efforts at prevention. For one thing, government agencies are commonly pitted against each other in turf battles. For example, while the *Ministerio de Agricultura* encourages farmers to clear more land and produce more food, the *Dirección Forestal* admonishes them to plant trees, not crops. The absence of coordination extends to nongovernment organizations as well.

Another dimension of ad hoc policy is that, though Costa Rica has thousands of pages of environmental laws, most of these are weak and unenforceable. Among the reasons are the political constraints of debt and austerity,

which restrict the state's monitoring capacity while they pressure it to stimulate economic growth. Conservation initiatives, such as *Dirección Forestal's* tree planting programs, suffer from poor maintenance; and lacking alternatives and despite laws to the contrary, squatters and colonists continue to deforest public and private lands.

Meanwhile environmental regulations often contradict state incentives for economic development. Thus reforestation efforts clash with laws that enable people to acquire title to land by "improving it" through farming and deforestation. They also clash with a measure that grants landowners an income tax deduction of \$1,000 for each hectare reforested. Besides its bias against middle and low-income rural people, who do not pay income tax, the measure subsidizes land speculation by permitting entrepreneurs to plant seedlings, receive the deduction, and then let the trees die.

Still another weakness stems from the foreign models that form the basis of Costa Rican policy. Costa Rica emphasizes wilderness protection—a move applauded by mainstream North American and European environmentalists—but wildlife, tourism, and science research are not interests of the majority of Costa Ricans, who are poor and neither have access to, nor derive income from, these activities. Although inequality of landownership in Costa Rica is not as extreme as elsewhere in Central America, the problem is nonetheless severe: 37% of landholders are small farmers who own just 1% of all farmland, while the top 1% of landholders own more than 25% of the farmland. Furthermore thousands of agricultural workers are landless. In view of the inequitable distribution of landownership, the extent of protected area is perhaps excessive.

Given this agrarian structure, the creation of parks or reserves by wealthy individuals, such as the

acquisition of 50,000 hectares for Guancaste Park by US biologist Daniel Janzen, perpetuates inequitable development. This problem includes the growth of foreign influence over local decisions and resources. One aspect of foreign influence is debt-for-nature swaps. Such swaps alleviate only a minute percentage of the external debt, yet they favor the interests of mainstream environmentalists at the expense of the basic needs of the rural poor.

Programs to induce the rural poor to adopt environmental conservation have been ineffective. They rarely involve participation of the local people and are top-down in approach. Among such programs are *Dirección Forestal's* "demonstration" plots, which emphasize large-scale commercial reforestation using exotic species. This practice is usually impossible for small farmers, mainly because the size of their landholdings is insufficient and must be devoted to food crops.

The *Dirección Forestal* has begun some agroforestry projects that are more suitable for the rural poor, yet these projects often overlook indigenous agroforestry practices and try (unsuccessfully) to push methods developed in research stations. In addition many rural people oppose parks and forest reserves and have little interest in wilderness recreation. Their stance is logical, since either they lack farmland and resources or, if they are landowners, they are often left to deal with the nuisance of wild animals from reserves.

Implications

Costa Rica has given more attention to environmental problems than many other developing countries, yet the popular image of Costa Rica as ecologically progressive is somewhat illusory. The country's fragile economy is also aggravating pressures on the

deteriorating resource conditions.

There are no easy answers to these problems. It is clear, however, that the social dimensions of conservation cannot be ignored, and that the political-economic roots of the problems must be directly confronted. The rural poor deeply understand the value of resources as seen from the perspective of their basic needs. The promotion of sustainable, equitable development requires that their interests be given priority.

Among the needed transformations is the ending of state incentives and subsidies for large cattle and timber enterprises, along with state action to eliminate land speculation in frontier areas. Such measures must be accompanied by land reform to redistribute farmland and to transfer some of the protected area into agroforestry programs, as well as state incentives and credit for establishing agroforestry and soil conservation. A related priority is the diversification of food crops needed for feeding Costa Ricans, and the cessation of the environmentally and economically deleterious emphasis on agricultural exports.

Strategies of grassroots "empowerment" and democratic participation are likewise vital, as is the redirection of some funds from parks and wildlife protection to such strategies. Equally important is the taking of initiative in the US and other industrial powers to eliminate problems such as toxic substance exports and investment patterns that exploit Third World labor and resources.

There is potential for effective change in Costa Rica if it can emphasize policies of social justice and sustainable development. The suggested reforms may sound infeasible and radical; yet until they happen, rhetoric about solving environmental problems will remain empty and superficial. ■

Insider briefs on people and institutions shaping Latin American and Caribbean affairs

No Sugar Daddy

Caribbean and Central American sugar producers are watching developments in the 1990 Farm Bill debate in Washington. New US policy on sugar imports will emerge from these discussions. Foreign producers and US interests such as the Sweetener Users Association hope Congress will lower price supports and reduce import quotas. They have tough opposition, however, including Rep. Kika de la Garza (D-TX), who chairs the House Agriculture Committee. Speaking in Florida in February 1990, the legislator repudiated a ruling from the General Agreement on Tariffs and Trade (June 9, 1989) that US sugar import quotas are illegal.

■

Come Back to Jamaica

Ad agency Young & Rubicam pleaded guilty to one count of conspiracy and paid a \$500,000 fine to settle a charge that it violated the Federal Corrupt Practices Act to win a Jamaican Tourist Board account. In exchange for the guilty plea and fine, the Justice Department dropped a federal racketeering charge. After settling the case, the agency's general counsel gave his corporate "spin" to the incident. According to the *Wall Street Journal* (February 12, 1990), he stated that the charge was "...the most metaphysical felony that I've ever pleaded guilty to."

Edited by Mark B. Rosenberg

Watch Out

New Exchange of Information Agreements between the US and Peru and between the US and Mexico have added to the worries of US banks who fear losing wary Latin American depositors. The agreements mandate that the US Internal Revenue Service and the sister institutions of cooperating governments exchange, upon request, information concerning taxes of a resident of either country, including records provided by financial institutions. Already Barbados, Bermuda, Dominica, the Dominican Republic, Grenada, Jamaica, and Trinidad and Tobago are signatories to the agreement. The participation of Costa Rica, Bolivia, Colombia, Guyana, and Panama is pending.

■

Caribbean Commission

A commission to examine the future of Caribbean development has been named and will be housed on the Mona Campus of the University of the West Indies in Jamaica. The commission is mandated by the Caribbean Community (CARICOM) to develop the region's economic, political, and cultural agendas for the 21st century. Its report on Caribbean economic integration and the impact of Europe's unification must be ready for the 1992 CARICOM summit. Among its members are Dame Nita Barrow of Barbados and Vaughan Lewis of the Organization of Eastern Caribbean States.

Montecristo at Risk

The Environmental Project on Central America reports that El Salvador's Montecristo Park is at risk because of the Trifinio Plan to develop the border area shared by that country, Honduras, and Guatemala (*Greenpaper* series, No. 4, p. 10). A habitat for the quetzal because of its boundless cloud forests, Montecristo has been subject to increasing pressure by refugees and settlers fleeing the ravages of the country's civil war. In a rare instance of cooperation among the neighboring countries, the Trifinio Plan will allow "unregulated" agricultural, mining, and timber development that will "increase pressure on the park."

■

Capital Flow

Latin Finance's April 1990 edition offers a thorough analysis of the Eastern European challenge to Latin America. Several viewpoints amplify the growing debate on the subject. Sir William Ryrrie of the International Finance Corporation reasons that Eastern Europe may not pull investment away from Latin America. Kissinger Associates analyst Alan Stoga states that the US needs to concentrate its efforts first on Latin American trade partners. A former World Bank spokesperson, Frank Vogl, asserts that a "double standard is being applied that falls heavier on the democracies of Latin America than on the would be democracies of Eastern Europe." *Latin Finance*, a Euromoney magazine, is published in Coral Gables, Florida.

Buried in New York

While in Europe in early February, Mexican president Carlos Salinas de Gortari pleaded with industrialized countries not to forget about Latin America in the wake of new markets and investment opportunities in Eastern Europe. In case you missed the story, it was buried in the *New York Times's* February 2, 1990, Business Section, under the New York Stock Exchange Bond Trading listings.

Streamer of Consciousness

Speaking at a military ceremony in Fort Myer, Virginia, on March 8, 1990, President George Bush stated "We're here to add another campaign streamer to the roll call of glory, the roster of great American campaigns—Yorktown, Gettysburg, Normandy and now Panama." Streamers were attached to the flags of the four US military services, each representing a different war or military campaign from the revolutionary war to Grenada. Bush went on to say that the new streamer was "most of all" for the US soldiers killed in Panama.

Saya not Lambada

While the *lambada* had Americans and Europeans trying new contortions to the tune of "*Chorando se foi*," the Bolivian authors of the hit sued Brazilian and French producers for copyright violations. *Los Kjarkas*, who composed

"*Llorando se fue*" with a *Saya* beat from the Bolivian Yungas region, reportedly settled for a meager \$260,000. Bolivian nationalism has been fueled by cries that the paltry sum added insult to the injury of plagiarism.

A Degree of Change

In February 1990 Miami journalist Pablo Alfonso interviewed a dissident law professor from Cuba's *Universidad de Camagüey*. The professor outlined the growing restlessness among Cuba's intelligentsia and students. Particularly troublesome to Castro's regime, he said, are Moscow-trained Cuban social scientists who understand and sympathize with the need for *glasnost* and *perestroika*. The 29-year-old refugee capped his interview by declaring that in Cuba "it's more dangerous to have a degree from Moscow than to have one from Harvard."

Surf's Really Up

Lester Moreno, a 17-year-old Cuban, had been riding the island's waves for nine years. On March 1, 1990, he caught the "big one" that surfers dream about. Carrying a backpack loaded with fresh water and condensed milk, he glided from Cuba's Varadero Beach into an easterly wind that pushed him and his sail board to within 30 miles of Miami, where he was plucked from the ocean by the US Coast Guard.

On the Move

Ertha Pascal Trouillot is Haiti's first woman president. Named to succeed Lieutenant General Prospero Avril, the former supreme court justice presides over a 19-member council of state as Haiti prepares for elections that may be held in October 1990.

Heraldo Muñoz, one of Chile's leading scholars, has been named by the Aylwin government to be Chile's ambassador to the Organization of American States in Washington.

Newsday's Roy Gutman, who authored *Banana Diplomacy: The Making of American Policy in Nicaragua, 1981-1987* (Simon and Schuster, 1988), left Washington in December 1989 for East Germany, where he serves as the newspaper's bureau chief.

Geoff Pyatt, who served as a staff assistant to the Inter-American Dialogue, has joined the US Foreign Service and is now the third secretary of the economics section of the US Embassy in Honduras.

Marvin Carter, president of the Association of American Chambers of Commerce in Latin America, testified before the Congressional Joint Economic Committee on May 22, 1990. He suggested that "most of Latin America has been a victim of benign neglect and/or crisis management by foreign policymakers in both [US political] parties."

Democracy on a Tether

by Brian Loveman

Optimism abounds in Chile, as an elected civilian government succeeds a long-standing military dictatorship. Though a climate of reconciliation prevails, the consolidation of democracy is far from secure

On March 11, 1990, Christian Democrat Patricio Aylwin took office as Chile's first elected president since 1970. Thus ended the authoritarian government of General Augusto Pinochet (1973-90).

Aylwin's inauguration, supported by the ideologically diverse *Concertación de Partidos por la Democracia*, represented the culmination of a process specified in the Chilean constitution of 1980. In a plebiscite held in October 1988, voters rejected Pinochet's continuation in office. Pinochet's defeat initiated a period of transition in which he would remain in office until March 1990, with voters electing a successor and a congress on December 14, 1989. In the meantime, Pinochet and the opposition decided upon constitutional reforms that were approved in a July 1989 plebiscite.

Throughout 1989 there was doubt as to whether Pinochet or his hard-line supporters would allow the scheduled elections, or whether an opposition candidate would be allowed to take office if

elected. The transition, the election campaign, and the political debates were colored by an awareness that nothing could be taken for granted and that the threat of a preventive military coup or government provocation could never be entirely dismissed.

Yet Pinochet appeared to believe that his historical role in Chile, if unappreciated now, would eventually be recognized: a hero who had saved the country from totalitarian communism, reestablished law and order, provided the constitutional foundations of a modern democracy, and permitted a peaceful, legal transition from authoritarian rule to elected government. This vision may have seemed implausible to the majority of Chileans, but, as the events of 1989 and early 1990 unfolded, Pinochet could respond to his detractors that the transition had gone as promised. After all, the results of the plebiscite of October 1988 were accepted—even though on the night of October 5, 1988, Pinochet and a small coterie in desperation considered suspending the vote count. In addition constitutional reforms were adopted in the plebiscite of July 1989, with prior consultation and negotiations with the opposition. The presidential and congressional elections were

held, the votes fairly and quickly counted, and the opposition candidate, Patricio Aylwin, declared the victor.

Shortly after the elections, Pinochet even invited Aylwin to the presidential palace to discuss the transition. Still, when Aylwin suggested that Pinochet leave the post of commander-in-chief of the army—a position guaranteed to him under the 1980 constitution—upon stepping down as president, Pinochet politely declined.

In short the transition occurred as scheduled and a gradual loosening of authoritarian controls over radio, television, the press, and political activity was achieved. The basic rules of political life, the tutelary role of the military in Chilean politics, and the nation's economic model have, however, remained strictly those of Pinochet. Chile was moving from a harsh authoritarian regime to a "democracy on a tether"—a transition whose process and pace were dictated by the Pinochet government within a framework of limited bargaining with the opposition bloc. Thus the incoming president and his policy advisers faced a number of formidable constraints in further democratizing Chilean politics and in taking important policy initiatives during their first year in office.

Brian Loveman, professor of political science at San Diego State University, is the author of Chile (2nd ed.; Oxford University Press, 1988).

Pinochet's Legacies

The new political system installed by the 1980 constitution, even as modified by the 1989 reforms, was inherently authoritarian, elitist, and undemocratic. Appointed senators, veto power over public policy by a national security council, and the permanent tutelary role of the armed forces constrained the exercise of the popular will through elected representatives. Moreover the opposition that previously supported Marxist or socialist institutions and policies was emasculated or temporized by the 16 years of official terrorism and repression that transformed Chile's state and economy. Arguably Chilean politics had been polarized and ideological, and a dose of pragmatism and reformism were essential for democracy to have a chance. But the Aylwin coalition's emphatic moderation represented a powerful acknowledgement of the tether General Pinochet fastened upon the *caballitos* in his corral. Terror and repression had brought results.

Pinochet forced most of the opposition into a cautious and compromising mood regarding trial or punishment of the armed forces and security personnel guilty of human rights abuses. Many leading opposition leaders preferred to downplay threats against the military in exchange for a peaceful transition, military "neutrality," and a gradual departure of Pinochet from the scene.

Pinochet sought to further constrain the Aylwin coalition by enacting institutional reforms and "organic laws" in 1989 and early

1990. Among the key measures were the creation of a relatively independent central bank with broad economic and monetary authority and limitations on the public sector's size. They also included tenure for government officials of the outgoing regime, guarantees on military budget levels, and a free hand in certain policy and appointment matters for the armed forces, as well as accelerating privatization of public enterprises. In these ways Pinochet sought to leave the incoming administration, in his own words, "*todo atado y bien atado.*" The challenge facing the Aylwin administration is to maneuver within the confines of the tether, until it can be loosened or cut, and to meet some of the pent-up demands of those who struggled against the Pinochet government.

The Military

Perhaps the most sensitive and difficult area for Aylwin's new government is its relations with the military. Divisions emerged within the armed forces over support for Pinochet and some of his policies. Nevertheless, most military officers continued to be proud of their role in "saving Chile from communism." They remained committed to a tutelary role in the future political system, protective of their institutional and professional prerogatives, and generally insistent on immunity from trial or punishment for alleged abuses perpetrated during the last 16 years.

In September 1989 the pattern of military retirements and promotions apparently reinforced

Pinochet's control and left his loyalists in key command positions. Even moderates in the armed forces insisted upon implicit guarantees from the Aylwin coalition that they would not be targets of retaliation after March 1990, that defense policy would not be politicized, and that force levels and budgets would not be drastically reduced.

These issues represent fundamental challenges to the unity of the Aylwin coalition and to the authentic democratization of Chile. Many Aylwin supporters once suffered repression or exile. They represent groups that demand "justice," if not revenge. The transfer of resources from the bloated military budget to long-postponed programs of housing, education, health, and nutrition is an obvious way of meeting some of their demands. Yet the risk of offending military elites during the first years of transition cannot be ignored. It is difficult to imagine a stable democracy permanently facing the military sword of Damocles: a democracy conditioned upon military approval of key policy decisions or even individual judicial proceedings. Thus civil-military relations pose an immediate and critical dilemma for the new government. This dilemma was intensified shortly after Aylwin's inauguration by an assassination attempt on an ex-member of the military junta, air force general Gustavo Leigh.

The Political and Economic Right

Chile's political right was devastated by the October 1988 plebiscite. Lacking alternative civilian

or military leadership and disorganized by 16 years of government tutelage and internal lethargy, the political right cannibalized itself in 1989. The major rightist parties—acknowledging their inability to retain power without military intervention—failed to agree on a candidate to face Aylwin. Hence, while expecting an Aylwin victory in December 1989, they scrambled to capture congressional and senatorial seats through the gerrymandered election system imposed by the regime.

Chile's economic right—a heterogeneous, dynamic, and highly visible force in the 1980s—despaired at the agony of the rightist political organizations. The entrepreneurs feared a radical shift in macroeconomic and sectorial policies if the Aylwin coalition were victorious. In principle the entrepreneurs were not opposed to a limited degree of political liberalization—as long as it meant neither serious populist pressures nor an end to the “labor discipline” that had made possible the impressive economic gains of recent years—but they tended to favor continuity without Pinochet. They looked to Aylwin for reassurances that his victory would not significantly threaten their economic interests. The Aylwin program, however, implied somewhat higher taxes, modest wage and salary gains for labor, and an ambiguous level of income redistribution through government programs.

The Aylwin Government

In January 1990 president-elect Aylwin named a cabinet that consisted of representatives from a number of coalition parties and widely respected intellectuals and professionals. Aware of the delicacy of the transition, Aylwin and his advisors proceeded with moderation and deliberation. They sought to reassure all sectors that the seemingly incompatible

objectives of satisfying labor, entrepreneurs, human rights activists, the military, and “*la gente*” were feasible. The key, the Aylwin team argued, was for Chileans to allow the new government some breathing space.

Much depends upon the continued expansion of the Chilean economy. In 1988-89 it experienced dynamic growth, led by exports of agricultural, forestry, fishery, and mineral products. In 1989 the value of exports exceeded \$8 billion, making Chile the leading per capita exporter in Latin America. Moreover a favorable balance of trade along with debt-equity swaps and other incentives to foreign investors enabled Chile to reduce its foreign debt. Significant inflows of foreign investment contributed to the diversification of industry and the expansion of the already booming export sectors.

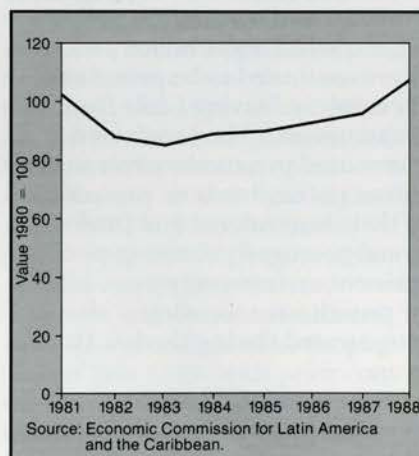
The elections of December 1989 focused attention on Aylwin's economic program. The new minister of finance, noted economist Alejandro Foxley, has reassured domestic entrepreneurs and foreign investors that they can expect continuity, with perhaps some income redistribution through social programs and moderate tax reforms to generate income for government programs.

Entrepreneurs, of course, are well aware of the vital role of “labor discipline” and low salaries (the minimum wage at the end of 1989 was less than \$60 per month) in Chilean export competitiveness and firm profitability. They therefore expressed concern about several anticipated government initiatives. These include revision of the labor code, encouragement of unionization, and increases in the minimum wage. In addition they include tax increases and strengthened enforcement of safety, health, and environmental regulations, which would raise production costs and diminish “private property rights.”

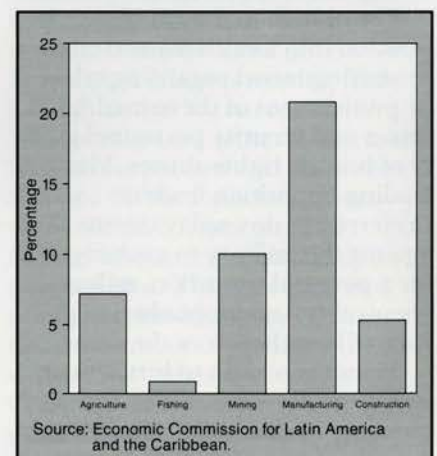
These concerns represent challenges for Foxley and the rest of Aylwin's cabinet, especially because the Pinochet government attempted to limit economic initiatives in three ways. First, it adopted a budget that conflicted with the new government's programmatic priorities. Second, it established a new central bank with authority over monetary policy, foreign exchange, and banking, which were previously within the purview of cabinet officers. And third, it depleted the special reserve fund accrued from copper revenue.

The incoming administration faces other economic and fiscal

GDP PER CAPITA



GDP BY SECTOR, 1988



worries as well. It fears that copper prices may decline from their current high levels and that the international economy may weaken, thereby muffling the expansion of Chilean exports. It also fears that demands for increased salaries and for expanded government spending on social programs and economic infrastructure will generate inflationary pressures.

Foxley reiterated these and other concerns between December 1989 and March 1990. He suggested the need for a "social pact" between labor and business during the transition to avoid the inflationary pressures and political crises that plagued President Raúl Alfonsín of Argentina in that country's transition from military rule to democratic government. The new minister of economy, Carlos Ominani, emphasized the need to resist the tendency to adopt "populist measures." In a sense the Aylwin team has an advantage: for 16 years it studied the defects and successes of Pinochet's economic policies. They understand the constraints imposed by both the international economy and the political exigencies of democratization, and that satisfying the demands of the poorest Chileans will, in the short term, prove impossible.

So, while the economy is in rela-

tively good condition, a number of foreseeable dangers confront the Aylwin government. Among these are the threat of inflation, vulnerability to price reductions in copper and other key exports, the requirement to reschedule the debt payments due in 1990-92, the challenges of labor relations and of demands for an increased share of the national income by non-entrepreneurial groups, and the budgetary constraints bequeathed by the Pinochet government.

No less important is the potential rise of tensions *within* the coalition. Underlying this potential are the moderate tone of Aylwin's economic team, the emphasis on continuity with marginal redistribution, and the decision to accept most of the privatization initiatives and to seek further foreign investment. Resulting tensions would pit the coalition's populist and leftist members against its Christian Democratic leadership. Inasmuch as the Aylwin term of office will be four years—instead of the eight specified by the constitution for subsequent presidents—early jockeying among the coalition's partners for electoral advantage could exacerbate its fragility.

In sum the new government faces the challenges of democratization and coalition management, as well as the tether fastened upon

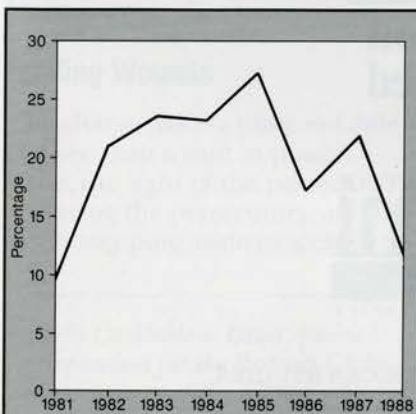
it by the Pinochet government and the demands of the millions of Chileans whose living conditions declined during the past 16 years. No government could be expected to resolve these dilemmas entirely. Further democratization, amelioration of the misery of the poorest Chileans, and continued but slower economic growth represent an ambitious set of tasks.

The majority of Chileans wanted the transition to proceed smoothly and peacefully. The elections of December 14, 1989, demonstrated the electoral weakness of both the radical right and the revolutionary left. Pragmatism, reformism, and a desire for accommodation seemed to prevail. As the government seeks to deal concretely with the challenges before it, this spirit of moderation will be sorely tested.

Key factors, therefore, will be: how long can the original coalition be sustained in more or less original form? What fall-back coalition will be created when the first ministers and programs come under attack? And how permanent will the new-found pragmatism of social democrats and socialists be when their constituencies demand faster and more profound departures from the Pinochet legacy?

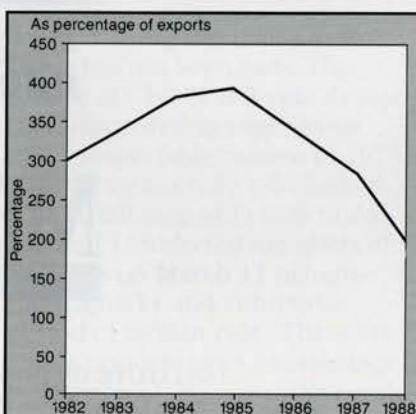
In the background will be the political right and segments of the military, with their implicit threat to "correct" the political course should it head in the "wrong" direction. The Aylwin government's careful management of civil-military relations and the human rights issue will be critical in forestalling a return to authoritarian politics—an outcome most military officers and entrepreneurs, as well as the rightist parties, wish to avoid. March 1990 marked the hopeful beginning of the restoration of democracy in Chile. The restoration would be neither easy nor complete, but most Chileans were looking expectantly to the future.

INFLATION



Source: Economic Commission for Latin America and the Caribbean.

EXTERNAL DEBT



Source: Economic Commission for Latin America and the Caribbean.

US-Chilean Prospects

US-Chilean relations were correct, but cool, after the plebiscite of October 1988. Official and private sources of US funds, technical assistance, and moral support for the opposition angered Pinochet and disappointed his policy-makers.

Shortly after the plebiscite a new US ambassador, Charles Gillespie, replaced Harry Barnes, who played a key role in supporting Pinochet's opposition. Ambassador Gillespie inherited a number of unresolved bilateral issues, including the assassination of Orlando Letelier in Washington, sanctions against Chile under the General System of Preferences and Tariffs, exclusion from program benefits of the Overseas Private Investment Corporation (OPIC), and tensions over military assistance programs. Chile's booming export trade also made the US agricultural and industrial protectionism a central concern in bilateral relations.

After resolving the "poisoned grape" matter in April 1989, US-Chilean relations focused upon broader trade issues, while US diplomats in Santiago maintained open and frequent contacts with leading Chilean policymakers and potential opposition appointees. Private investors from large US corporations (as well as investors from Europe, Asia, New Zealand, and Australia) expressed confidence in Chile's future. They did so both in public statements and in new investments in Chilean mining, banking and finance, agriculture, and industry. IBM, Exxon, Citicorp, Chase Manhattan Bank, and other major US firms committed significant new resources to Chile in 1989.

Shortly before the December 1989 elections, a distinguished group of Aylwin supporters visited the US. Their purpose was to reassure Americans concerning the political vision of the *Concertación*

and the Aylwin policy agenda. Carlos Portales, an expert on US-Chilean relations, identified four policy concerns: maintenance of a flow of funds to Chile to support macroeconomic stability; continued Chilean access to US markets; removal of sanctions against Chile under the General System of Preferences and Tariffs, thereby making Chile eligible for the OPIC program; and approval of an aid package to help finance social programs.

With the advent of the Aylwin administration, US-Chilean relations seem promising. There is danger, however, in that Chile's transition coincides with dramatic transformations in Eastern Europe and the USSR, as well as more urgent matters in Latin America, such as the political fallout from the Panama invasion, the electoral defeat of the Sandinistas in Nicaragua, drug and

guerrilla-related activity in Colombia, Peru, and Bolivia, and debt negotiations. US policymakers might prove inattentive to the need for economic assistance to the fragile democratic coalition headed by President Aylwin.

The success of Chile's transition to democratic government depends primarily upon internal politics, economic acumen, and a favorable world economy. Yet supportive US policies would bolster the Aylwin government and the democratic transition. Whether US policymakers will take advantage of this opportunity remains to be seen. ■

Editor's Note: This article is based on a forthcoming chapter in James M. Malloy and Eduardo A. Gamarra, eds., Latin American and Caribbean Contemporary Record, vol. 8 (Holmes and Meier, 1991).

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Rebirth of Consensus

by Pamela Constable

Not long ago, Germán Correa was a hunted man, a socialist living underground in military-ruled Chile, furtively meeting with colleagues in crowded soccer stadiums and forcing himself to forget people's names in case he were arrested and tortured. Today he is Chile's new minister of transportation.

Not long ago, Manuel Bustos was languishing in a small village in southern Chile, legally banished after numerous spells in prison, reviled by officials as a labor agitator and political extremist. Today he is photographed smiling and shaking hands with industrial leaders, publicly recognized as their equal across the bargaining table.

Not long ago, General Augusto Pinochet was planning to project his 16-year reign virtually into the 21st century, contemptuously dismissing his Christian Democratic opponents as closet Marxists and recycled hacks. Today he has handed over the presidential sash to Patricio Aylwin Azocar, 71-year-old leader of the Christian Democratic Party.

Healing Wounds

The change taking place in Chile is more than a shift in power. True, the sight of the persecuted replacing the persecutors, and the losers stepping aside peacefully to

Pamela Constable is Latin America correspondent for the Boston Globe, and the winner of the 1989 media award from the Latin American Studies Association.

accommodate the winners, is remarkable in itself. But the key point is that after years of hermetic divisions and harsh, glib judgments, a process of genuine consensus is building in a society long polarized by fear and hatred.

Recent events demonstrate that a majority of Chileans, and most leaders across the political spectrum, are anxious to bury the phantoms of 1973. They are willing to resolve their differences in a spirit of compromise.

Repatching this torn social fabric has not been easy. The mantle of Chile's 150-year democracy, discarded in anger by so many respectable citizens in 1973, is by no means fully refurbished. The installation of President Aylwin and 158 elected members of congress on March 11 inaugurated a tricky and vulnerable period of civilian rule. There are ample opportunities for sabotage by factions of the army, the revolutionary left, and the antidemocratic right.

Chilean society remains plagued by serious breaches, some of which have been aggravated by authoritarian rule. The historic cultural gap between civilians and the armed forces has widened despite the years of military "tutelage." Moreover the strain has intensified with the prospect that former or current officers may be prosecuted and tried for human rights abuses.

The economy has grown steadily since the severe recession of 1982, but the social gap between rich and poor has become more visible. The hardships of the average factory worker or migrant fruit picker—unprotected by unions or social services—contrast starkly with the lavish lifestyles of the new stockbrokers or grape exporters who have prospered in Pinochet's "privatized" economy.

Finally, a pronounced political gap has developed. At one pole are those who remember and cherish Chile's democratic traditions. At the other are those who are too young to recall these traditions or have become conditioned to believe that the right to buy and sell at will is much more important than the right to vote or publish a newspaper.

Yet events since mid-1988 demonstrate that a majority of Chileans, and most leaders across the political spectrum, are anxious to bury the phantoms of 1973. They are willing to lay down their partisan and ideological prejudices and to resolve their differences in a spirit of compromise. Despite Pinochet's best efforts, military rule has made most Chileans appreciate, rather than denigrate, the past.

Calm and Reason

Ever since Pinochet's defeat in the October 5, 1988, plebiscite—itsself partly a product of the remarkable coalition of diverse and quarrelsome opposition groups—the process of consensus has been strengthening by the day. First, over the strong objections of Pinochet, opposition leaders and government ministers agreed on a package of constitutional reforms that won easy approval by the voters. Next, leftists swallowed a bitter historic grudge to support a Christian Democrat for president, and the ambitions of dozens of congressional candidates were negotiated away in order to make a biased and unwieldy electoral system work.

Then came the election of December 14, 1989. The armed forces repeatedly pledged to respect the results, and the two pro-government candidates instantly recognized Aylwin as the

winner. Furthermore the voters rejected virtually all congressional candidates on both political extremes in favor of moderate conservatives, Christian Democrats, and socialists.

Addressing a jubilant crowd of 500,000 the next day, Aylwin—a reassuring, grandfatherly figure—vowed he would “loyally struggle to make political power an instrument to unite and not divide, to create and not destroy, to close old wounds that still pain the national soul.” From then on the dire warnings of a return to “communist chaos” disappeared, and pro-regime leaders moved to make prudent peace with their former enemies. Manuel Feliu, head of the major business lobby, signed a preliminary agreement with Bustos, head of the largest labor confederation. General Fernando Matthei, the air force commander who had dismissed Aylwin's coalition as a “clown's patchwork,” expressed his

support for the president-elect.

Equally significant, the language of confrontation and absolutes vanished from debate about economic policy. Today's tone is one of calm and reason. Center-left economists are championing “fiscal prudence” and conservative legislators-elect are acknowledging the need to be “socially responsible.” After two decades of ideological warfare and five years of remarkable economic recovery, a consensus is emerging that market capitalism, tempered by social consciousness and legal limitations, is sounder than statism or socialism as basis for development.

As for Pinochet, whose rule was based on keeping Chilean society divided into armed and suspicious camps, the forces of history have simply been knitting around him. The defeated military president still wields enough power to severely restrict Aylwin's maneuvering room during his transitional four-year term. But the country is no longer at war, and the old warrior seems an isolated anachronism.

Will the consensus hold? Of course not: once the euphoria fades, the inevitable rivalries will resurface, the pent-up demands of the poor will intensify, and the days of hard bargaining will begin. Deep-seated mistrust remains on all sides, and powerful antidemocratic forces continue at work. But all signs indicate a broad agreement to work within democratic rules, and a new willingness to listen.

Soon, Germán Correa will be negotiating with right-wing truckers who once sabotaged the Allende government. Soon, former political prisoners will be debating former regime ministers in the senate. Already a former dictator is legally reporting to his democratically elected successor. For a country that was exiled from itself for 16 years, these are miracles enough. ■

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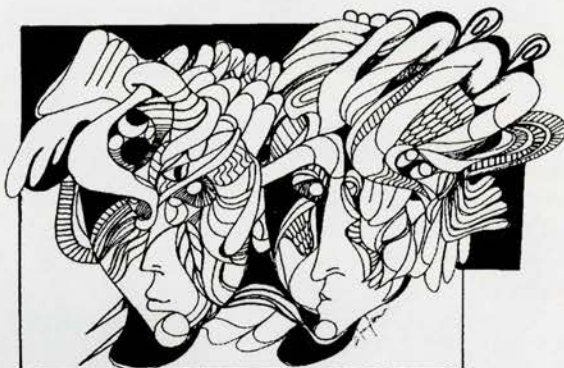
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The Art of Resistance and Renewal

by Hugo Castillo

The overthrow of Chilean democracy in 1973 by a system of brutal domination generated diverse forms of resistance and opposition to the new regime. One such form was that of murals. Not only did murals express popular resistance to the dictatorship of General Augusto Pinochet. They also appealed to its opponents, especially the residents of shantytowns, to mobilize as a force for far-reaching social and political change.

Santiago's most radicalized shantytowns became immediate targets of the military dictatorship's repression. Among these communities was La Victoria, which was established in the late 1950s as an illegal, organized settlement and today has a population of some 40,000. The residents of La Victoria suffered constant repression under the Pinochet government: large-scale police and military raids, mass arrests, arbitrary jailings, and torture. Meanwhile high unemployment and profound economic deterioration tore at the fabric of the barrio's family and community life. In response the residents established a variety of self-help organizations, ranging from food cooperatives to neighborhood-defense groups.

In the 1980s the military government's system of control began to unravel in the face of widening protest, which ran the



Hugo Castillo is a visiting assistant professor of history at the University of North Carolina at Chapel Hill. He is currently working on an oral history of the people of La Victoria.

gamut from peaceful demonstrations to armed resistance. At the confluence of the political and cultural streams of protest surfaced the murals of La Victoria, as groups of young painters, mostly from that shantytown, transformed its walls into giant works of art. Censorship and repression soon followed. The muralists were persecuted, jailed, tortured, and exiled, and their artwork was erased and painted over. Their campaign, nonetheless, persisted.

The visitor to La Victoria enters a world of murals that radiates with the intensity of Chile's history of popular solidar-

temporarily under control but is quickly reaching the point of explosion. On top of this potentially explosive force live the upper classes, in a clean and well-organized zone of make-believe, without worry about the masses who live in the zone of shadow and dark-

ness below. Yet the masses are escaping from the fate to which they had been banished, once again asserting their rights of democratic participation. ■

(Translated by Martín González; photos by Hugo Castillo)



victory in the presidential election of December 1989. With this transition, fear of repression has yielded to freedom of expression, permitting artists to explore novel approaches, to reinvigorate old ideas, and even to experiment with new sets of colors.

A prime example is a mural whose theme is not only the polarization but also the renewal of Chilean society. The division between Chile's rich and poor is represented in a series of images in which people live in a sterile, dangerous world, where conflict is



The Art of Resistance and Renewal

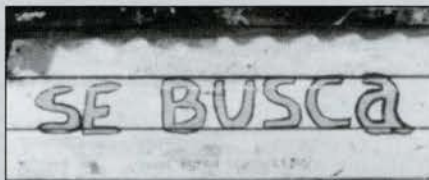
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The visitor to La Victoria enters a world of murals that radiates with the intensity of Chile's history of popular solidarity and struggle—including the history of La Victoria itself. Figures such as Salvador Allende, Pablo Neruda, Che Guevara, Violeta Parra, and Father André Jarlan (a priest who was killed by the police during a raid in the shantytown), as well as anonymous faces of protest, are immortalized in them. The barrio setting interweaves their legacies with the grassroots texture of everyday life. Thus the murals not only keep alive the historical dimensions of popular consciousness, they also connect these dimensions to the ever-changing realities of the contemporary world.

Consequently, recent murals reflect the changes in Chile's political order resulting from Pinochet's loss in the plebiscite of October 1988 and Patricio Aylwin's victory in the presidential election of December 1989. With this transition, fear of repression has yielded to freedom of expression, permitting artists to explore novel approaches, to reinvent old ideas, and even to experiment with new sets of colors.

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(Translated by Martín González; photos by Hugo Castillo)



Evangelical Awakening

by David Stoll

Local and regional uncertainties underscore the adaptability and dynamism of grassroots religion as a force for everyday coping and sociopolitical change

What if there were a spiritual solution to Latin America's problems? Luis Palau, the Argentine evangelist, thought there was. That was why he went to Guatemala in November 1982 to help evangelicals celebrate the 100th anniversary of Protestantism there. The eyes of all Latin America were on Guatemala, he told a huge crowd in the capital. They could make it the first reformed nation in Latin America. Guatemala could be a country where the word of God captivated so many military officers and entrepreneurs that it brought about a social and political transformation. The gospel could liberate Guatemalans from the chains of sin, Palau went on, and it could liberate them from the chains of poverty, misery, and oppression. Through the gospel of Jesus Christ, the evangelist promised, the new Guatemalan could build a new society.

At the rear, soldiers lounged about the walls of a grim medieval-like structure, the old Polytechnic

*David Stoll is a doctoral candidate in anthropology at Stanford University and the author of *Is Latin America Turning Protestant?* (University of California Press, 1990).*

School for military officers, in the bowels of which *desaparecidos* were said to be held. But it was a sunny day on the crowded parade ground, and the multitude cheered. Palau was not going to enter into debates about the current political situation: his message was spiritual. Besides, the president of the country was standing beside him.

"Here the one in charge is Jesus Christ," declared Efraín Ríos Montt, the born-again army general who had seized power eight months before. The tone of his voice was harsh, almost belligerent, but hallelujahs rose from the crowd below. "We defend ourselves not by the army or its swords," he proclaimed, referring to the most successful counterinsurgency force in Central America, "but by the Holy Spirit."

What Latin America lacked, the general and the evangelist felt, was born-again Protestantism; only a mass conversion along these lines, a moral transformation at the popular level, could save Latin America from poverty and chaos. "If we could eliminate infidelity and immorality in Latin America, we could cut poverty by half in one generation," Palau was accustomed to claim. "If a man gives up immorality with women, gives up getting drunk and all the waste . . . that goes with it, and

stops gambling, right there he is salvaging a big chunk of his salary. . . . Consider the countries where you needn't fear secret police, where you can expect justice under the law, where the military is under the guidance of the people rather than oppressing them, where education is valued, where the press is relatively free," Palau reasoned. "Almost all such nations have experienced spiritual awakenings touching society at the local level."

Four months later Pope John Paul II stood on the same spot and celebrated Mass. His organizers had vowed to surpass the previous assembly, and the crowd was indeed somewhat larger. But when the Pope called upon the people to hew to their faith, it was because the Catholic Church was losing ground on many fronts. It could no longer claim Latin America as its own. The traditional religious monopoly was giving way, inside the Catholic Church in the form of dissident movements and outside the Church in the form of evangelical churches.

What Happened to Liberation Theology?

Estimates suggest that since 1960 evangelicals have tripled to more than 10% of Latin America's population. If that same rate of growth

continues, by early in the next century evangelicals will comprise a third of the population. Owing to high rates of Catholic nominalism, they are already becoming the majority of active churchgoers. Evangelicals first became a major presence in Chile, where they now claim about 20% of the people, and in the huge population of Brazil, where they claim about 15%. Since the 1970s Central America has taken the lead in rapid growth: in Nicaragua evangelicals claim a fifth of the population, and in Guatemala a third.

The figures may be inflated, but they worry Catholic authorities. Beleaguered parish priests sometimes give even higher figures. Evangelical inroads are especially surprising in view of what was supposed to be the wave of the future in Latin America: liberation theology. The first signs of liberation theology appeared following the Second Vatican Council (1962-65) and its effort to renew the Roman Catholic Church. Shoring up the Church's popular base with social activism meant alienating governments and military establishments.

When Central America broke out in open warfare in the late 1970s, both advocates and enemies of liberation theology pointed to it as the reason for new forms of grassroots support for revolution.

Depending on your point of view, "consciousness-raising" was mobilizing the masses or an insidious new form of subversion. Government death squads began to murder priests and catechists and suddenly there was a martyr church, with what appeared to be a vast popular movement behind it.

A decade later evangelical Protestantism is to be encountered wherever one goes in Latin America, but liberation theology requires more searching. Author Phillip Berryman notes that several times as many people belong to evangelical churches as to the "Christian base communities" that

put liberation theology into practice. Although base communities continue to flourish throughout Latin America, Berryman estimates they have been set up in only about 10% of the parishes.

What skeptics interpret as an ethic of passivity and resignation is, according to many converts, an experience of empowerment. Converts often speak of gaining control over their lives and discovering their destiny.

Persecution by governments and opposition from much of the Catholic hierarchy, including Pope John Paul II, have taken their toll. In a death-squad state like Guatemala, liberation theology seems to have had the unintended effect of promoting evangelical growth. When Catholic activists encouraged the poor to confront power structures, they abandoned the usual role of religion as an apolitical sanctuary. Reprisals from the Guatemalan army forced survivors to seek safe haven, and they have found it in conservative born-again churches.

As born-again Protestantism becomes a part of the alarming new power configurations in the Western Hemisphere, it continues to be a popular movement on the level of poor villages and neighborhoods. What skeptics interpret as an ethic of passivity and resig-

nation is, according to many converts, an experience of empowerment. Whether converts are getting off the bottle, spreading the gospel, or striving to improve their lot, they often speak of gaining control over their lives and discovering their destiny.

Some of the clearest signs of grace are North American in origin: the evangelist in suit and tie, the stage revival, the trip to an international conference sponsored by Billy Graham. Yet the rhythms of the movement are very Latin American. The vast majority of Latin American evangelicals are Pentecostals, who seek after special gifts of the Holy Spirit—speaking in tongues, prophecy, and faith healing—which have affinities with the emotional states of traditional folk Catholicism.

Ironically one of the directives most often received from the Holy Spirit is to break away from North American control. Research by missionaries, many of them associated with the Fuller School of World Mission in Pasadena, California, shows that North Americans who try to stay in charge of Latin American churches end up choking off growth. When missionaries are forced to leave, it is common for churches to grow faster. After all, once local leaders are on their own, the only way they can make a living is by going out and spreading the faith. As for North American handouts—frequently accused of being the reason for evangelical gains—they are more likely to encourage internal squabbling than to attract lasting converts.

Under harsh austerity regimes, evangelical churches have become an opportunity for poor people to organize themselves in a politically safe way. Dismissing revolutionary agendas as illusory, these groups concentrate on the moral struggles of their members to stop drinking, hold their families together, and work their way up in the world. Far from representing

diversionary issues, vice and virtue can determine whether the poor survive in countries being torn apart by the international debt crisis and social violence.

Invasion of the Sects

In Guatemala the brief rule of Efraín Ríos Montt in 1982-83 was more a product of the evangelical boom than a cause of it. But he left a powerful impression, preaching every Sunday over the airwaves while leading a ferocious counterinsurgency campaign. Ríos Montt has come to symbolize both the hope and dread over evangelical expansion in Latin America. Five years after being deposed by fellow army officers, he launched a campaign to be elected president in 1991. Early polls identified him as one of the two frontrunners, even though the Guatemalan constitution disqualifies him as the past leader of a coup.

Among the most preoccupied by Ríos Montt is the local Catholic hierarchy, which has spoken out against the "invasion of the sects," and has accused the US government of encouraging evangelical Protestantism as a way to keep the region under control. This idea of a born-again planning room deep in the National Security Council (NSC) sounds like a figment of the imagination. Obviously it could never explain a popular religious movement, but it might explain how that movement is being manipulated. After all, an NSC official named Oliver North was no figment of the imagination, nor the way he and the Reagan administration used evangelicals as part of their "low-intensity" warfare against the Sandinistas in Nicaragua.

US influence-buying began with the Miskito ethnic minority on the Atlantic Coast, several years before Oliver North came on the scene. Since the Miskitos are Moravian Protestants, this

move focused Sandinista reactions on the country's evangelicals. In 1980 a US diplomat began to channel money to Nicaraguan pastors through an anti-Sandinista missionary working for In-Depth Evangelism, a Costa Rican spin-off of the highly regarded Latin America Mission. At one point 600 pastors—40% of the entire Nicaraguan pastorate—were receiving small monthly installments from this source.

As soon as the Sandinistas began to crack down on evangelicals suspected of undermining national defense, they could be accused of religious persecution. This task was undertaken by the Institute on Religion and Democracy, a neoconservative group dating to the start of the Reagan administration. After the US Congress cut off the contras for their human rights violations, various evangelical groups conferred with Colonel North on how to provide them with "humanitarian" support. Evangelicals who came to the aid of the contras—including Pat Robertson and the Christian Broadcasting Network, Gospel Crusade, Trans-World Missions, and the Christian Emergency Relief Teams—tend to be charismatic, the style of Pentecostalism tarnished in the 1987-88 television scandals. One reason charismatic Protestants found North persuasive is that he is one of them, as a member of the Church of the Apostles in Fairfax, Virginia.

Together with the Reagan administration, these groups portrayed Sandinista Nicaragua as a furnace of religious persecution. Actually evangelicals were always free to worship. The *Comité Evangélico Pro-Ayuda al Desarrollo* built up an impressive pro-Sandinista evangelical alliance supported by ecumenical Protestants in North America and Europe. Gradually the Sandinistas learned how to accommodate conservative Protestants, at the cost of allowing them

greater freedom to organize against the revolution. Yet the US-sponsored "freedom fighters" pushed Nicaraguan evangelicals into the line of fire, with such devastating results that many wanted to flee to the US—hardly the way to build strong local churches as most missionaries realize.

Fearful of being burned themselves, the majority of evangelical missionaries kept their distance from the Reagan administration's war in Nicaragua. Only a few joined Catholics and ecumenical Protestants in opposing it, however, encouraging the idea that conservative evangelicals are pawns of US foreign policy.

As the contra war shows, North American missions continue to be so influential that they can give local evangelicals a reputation they do not deserve. US-based agencies still dominate evangelical radio and television in Latin America, supply the major revivalists, train many of the national leaders, and finance the efforts to integrate the hundreds of Latin American denominations into suitably conservative national alliances and councils. Even if the vast majority of evangelicals now belong to Latin American-run churches, their leaders continue to look to North Americans for inspiration.

Evangelical politics is not just a function of what missionaries want, however. The churches resulting from all the splits away from missions, not to mention further splits ad infinitum, are notoriously hard to organize and lead in any particular direction. High-publicity congresses such as "Los Angeles '88," which drew 6,316 Hispanic delegates to southern California and made evangelicals look like a movement coordinated from the US, beg the question of who is represented aside from the leaders transported to the occasion by North American sponsors.

The Perils of Protestantism

Compared to Catholic martyrs and Marxist revolutionaries, pious folk singing hymns in cinder-block chapels are hard to visualize as the blazing edge of social change in Latin America. Yet as sociologist David Martin points out, these kinds of groups have a long history. From the Protestant Reformation to the Industrial Revolution, in frontier awakenings in North America and now all over the colonized world, congregational forms of social organization have helped the victims of capitalist transformation survive it.

Evangelicals are not alone in organizing new congregational groups in Latin America. Some Catholics are doing so as well by promoting base communities and the charismatic renewal, a separate revitalization movement that has adopted the Pentecostal agenda of baptism in the Holy Spirit. Each of these Catholic and Protestant movements is organized around the Bible and small, voluntary face-to-face groups that reinforce and discipline their members. Each is encouraging poor people to redefine themselves, renegotiate their relations with powerholders, and work out new forms of survival in an ever more menacing political economy. Each is building up new kinds of communities and redefining how men are expected to behave toward their families. "Tonight we are going to weep!" a burly Guatemalan preacher bellows with his fists slashing the air. "Tonight grown men are going to break down and cry!" How men treat their families, how children are socialized, and how people relate to authority—basic relationships in Latin American culture—are being reworked in congregational religion.

Once we draw parallels with US and European Protestantism, it is tempting to view evangelical growth as a harbinger of success-

ful capitalism in Latin America, that is, the kind that benefits the majority of people. So believe evangelists such as Luis Palau, as do a growing number of converts from Central America's monied classes. Many are to be found in affluent charismatic congregations such as the Church of the Word, which attracted Ríos Montt several years before he took power. Like Oliver North, these affluent charismatics combine free-market ideology with belief in miracles.

So great is the ambiguity and flux in grassroots religion that we should think in terms of a religious transformation that embraces both evangelical Protestantism and liberation theology. The common denominator is congregational social organization.

Looking for vindication as revolutionary movements threaten their privileges, they hope to call down the Holy Spirit on Central American capitalism and give it a sense of moral responsibility.

With their suits and ties, Protestant evangelists project an image of capitalist prosperity, an old and tragic dream in Latin America. At a time when the capitalist market is triumphing politically around

the world yet continues to fail so spectacularly for most Latin Americans, danger lurks in promising rewards for Protestant virtue that fail to materialize. What happens when debt and disorder choke off the possibilities for what missionary thinker Guillermo Cook has called "redemption and lift"—the past capacity of evangelical Protestantism to help converts move upward in the social scale?

So great is the ambiguity and flux in grassroots religion that it is time to think in terms of an overarching religious reformation embracing both liberation theology and evangelical Protestantism. The common denominator is congregational social organization—in the base communities of liberation theology, in the charismatic renewal in Roman Catholicism, and in the evangelical churches. Interpreters of varying persuasions have given base communities an aura of radicalism and evangelical congregations an image of conformism. The reality, though, is more complicated. However different the ideas of evangelical missionaries and political activists may be about the direction their struggling believers should take, the influence of outsiders has limits. Owing to the punishment being taken by Latin America's poor, there may be less difference in the future between base communities and evangelical congregations than there is now.

Meanwhile evangelical Protestantism has become a rising indicator, along with debt, inflation, unemployment, and violence. It is also stirring Latin American fears of deepening subordination to the US. Is born-again Protestantism really a vast revitalization movement, or is it just a manipulated bearer of false hopes from the US? In Central America, US policymakers and the religious right have made it more difficult to choose between these two interpretations than might otherwise be the case. ■

Divided Nation, Divided Church

by Brady Tyson

In December 1989 Brazil's electorate chose Fernando Collor de Mello as the country's first popularly elected president in 30 years. Yet the electoral campaign laid bare a trend of political polarization within the nation and its Catholic Church. On one side are interests that fear rapid, radical social change. On the other side are interests committed to the expansion of popular participation in politics and to a more equitable distribution of wealth.

From Brazil to Rome

During the electoral campaign many bishops and cardinals openly or quietly sided with one side or the other. For example, in an election-day homily on the conservative *O Globo* network's weekly television show, Rio de Janeiro's Cardinal-Archbishop Dom Eugenio Salles lambasted the "leftist parties," repeating almost textually the charges of conservative candidate Collor against his populist opponent, Luís Inácio "Lula" da Silva. In contrast, a leading bishop, Dom Mauro Morelli of a diocese that neighbors Rio de Janeiro, was part of a pre-election welcoming delegation for Lula and was mentioned as a possible member of Lula's presidential cabinet. Hundreds of priests openly campaigned for Lula, while

hundreds of others were equally active on Collor's behalf.

The electoral activism and political division of the *Confederação Nacional dos Bispos do Brasil* (CNBB) stem partly from the Church's travails during the military dictatorship of 1964-85 and partly from today's climate of hyperinflation and widespread impoverishment. Both sides of Church leadership are painfully aware of the gravity of the nation's current economic ills. What divides the Catholic hierarchy are profound disagreements over the causes of these ills and the proposed role of the Church in addressing them. When the Church's upper echelons speak, they tend to do so as *progressistas* and *conservadores*, though neither voice is monotonic.

During the military dictatorship the progressive movement emerged within the Church to defend priests and nuns from government repression. The evolution of the *progressistas*, which involved the "preferential option for the poor," as formulated at the 1968 Medellín and 1979 Puebla conferences of Latin American bishops, led to its advocating a more communitarian Church. This orientation fits the Latin American-wide mold of ecclesiastical base communities. Heading the *progressistas* are Dom Paulo Evaristo Arns, a Franciscan who is the cardinal of São Paulo; Dom Aloisio Lorscheider, a former president of the Episcopal Conference of Latin America who is the cardinal of Fortaleza; and Dom Luciano Mendes de Almeida, a Jesuit who is president of CNBB and bishop of Mariana,

Minas Gerais.

Since 1983, when the military began to relax its iron hand, a major surprise has been the failure of Brazil's ecclesiastical base communities to emerge as a powerful new bloc of electoral support for populist politicians. Even so, the country's 85,000 to 100,000 base communities, whose total membership is three to four million people, are significant in the political mobilization of the poor and as a school for new grassroots leaders. Not only are they activists in local development and religious issues. The majority of their hard-core members are also activists in Lula's *Partido dos Trabalhadores* (PT), where they represent more than a third of Lula's political base.

The grassroots focus of the *progressistas* contrasts sharply with the top-down approach of most *conservadores*. Such *conservadores* generally stress passive acceptance of the religious and sociopolitical hierarchy and believe social change must flow in slow, trickle-down fashion. This approach reflects the traditional orientation of the European Catholic Church, which deeply distrusts Third World movements. It appeals to the values of *ordem e progresso* through the traditional hierarchy and symbols of the Church, as provided by Pope John Paul II. Since the 1970s individualistic, evangelical currents—which provide a conservative Catholic alternative to fundamentalist Protestantism—have broadened and invigorated the *conservadores*.

At the lead of the *conservadores* are Cardinal Dom Eugenio Salles, of the Rio de Janeiro archdiocese,

Brady Tyson, professor of international relations in the School of International Service, American University, has served as a Methodist missionary in Brazil.

and Cardinal Karl Ratzinger, a German, who is president of the Congregation of Doctrine and Faith of the Curia, the Vatican's powerful administrative body in Rome. Under Ratzinger's strong leadership, the Curia is even more staunchly conservative than John Paul II. It is therefore determined to discipline, disband, and silence the *progressistas*, in favor of a traditional European approach.

Strident criticism of the *conservadores* by the political left and the *progressistas* caused some parishes in Minas Gerais to vote for Collor, out of fear the "communist leanings" of Lula and the *Frente Popular* would lead them to "close the churches." During the presidential campaign, Rio de Janeiro's major daily, *O Jornal do Brasil*, published two or three signed articles each week by leading conservative Catholic clergy, attacking their counterparts in the progressive camp. The conservative perspective is more culturally pervasive and widely accepted among Brazilians than that of the *progressistas*, who represent some 10% of the electorate. A political disadvantage of the *conservadores* is their limited organization at the grassroots level, though to some degree the approach of the Catholic evangelicals—including their aggressive use of the electronic media—is addressing this weakness.

Their differences aside, the ideologies of both the progressive and conservative camps are anchored in the Catholic Church's "organic" view of society. The Church—including John Paul II—has criticized capitalism as well as communism, claiming that neither comprises the truly just and orderly society espoused in the Church's social teachings. This view has propelled a search for an elusive "third way" upon which to build a harmonious world. Many of the progressive camp's leading bishops believe that, in their quest for such a world, the main opposition within the Vatican is the

conservative bloc led by Ratzinger and Salles; John Paul II, they believe, is a potential ally.

From the progressive standpoint, the Pope has manifested deep concern for the poor of Latin America, Africa, and Asia; and in spite of his emphasis on the traditions of hierarchical structure and papal authority, he sympathizes with the progressive movement's goals. Yet, according to the *progressistas*, the Pope's capacity to act on his sympathies is restricted by the pronounced conservative bent of the vast machinery of the Catholic Church and by his dependence on the leadership and bureaucracy of the Curia. The *progressistas* claim that a result of the organizational leverage of Ratzinger and Salles is that, of the 50 new Brazilian bishops named during the tenure of John Paul II, none has been a *progressista*: all have represented either the moderate or conservative blocs, thereby undercutting the influence of the *progressistas* in CNBB.

Brazilian Dynamics

Despite the efforts of the *progressistas* and *conservadores* alike, Brazilian society will continue moving towards a tolerant secularism. Similar to Italians and French, Brazilians will tend to respect, but not to adhere politically, to any sector of the Church. The *progressistas* and *conservadores* will remain significant minority political forces. After all, they wield powerful symbols and authority, and they possess major cadres and organizational resources. The Church in general, however, does not command the attention of most Brazilians.

The struggle between the Catholic *progressistas* and *conservadores* will continue to be played out in Brazilian political forums, but its principal arena will be within the Church, including the Vatican and world Catholicism. In

this respect Brazil is the world's largest Catholic nation. Moreover its religious currents are tightly bound up with the daunting array and depth of the country's social, cultural, political, and economic dynamics, as illustrated by the spread of evangelical Catholicism. Not surprisingly the Catholic Church of Brazil is an innovator in theological thought and practice.

Meanwhile the profundity of Brazil's economic and social challenges call for its traditional political system—fragmented and fragmentizing—to yield to a new vision. At stake is the democratic process of articulating and implementing one or another way out of Brazil's current plight. This process will continue to be stimulated by, and reflected in, the progressive and conservative sectors of its Catholic Church. ■

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Sipari Mai

by Aisha Khan

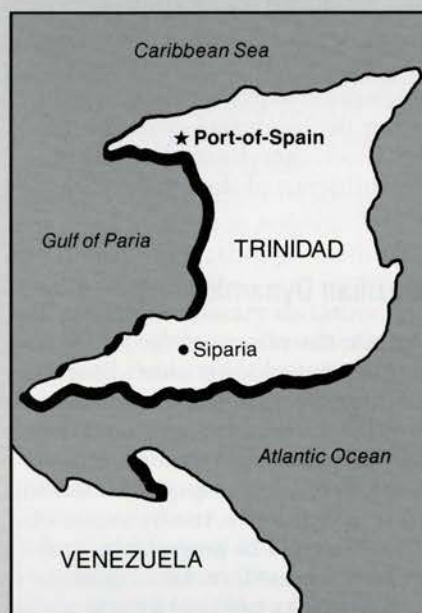
As the evening of Holy Thursday progresses and Good Friday morning dawns, “down-town” Siparia, in south Trinidad, comes alive for the annual Festival of Sipari Mai. This syncretic devotional event is associated with blessings and boons granted through a small black statue variously conceived as *La Divina Pastora* (the Virgin Mary) and Kali (a Hindu goddess). Known as Sipari Mai, or “Mother of Siparia,” she is the central figure of an important festival that shows vividly the processes of blending, compromise, and contestation that occur when populations with different histories and cultures come together.

The Festival of Sipari Mai occurs on two separate occasions, Holy Thursday/Good Friday and the second Sunday that follows. The first occasion is sometimes locally called the “Indian fete” and the second the “Creole fete,” reflecting their different participants and activities. The “Indian fete”—the focus of this article—emphasizes Hindu-derived traditions. It contrasts with the “Creole fete,” which attracts greater Afro-Trinidadian attendance and emphasizes Catholicism.

Shortly before Holy Thursday, vendors of food, trinkets, and a variety of religious paraphernalia set up temporary stands in the

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main intersection. A few popular music stalls are erected nearby. Onlookers and participants begin to arrive: they come, among other reasons, to pray, to engage the annually available group of male Kali dancers, to have their own or their children’s hair cut by barbers present for this auspicious occasion, and to give gifts of rice and coins to beggars who assemble at this time. Primarily, however,



people come as supplicants to Sipari Mai. They pass by the statue and ask her favor through offerings of white candles, sweet oil, flowers, jewelry, rice, fruit, and money, and through prayers that reflect a variety of religious influences, notably Hinduism, Christianity, and, to a lesser extent, Islam. While she may not have all the attributes of either the Virgin Mary or Kali, Sipari Mai combines some of their principal qualities in

this local setting: her identity centers on her capacity as maternal guardian, healer of illness, and curer of infertility. Yet believers may ask her to fulfill any sort of request—physical, material, or spiritual.

Toward the end of Friday afternoon a festive atmosphere reigns, with people strolling up and down the main road with popular records playing in the background. Two Sundays later, a morning sermon is given, and the statue is paraded through the streets by churchgoers, youth groups, Catholic priests, and onlookers. Hymns are sung during the procession, and upon reaching the church benediction is given. Subsequently the fete gains momentum, complete with steel band and Indian-derived *tassa* drumming.

Genesis

After the 1838 abolition of West Indian slavery, a cheap and ready labor supply was still needed to continue the colonial production of sugar. East Indians were brought to Trinidad from India between 1845 and 1917 to work as indentured laborers on plantations. The majority of them settled permanently, elaborating on traditions retained from India and developing new, syncretic practices in the context of Trinidad’s multiethnic environment.

In plural societies ethnic groups rarely, if ever, interact on equal terms: “culture” often becomes politicized and contested in claims over social rights, and religious syncretism must be seen in light of belief systems that form around different symbols and

images under particular social conditions. At the time of indenture the social hierarchy of Trinidad involved British and French-Creole control of the plantation-based economy, "brown" and "mixed" populations as the middle strata, and blacks as the core of the urban working class and peasantry. Denigrated as alien and heathen by the society as a whole, and perceived by sectors of the working class as depressing wages, East Indians met with ethnic conflict early on.

The Festival of Sipari Mai likely gained prominence during the late 19th century as a pilgrimage site for Indian estate workers, who temporarily—and perhaps defiantly, as some have suggested—left the estates for several days to make devotions to Sipari Mai. Estate workers may have asserted a kind of cultural resistance by participating in a festival where they could express traditions devalued by planters and colonial authorities. Moreover their participation was an opportunity for residents of widely dispersed areas to meet, socialize, and perhaps foster some sense of commonality.

Since Trinidad's independence from Britain in 1962, the state's machinery has rested primarily in the hands of Afro-Trinidadians and the economy has been dominated by a combination of local and foreign interests. Traditionally a strong presence in agricultural and small-scale entrepreneurial activities, Indo-Trinidadians have recently—especially during the oil boom of 1974-82—experienced significant upward mobility through private enterprise and expanding state-sector employment. The post-boom economic recession, however, has underscored ethnic relations. These relations include the way groups use cultural practices, such as religious expression, to maintain their sense of identity.

Yet the purpose of the Festival of Sipari Mai and the desires of its

participants do not make *explicit* reference to ethno-political issues. Indeed, many locals might comment that "politics" ideally has no place in "religious" activities. The festival may be viewed, nonetheless, as embodying and reflecting broader ethnic relations.

The purpose of the festival of Sipari Mai and the desires of its participants do not make explicit reference to ethno-political issues. The festival may be viewed, however, as embodying and reflecting broader ethnic relations.

The Festival Today

Nowadays Siparia is a relatively short car or bus trip from most parts of the island. Elder Indo-Trinidadians, however, recall the extended pilgrimages of their youth—made on foot or by sugar factory railway—as a time of camaraderie, cultural unity, and respite from the stresses of daily life. People reminisce: "Folks came from all over. . . . The fete? Oh, it was grand." "They had singin' and dancin' whole night. . . . we had a lot of unity in those days, the Indian people." Some characterize this time as being of greater spiritual quality than today: "It was a *holy* festival, with folk dances from *India*, no Carnival fetin'. Now they start to fete there, and so the faith is loosin' power. . . .

Since all this fetin', most of the faith for Sipari Mai gone." The message of this speaker was that feting, as opposed to Indian indigenous tradition, is synonymous with secular festivity, and is indicative of incursions from non-Indian (and dominant) sectors of the population. Still, in contrast with comments that the spiritual power in this event has weakened, the consistently large number of festival participants attests to their feeling that Sipari Mai will bestow her favor on those with faith and sincerity.

Nevertheless, festival participants may feel torn between their own desire to attend and the opinions of orthodox Hindus and Muslims, many of whom see her veneration as in conflict with the tenets of Hinduism and Islam. As one Hindu priest was quoted, "the Hindus who go to worship the Catholic Saint do so out of superstition. . . ." (*Trinidad Express*, April 1, 1988). A more pragmatic comment came from a festival participant, ". . . different religions going to her? It's like going to one doctor. If he can't fix you up, you must go to a next one." These attitudes not only reflect the history of proselytization experienced by Indo-Trinidadians (including recently introduced evangelical and fundamentalist movements). They also reflect people's efforts to combine the interpretations, beliefs, and strategies rooted in their traditions as a means of alleviating their problems.

In the Festival of Sipari Mai, long-standing and current social issues converge in subtle expression. In so doing they attest to the importance of festivals and similar events as lenses through which to view the broader society. As an arena for preserving identity through Indian traditions and a locus of diverse religious practices, the Festival of Sipari Mai is fertile ground for exploring religious syncretism and ethnic relations in Trinidad. ■

Haiti: New Cast, Old Script

by Alex Stepick

The Rainy Season
by Amy Wilentz. New York: Simon
and Schuster, 1989. 427 pp. \$19.95.

On January 31, 1986, the honking of car horns awakened me before dawn. I was living in the Little Haiti neighborhood of Miami, and my neighbors were prematurely celebrating the demise of Jean Claude Duvalier after the US government had mistakenly announced his departure. By mid-morning the celebration evaporated. It was only the first of many times that both US authorities and Haitians mistakenly thought Haiti had really changed.

Precisely a week later, I was again awakened by pre-dawn revelry from the streets. This time Duvalier really had left, transported to France aboard a US army plane. The celebration continued for a number of days, filling Little Haiti's streets with people and an impromptu parade of cars. Hope filled the air.

Over the next four years the scene repeated itself again and again as five governments came and went, each promising improvements and democracy and each failing to deliver on its promises. Soon the phrase "Duvalierism without Duvalier" spread beyond the radical fringe.

Alex Stepick is associate professor of anthropology at Florida International University. His most recent publication (with Carol Dutton Stepick) is "People in the Shadows: Survey Research among Haitians in Miami," Human Organization (Spring 1990).

The well-worn cliché, "*plus ça change, plus c'est la même chose*," could hardly be more apt. A military junta, massacred voters, fraudulent elections, and repeated coups have been punctuated by violence, looting, and apparent chaos. A few Duvalierists have been uprooted, killed, or exiled, but many remain in place. And the physical conditions that shock and depress so many from the developed world persist: the pervasive, wretched poverty and the devastated, eroded landscape. It all appears utterly hopeless, at least to most foreigners.

When writing and talking about Haiti, foreign journalists and diplomats tend to fix their concentration on the succession of dictators. Except for quaint and sporadic reports on voodoo, their attention remains riveted on the gleaming white national palace and the surrounding military barracks. They search for the will and desires of the Haitian masses by talking to those who speak easily understandable English. Then they move on, called by the next crisis in Nicaragua, El Salvador, or perhaps China and Eastern Europe. They do not have the time to penetrate beyond their dazzling and depressing first impressions of Haiti.

Appearances can be deceiving, though, especially in Haiti. Between the violent punctuation points and the repetitious riot scenes, social forces move individuals; and since Duvalier's departure, subtle rearrangements in these forces have emerged. Grassroots organizations have arisen; liberation theology inspires; the press speaks; and the forces of the

old regime—the various divisions of the armed forces, the mulatto elite, and the Duvalierists—scramble to recover their power and constrain the new forces.

Most foreigners, and especially journalists, fail to see all these occurrences. A few journalists, fortunately, are exceptions. They learn Creole. Then they venture alone beyond Port-au-Prince and listen to those who otherwise have no voice.

A Deeper View

Amy Wilentz, who first went to Haiti as one of the pack covering the impending downfall of Jean Claude "Baby Doc" Duvalier, has produced a book that easily outshines the journalistic reports of publications such as the *New York Times*, the *Washington Post*, and *Time*. Wilentz stayed longer, knew more Creole, and talked to more Haitians than any other journalist since Bernard Diederich, who detailed François "Papa Doc" Duvalier's rise to power.

Her book details the three years of instability from the fall of Baby Doc Duvalier in early 1986 to the beginning of 1989. While scholars will find fault with her book, she depicts a Haiti far more complex and more human than other journalists describe, and far more vivid and accessible than scholars report.

The hero of her story is Father Jean-Berprand Aristide, the diminutive, charismatic Salesian priest whose stirring sermons and fearless deeds galvanized many of Haiti's poor in the aftermath of Duvalier's departure. Aristide emerges as a remarkably coura-

geous man, as when he walked at the front of a march on Fort Dimanche, the ending point for many of Duvalier's enemies. Soldiers fired on the crowd, but Aristide marched forward with Bible and microphone in hand, broadcasting the incident live for Radio Soleil (Haiti's Catholic-run radio station). Six were killed and more than 50 wounded. Aristide became a national hero.

Later, he himself became the enemy as attacks came both from more conservative forces within the Church and from the armed forces. In a sense Aristide's popularity saved him. To martyr him would have roused the masses even more than his stirring sermons. The Church ordered him out of the country, but the book ends in January 1989 with his refusal to leave. Instead he had gone into hiding, sending cassettes to radio stations urging an uprising: "Alone we are weak; together we are strong. Together, we are the flood. The blessing of the Lord is upon the people. Let his grace descend until the flood itself brings down all Duvalierists, all Macoutes, all criminals from this day forth and forever more, amen" (p. 391).

There is no doubt where Wilentz's sympathies lie—with deep, fundamental change, empowerment of the urban and rural masses, and *dechoukaj*, "the uprooting of the old system"—but the book does not focus solely on Aristide and the popular organizations that arose in the wake of Duvalier's departure. Wilentz provides a voice to the opposing factions within Haitian society. She poignantly contrasts her firsthand



Little Haiti, Miami, after the downfall of "Baby Doc" (February 1986).

experiences with Aristide to the impressions, stories, and rumors sown by his enemies—US Embassy officials, American missionaries, and voodoo priests formerly close to Duvalier.

For example, she persuasively portrays the views of the mulatto elite by focusing primarily on a dinner party she attended in Petionville, the most exclusive suburb of Port-au-Prince. Wilentz effectively presents the positions of the US Embassy spokesman, as she charts his drift from firm optimist as the Namphy junta promised democracy, to dejected skeptic immediately after the election massacre of November 1987.

International journalists also occupy a central place, although her portrayal of many of them is less sympathetic than her picture of Haitians, even Duvalierists.

Wilentz, however, apparently did not have any close contacts within the Catholic Church hierarchy, the one group that has no voice in her book. She accurately describes the Church as riven by divisions between progressives and conservatives, but no one argues the cause of the Church as an institution, its fundamental concern for maintaining nearly 2,000 years of spiritual integrity. While politics have always intruded on, and were frequently launched by, the Church, politics were usually restrained if the Church risked expulsion or if the society, at least in the minds of conservative Church leaders, risked breakdown. The Haitian Catholic Church did experience expulsion under Papa Doc, and to some, the politics of Aristide and other progressives endangered the fundamental cohesion of the society. While one may disagree with the position of conservative Church members, it would have been better for Wilentz to give a voice to those conservative forces who, for the moment, have regained the upper hand.

Wilentz attempts to provide context and historical depth. She

provides condensed descriptions of the Haitian Revolution (1792-1804), foreign (especially US) aid, the genesis of deforestation and erosion, the evolution of Haitian politics from the ashes of the Revolution, and the social and cultural meaning of voodoo. These historical synopses provide a framework for interpreting her travels and exploits with peasants, political candidates, development workers, voodoo priests, missionaries, children from the poor neighborhoods, army officials, and vigilantes.

A common, though incorrect, assumption is that the sole basis for the stability of nondemocratic regimes is repression.

Who's Responsible?

The book's most important achievement is that it conveys the frustrations and failures of Haiti's recent efforts to obtain democracy without implicitly resorting to the racist explanations that commonly gird the opinions of non-Haitians. In the wake of the 1987 election massacre and subsequent military regimes, some US officials stated that no one could "expect any more from Haiti" than dictators, repression, and corruption. The responsibility for terror and corruption was swiftly hung on the regime, and either explicitly or implicitly upon the entire people and culture or upon an entire race.

Journalists are more subtle than American officials. Rather than directly blaming individuals within Haitian institutions, jour-

nalists typically describe the horrible events, indicating that the army or "thugs" were responsible. Little effort and few column inches are devoted to addressing the question of what interests the army and "thugs" are defending so violently. Similarly journalists seldom address why a dictator stays in power.

These omissions imply that the sole basis for the stability of non-democratic regimes is repression. Thus comes the expectation that when a repressive regime is removed, democracy and freedom will follow.

This perspective overlooks the extent of domestic and international support for the dictatorial regimes. Through both repression and concession, Papa Doc recruited and consolidated support, most obviously in the armed forces, but also among civilians who gained access to power and wealth. These Duvalierists have struggled unceasingly to retain their privileges. Moreover the Duvalierist power base was built upon the solid foundation of unequal social relationships between mulattos and blacks and between city and country, which have existed since the French established plantations in Haiti. There are thus many others, such as merchants and those involved in the assembly industries, who may not be firm Duvalierists, yet who see grassroots democratization as a threat to their interests.

Experts on Haiti will find fault with much that is left out of Wilentz's analysis of Haitian social structure. More important, however, are the details and narrative she does include, which provide a sympathetic and compelling account of the three years of Haiti's struggles after Duvalier fled for France. ■

(Photos by Gary Monroe, Photography Department, Daytona Beach Community College)

transaction

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Protestantism in Latin America

by Marian Goslinga

Although Protestantism has always maintained a tenuous foothold in Latin America, the 20th century has witnessed a veritable upsurge in evangelical missionary activities throughout the region. The resulting success has been at the expense of the Roman Catholic Church and can partly be explained by the latter's failure to align itself with the prevailing forces of change.

In general the Roman Catholic Church in Latin America has continued to promote those traditional values and conservative concepts that can no longer fully satisfy large segments of an increasingly restless as well as more sophisticated population. The Protestant churches—mainline as well as the various “sects”—have stepped into this vacuum and, in most countries, have become a power to be reckoned with.

The following is an overview of recent publications on the subject.

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