Dollars, "free trade," and migration: the combined forces of alienation in postwar El Salvador

Alisa Garni and L. Frank Weyher

Published Version Information

Citation: Garni, A., & Weyher, L. F. (2013). Dollars, "free trade," and migration: The combined forces of alienation in postwar El Salvador. Latin American Perspectives, 40(5), 62-77.

Digital Object Identifier (DOI): doi:10.1177/0094582X13492126

Publisher's Link: http://lap.sagepub.com/content/40/5/62

DOLLARS, 'FREE TRADE,' AND MIGRATION:
THE COMBINED FORCES OF ALIENATION IN POSTWAR EL SALVADOR

by Dr. Alisa Garni and Dr. L. Frank Weyher[i]

Department of Sociology, Anthropology, and Social Work
Kansas State University
204 Waters Hall
Manhattan, KS 66506
Telephone: (785) 532-6865
Fax: (785) 532-6978
Email: amgarni@ksu.edu; weyher@ksu.edu

Keywords: Alienation, migration, dollarization, class relations, El Salvador.

Dr. Alisa Garni earned her Ph.D. in Sociology at the University of California, Los Angeles (UCLA) and is an Assistant Professor of Sociology at Kansas State University.

Dr. L. Frank Weyher earned his Ph.D. in Sociology at the University of California, Los Angeles (UCLA) and is an Assistant Professor of Sociology at Kansas State University.

DOLLARS, 'FREE TRADE,' AND MIGRATION:
THE COMBINED FORCES OF ALIENATION IN POSTWAR EL SALVADOR

ABSTRACT

Driven by new conditions of desperation and alienation, mass migration in postwar El Salvador has continued unabated. While this migration could be seen as a way of "opting out" of on-going class struggle, we argue that it instead represents a critical dissipation of class relations and struggle. In the postwar context, the ruling class and the Salvadoran state now seek to capitalize upon the alienation of its own people and responses to that alienation – i.e., upon migration and the remittances it generates. The ruling class has ensured its economic domination regardless of who controls the state. Seeking to legitimize and maximize seizures of citizens' income as it flows across borders as a matter of "economic" and "development" policy, the ruling class has depleted the productive base through which class struggle would ordinarily occur, creating new forces of alienation in El Salvador and extending the need for many Salvadorans to migrate.

INTRODUCTION

In The Eighteenth Brumaire, Marx noted that we "make [our] own history, but… not… just as [we] please; [we] do not make it under circumstances chosen by [our]selves, but under circumstances directly encountered, given, and transmitted from the past" (2000 [1852]: 329). In The German Ideology, he and Engels emphasized: "the first premise of all human existence and, therefore, of all history, [is]… that [people] must be in a position to live in order to be able to 'make history'" (1998 [1845]: 47).

If we take these two simple yet profound points and turn them to an analysis of life in El Salvador, what, specifically, are the "circumstances directly encountered, given, and transmitted from the past" which, in turn, affect the Salvadoran people's ability to "live" and "make their own history"? Our answer, in brief, is that, the ruling class' recent dismantling of traditional class relations and its emergence as a transnational "finance aristocracy" generates new forms of "alienation" or "estrangement" for the poor which fuel, and are fueled by, mass emigration: These conditions greatly complicate the domestic "class situation" and possibilities for "class struggle." However, by specifying this new "national reality" in El Salvador (Ellacuría, 1991), we aim to highlight key obstacles to, as well as mechanisms for, change.

Participants and supporters of the insurgency during the civil war often saw their efforts in terms of "making their own history" (Wood, 2003). However, changes wrought by the war and economic restructuring have steadily undermined the conditions that sustain "life," the "first premise" of "history making." This fundamental form of alienation both drives and is perpetuated by migration. In what follows, we analyze how these changes relate to the dollarization of the Salvadoran economy and the implementation of so-called free trade agreements (including the rhetoric versus reality of maquilas), as well as constraints on domestic production. Although several studies examine particular aspects of these processes (e.g., Gammage, 2006; Madrid, 2009; Anner, 2011; Almeida, 2008; Towers and Borzutzky, 2004), this is the first study, to our knowledge, that examines the relationship between all of them in El Salvador, as well as the connection between these deeply intertwined processes as a whole and alienation more generally. In closing, we discuss the implications of our argument and tentatively explore what might be done to restore the capacity for "making life" and thus "history" within El Salvador.

Our analysis is based on both primary and secondary data. Primary data were collected mainly in two towns in El Salvador – Yucuaiquín and Masahuat – with similar histories of migration, but different historical patterns of land tenure (the primary "means of production" prior to the war, and the basis for the traditional “relations of production” that broke down during the war and in its wake). Research in El Salvador yielded 102 interviews and hundreds of hours of observational field notes.[ii] Research in the U.S. with migrants from Yucuaiquín and Masahuat yielded an additional 16 interviews.

Insert Figure 1 About Here

CONTEXT

Outwardly, Yucuaiquín is a charming, colorful town that sits on a mountain peak and overlooks San Miguel, the city and volcano. Youth are stylishly dressed, the elderly impeccably so. The cobblestone streets are clean and wide; the neighborhoods long and winding. Wired megaphones mounted to telephone poles broadcast Catholic mass and public announcements. School children wearing dark blue and white school uniforms gather in the parque central, or central park. Mud or cane-stalk homes are interspersed with cinderblock houses, many of two stories, painted bright greens, reds, yellows, and blues. On the outer walls of every fourth or fifth home, signs advertising sodas, calling cards, and shaving razors indicate a small store within. Young girls and middle-aged women walk through town carrying baskets full of tortillas, totopostes,[iii] or ice cream for sale.

Upon first glance, Masahuat is similar. Arriving by bus or car, the visitor is immediately greeted by gold lettering on the mayor’s office in the center of town. Brightly painted with tinted windows and air conditioning, it gives the feel of a tax-rich facility. Despite a few broken street lamps, the parque central is inviting and clean. Most houses are made of cinderblock, but only a few are two stories, and they are much smaller and more crammed together than in Yucuaiquín. Large cattle pastures and small milpas, or patches of corn and sorghum, pepper the hills surrounding the neighborhoods. A river circumscribes three-quarters of the town.

Migrant remittances have affected these towns in clear ways, particularly when compared with towns where weathered mud, tin, or thatch homes containing the barest essentials predominate, as they did until recently in Yucuaiquín and Masahuat, and still do in many towns lacking remittances. But such a narrative of what seems like readily apparent wealth or wellbeing, while true to a limited degree, hides other realities (see also Pedersen 2004).

Within their homes, Yucuaiquenses and Masahueños reveal deep anxieties over such basic concerns as insufficient food and water.   They complain about high (privatized) electric and water bills, and the infrequency of service. They worry about how to feed their families on combined, familial incomes of a few dollars a day, especially when some has to be set aside for other bills. In Yucuaiquín, food is expensive. It comes from the city of San Miguel and parts beyond. The high price of fuel and inflated costs with dollarization mean they will spend several dollars per day to eat. In Masahuat, residents rely on their own produce for basic grains to make tortillas and pupusas,[iv] but when their harvests fail—as they often do—they too have to buy grains, as well as meats and vegetables, from markets in Metapán, a city about twenty-five miles away. A health problem for a family member in either community can spell long-term financial trouble. This is despite the great assistance that remittances provide.

Residents of both communities express despair over declining local sources of production—whether in agriculture or industry—and the alienation this creates. For them, post-war economic restructuring, including liberalization and dollarization, both necessitates and combines with migration to deepen their sense of alienation:

> Martín (Yucuaiquín): If in El Salvador we produced, maybe we could [stand on our own]… There are poor people everywhere—across the globe. But here there are more. So while people continue living in cardboard houses, in the suburbs, while people are living in

tin shacks that look like microwave ovens, [migration] is not going to stop… Leaving...was never my priority because I got by, but now I look around and I think, we're screwed.

Antonio (Masahuat)*:* There are factories here [in El Salvador], but they're not from here. The foreigner always has one idea more. And as the governments allow other countries to come and take for themselves, agriculture will fail here. Before, one sold his harvest well. The dollar wasn't here. The dollar robs the farmer of all his merit… In the end, they'll all [migrate]. On that alone they live…They don't have anything else.

Roxana (Masahuat): There are some people here who don't have anywhere [to go], not even anything to eat! And from there they get really hopeless and they find a way to get some money so that the [migrant smugglers] will take them [to the U.S.]. It's really hard… If there was a place to earn at least a daily wage, we would be happy. Because we would say, púchica, I have my job, I'm going to eat! But without work, and with nothing, one says…I'm going to suck in my stomach. To drink water! At least, thank God, we aren't short on water [in Yucuaiquín, water shortages are the norm].

Salvador (Yucuaiquín): Now there really isn't any way to earn an income… Based on all of the land that people used to farm, if the government provided incentives to get projects going, to encourage people so that we wouldn't have to import cabbage, tomato—we're importing vegetables when we could be cultivating them here!... But, we could develop programs to farm. Citrus. Lemon. Orange. Oranges grow really well here. Maybe even avocado. The government should think about that—if there were only programs! Or even loans so that we could develop that kind of farming.

OVERVIEW

From 1980 to 1992, a bloody and prolonged civil war – in many ways a "class war" – was fought over extremely unequal access to the means of production and oppressive working conditions. It was thus fought over that "first premise" of "all history," the conditions which make "life" possible. As a fundamental means of production and sustenance, access to "land" in particular was extremely unequal, with most land controlled by a small but powerful landowning oligarchy (Dunkerley, 1988; Paige, 1997; Wood, 2003). For the bulk of the nation's population, such inequality meant that the conditions of "life," prior to the war, were rather tenuous.

The war and the Salvadoran state's attempts at economic restructuring both during and in its wake only increased this tenuousness. War made life in the countryside especially difficult. Many landowners fled to the city or abroad, and land was either abandoned or military forces violently contested its control (Wood, 2003). Agricultural production for the market declined significantly (Dunkerley, 1988), stimulating the construction of national "food import infrastructure and distribution systems" that the state then used to suppress food prices in an effort to calm <u>urban</u> political unrest (Hecht et al., 2005: 316). However, by lowering food prices through increased imports, state policy further suppressed domestic grain production and thus limited <u>rural</u> options for "living" – such constraints persisted even after the civil war came to a close. Grain prices today stand at 27 percent of their 1978 value, and although 90 percent of all Salvadoran households produce grains, only 5 percent of their income is derived through grain sales (Hecht et al., 2005: 316). Even profit-driven export crops such as coffee, which once dominated the Salvadoran economy, have fallen by the wayside as the Salvadoran state shifted its economic policies and resources away from agriculture to finance and industry, changes that hardly compensate for the lost employment in the nation's agricultural regions.

Under these conditions, an estimated 25 percent of the Salvadoran population has emigrated, and, nationwide, 22 percent of those who remain receive remittances on a regular basis. On average, households receiving remittances rely on them to cover 84 percent of their total expenditures (UNDP, 2005: 30-31). In localities such as Yucuaiquín and Masahuat, the percentages are much higher (here, approximately 40 percent of households receive remittances on a regular basis and nearly two thirds have at least one relative living abroad). Indicative of how profound a change this is, the main source of El Salvador's national foreign exchange shifted over the past 30 years or so from agro exports (81 percent of foreign exchange earnings in 1978 vs. a mere 5 percent in 2004) to migrant remittances (only 5 percent of foreign exchange earnings in 1978 vs. 70 percent in 2004) (UNDP, 2005: 7).

In one sense, migration could be seen as a way of "opting out" of the class struggle by leaving the country (Hirschman, 1970). However, in another sense, a new form of exploitation, and thus a new, but more indirect and "mystified" class relationship, has emerged via a vicious cycle in which the ruling class and the Salvadoran state now seek to "capitalize" upon the alienation of its own people and their primary response to that alienation; that is, upon migration and the remittances it generates. We depict these relationships in Figure 2, below, and explain their connections and consequences in what follows.

Figure 2 About Here

Remittances deposited in national banks, privatized in the late 1980s and early 1990s, provided foreign exchange reserves that enabled the elite to seek international loans from the IMF, World Bank, and Inter-American Development Bank (Segovia, 2002).[v] Largely through their control of the state, the ruling class divorced themselves from the land and privatized services, including telecommunications and transportation, which Salvadorans increasingly consumed using remittances, or income their relatives earned abroad. Having achieved privatization through structural adjustment, elites then sold interests to actors in the U.S., Asia, Central, and South America (Segovia, 2005). Dollarizing the economy in 2001 and ratifying CAFTA in 2004 accelerated these processes, as the real thrust of these policies is to facilitate the transnationalization of Salvadoran capital while simultaneously facilitating international investment in El Salvador's financial and services sectors (Segovia, 2005; Madrid, 2009). At the same time, such maneuvers undermine domestic agriculture, where most Salvadorans have been employed, without providing commensurate jobs in industry. By 2007, finance was the largest and most dynamic economic sector in El Salvador, followed by transport, warehouse, and communications (Madrid, 2009: 200).[vi] Limited domestic production exacerbates both under-employment and un-employment: Nearly one third (32 percent) of the national labor force is under-employed, while almost half (49.8 percent) of the jobs in the urban sector are unpaid (e.g., people who work in their relatives' retail establishments without being compensated) (National Directorate of Statistics and Census (DIGESTYC), 2008). The informal proletariat in El Salvador, which signifies the erosion of steady class relations, is larger than in Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, and Venezuela (Portes and Hoffman, 2003: 52).

Elite interests are thus based on the relative absence of productive relations in El Salvador and the resulting migration and remittances such conditions perpetuate. This change marks the emergence of a "transnational capitalist class" (Madrid, 2009; Robinson, 2003), which bears striking resemblances to what Marx, in The 18th Brumaire, called a "finance aristocracy" – that is, a "parasitic" faction of the capitalist class with direct interest in the indebtedness and bankruptcy of the nation – or, more exactly, the nation's people. For this emerging transnational capitalist class, the country has become merely a node in the regional and global economy that they can exploit by channeling global flows of money and capital, including remittances (Madrid, 2009; Segovia, 2002), and the cheap labor supplied by the marginalized, "surplus" population (Robinson, 2003). When this node has been "sucked dry" (recall Marx's repeated depiction of capitalists as "vampires"), they are ready to move on to another node (e.g., the massive amounts of capital withdrawn from the country during the war and the more recent expansion of private banks into the U.S. and other Central American countries (Wood, 2003; Segovia, 2002)).

We employ the basic premises of Marx's approach to uncover how, rather than being "El Salvador's newest and most important 'export'" (Gammage, 2006: 75; see also Taylor, 1999), migrants instead produce and "export" themselves due to conditions of alienation, domestic uncertainty, and desperation – and as Gammage (2006) herself notes, typically at great cost to themselves and their families. Though scholars such as Gammage (2006) concede that migration constitutes an unsustainable and self-defeating development strategy, their language suggests that it is the state or some form of organized enterprise that "exports people" and subsequently imports remittances as a form of revenue or profit. Migrants themselves, as opposed to their capacity to labor, are thus equated with "commodities" (typically produced and distributed in an organized and directed way). However, neither migration, nor the sales of migrant labor power that generate remittances, nor the decisions to remit are organized or distributed in any systematic or directed way (see also Hernández and Coutin, 2006). The "value" represented by remittances themselves is generated not by "surplus" labor (as when Salvadorans working in maquilas generate "value" far in excess of their wages), but rather by "necessary labor," which is the labor required to ensure their own and their families' survival. This means that while capitalists in countries of immigration capture extra surplus labor and value from migrant labor by paying sub-standard wages, capitalists in El Salvador also profit, both directly and indirectly from remittances, or the sums of money which poor migrants have set aside out of their own "wages" ("necessary labor") to help support family members back home. As Robinson (2003:273-4) notes, "the new transnational migration helps capital dispose with the need to pay for the reproduction of labor power" since "the site of labor power and its reproduction have been transnationally dispersed" (ibid: 208). However, in El Salvador the possibilities for such "reproduction" have been undermined by the very restructuring that the presence of remittance "dollars" originally helped finance: The decline of agricultural production makes it much harder for many Salvadorans to survive without further remittances. Given this new "transnational reality," successive generations of Salvadorans will need to migrate as their alienation from the fundamental conditions of "life" and "making history" deepens at home.

ALIENATION AND MIGRATION

"Alienation" or "estrangement" means that one's "existence" contradicts their "essence" (Hunt, 1982). For Marx, the capacity for "free, conscious activity" is the defining characteristic of the human species (1974: 328). However, this capacity is only possible by virtue of the fact that we are fundamentally "social" beings (Marx clearly viewed "thought" as, from the beginning, a "social product"), whose decisions and actions are also driven by our "passions" or "emotions" (2000 [1845-6]: 183, 1974: 390); co-author, in press). It is only because of this that we, as human beings, are in a position to "make our own history." Anything, therefore, that stands in the way of our human capacity for "free, conscious activity," our "social nature," and the human "passions" that drive history making, is a source of "alienation" or "estrangement." Moreover, any obstacles to realizing that "first premise of all history" – the presence of life sustaining or supporting conditions – stand at the very root of "estrangement." Alienation from the conditions necessary for "life" itself thus supersedes all other forms of alienation, including those in the wage-labor process – most closely associated with Marx's theory of alienation.

The enormity of Salvadoran emigration migration reflects – quite literally – a fundamental alienation of many Salvadorans from their own ability to sustain "life" and "make history" at home, and therefore from their own society and state. Despite somewhat greater access to land in the postwar context, within the broader political economy of El Salvador today, most Salvadorans are unable to use it as a life sustaining "means of production," as they might have been in the pre-war, pre-neoliberal era. National economic reform, including the liberalization of agriculture through CAFTA (see below), subjects Salvadoran farmers (50 percent of the population works in agriculture) to widely fluctuating and often depressed prices for their grains and crops, while the costs of fertilizers and pesticides, increasingly necessary to maximize production for all farmers, have risen (Hecht et al., 2005; Acevedo, Barry and Rosa, 1995: 2157). This is due, in part, to the Cristiani and Calderon Sol administrations' reduction of domestic tariffs on agriculture from 230 percent to 15 percent, and Cristiani's closing of the Institute of Regulatory Supplies, which previously bought basic grains at prices above market value to sell abroad, thus guaranteeing prices for domestic producers (Madrid, 2009: 199). In contrast, today the Salvadoran state allows surplus grains from the U.S. to flood its markets. As a result:

> Mauricio: Agriculture is through the floor... If you use fertilizer, your crop will grow but you won't break even… People invest 3000 colones [approximately 360 dollars] to harvest 25 loads [of corn], which make up an arroba. To sell here, with the dollar, we're losing 60 dollars for every manzana [1.73 acres].

Unable to produce even for their own subsistence at times, many Salvadorans look to the urban sector or the U.S. for opportunities to earn a wage.

Salvadorans who seek work outside of agriculture in El Salvador, however, are rarely able to obtain work commensurate with their education or training, if at all. The inadequacy or absence of labor markets throughout much of the country means that many Salvadorans are alienated even from indirect means of accessing the means of production and earning wages to survive. In the departments where Yucuaiquín and Masahuat are located, only 47.5 and 55.3 percent of those counted as being employed actually receive formal wages for their work, respectively (DIGESTYC, 2008: 20). Many who are paid receive less than the "minimum wage" of $152 per month, or about $6 per a day. Nationally, at least half of the Salvadoran population works in the informal sector, alienated from the usual protections of society and law. Earnings of 4 to 5 dollars per day, typical for this sector, are insufficient to meet the true costs of living in El Salvador. Whereas the Salvadoran Census Bureau (DIGESTYC, 2008) estimates that the basic food basket (not including utilities) costs $159 per month, the U.S. Department of Agriculture estimates that the average Salvadoran household in fact needs $300 to cover basics if you include utilities, which were recently privatized and have become more expensive (Rosen and Meade, 2001; Anner, 2011: 29).

> <u>Mateo:</u> <u>Because a labor market doesn't exist</u>, we know we're going to suffer if we don't think about going [migrating]. This is frustrating... We look for work with banks—walking around trying to sell credit cards or offering commercial loans to business people in the city. That's it (emphasis added).
>
> <u>Silvia:</u> In this country, <u>we are going from bad to worse</u>. We can't find work, and when we do, we are exploited so badly, you can't imagine. For example, [where I work now], …in

> addition to our regular duties in the store, we have to baby sit for our bosses' children, wash their dishes, everything. And they send us to eat in the bathroom. In the bathroom!...We start at seven in the morning and leave at five, but from November to January, we have to start at six in the morning and leave at seven in the evening. And for this wage [5 dollars per day]; they aren't going to pay us any more. I have a friend who left. She worked for two weeks, and do you know how much they paid her? Thirteen dollars and 27 cents. Not even enough to cover her bus ride!…All jobs are like this. There is no other work… It's hard. <u>Out of necessity, pure necessity, we have to sacrifice our honor</u> (emphasis added).

Three forms of alienation are experienced via these processes: First, the response to such degradation is felt on a deep emotive level. Second, the absence of jobs renders unprecedented educational achievement meaningless and obstructs youths' human capacity for "free, conscious activity"; a capacity that education augments. And third, such conditions compel many Salvadorans to migrate, alienating themselves from family, community, and home. In <u>Silvia's</u> words: "I graduated [from high school] in 2004. Many of my classmates…left… Oftentimes parents will give them money so that they can migrate. <u>It's as if giving them money to migrate is an inheritance</u>. They leave this sort of inheritance so that their children can get ahead in life" (emphasis added). Migration, for most, thus seems like <u>the only choice</u> for a "future," for a "family," for a "<u>life</u>." Yet, crucially, most Salvadorans want to work locally, and would prefer to do so—without migrating.

Salvadorans who migrate to the U.S. without authorization (El Salvador ranks second, behind Mexico, as a source country for unauthorized migrants to the U.S. (United States Citizenship and Immigration Service, USCIS, 2009)), who are thus alienated from the rights usually granted to "citizens" or "legal" residents, generally spend between $7,000 and $10,000 dollars on their journey (nearly ten times the average annual national income) and collectively send billions of dollars of remittances to family and friends in El Salvador (some of which is to repay loans that facilitate migration). Rather than constituting "collective" forms of foreign aid or exchange (Taylor 2006; Taylor et al., 1999; Durand, Parrado and Massey 1996), these remittances are in fact statistical aggregates of individual income transfers between relatives, or, private income meant to support families. As Hernández and Coutin (2006: 191; see also Faist, 2008, for a variant on this point) argue, "comparing remittances to foreign aid elevates these exchanges to the level of state transactions, and permits governments to claim credit for generating remittances." The decision to migrate is made out of desperation, simply to "survive," and in spite of great risks. Yet even such acts are – through official language and accounting practices – ideologically "appropriated" and thus "estranged" from the "agency" of migrants themselves. The language of "exporting people" in order to "capture remittances" and "leverage development" while "relieving" an 'overburdened' economy of "surplus labor" (Gammage 2006: 75, 76, 93) obscures the underlying reality that economic elites seek to legitimize the seizure of portions of citizens' private income, differentiated from ordinary income in that they happen to flow across national borders, and that the maximization of such seizures is justified as a matter of "economic" and "development policy," when it in fact supports elite interests at the expense of Salvadorans wanting a life for themselves and their families in El Salvador. Even critical scholars such as Robinson (2003:203-4) fall into the trap of employing such language as the "export" and "import" of labor and, in fact, risk normalizing such processes through an emphasis on the "systemic" logic of "global" or "transnational capitalism." Such distortions prevail with regard to the recent dollarization of the national economy, as well.

DOLLARIZATION BEHIND THEIR BACKS

In the 1990s, the Salvadoran state, now reflecting the ruling class's growing interests in the financial sector, saw the expansion of migrant remittances as an opportunity to aggressively liberalize the economy (Segovia, 2002; Wood and Segovia, 1995: 2081). By the late 1990s remittances reached record levels (and today are valued at close to 3 billion dollars, annually). While previously cast in a positive light, policy makers now argued that the volume of remittances aggravated currency inflation and El Salvador's trade deficit (Towers and Borzutzky, 2004). In November of 2000, in the midst of earthquakes that killed dozens of people and interrupted mass protests, the Flores (ARENA) administration passed a motion to adopt the U.S. dollar as the national currency (Towers and Borzutzky, 2004). The financial (banking) and manufacturing sectors, represented by the Asociación Nacional de la Empresa Privada en El Salvador (National Association of Private Entrepreneurs, or ANEP) – whose interests were defended by ARENA and, more specifically, the Flores administration – argued that dollarization would control inflation, lower interest rates, promote foreign investment, and diminish transaction costs in international trade (Towers and Borzutzky, 2004: 29).

Yet as Towers and Borzutzky (2004) demonstrate, the overall costs of dollarization seem to outweigh the benefits. Inflation was already well under control, the U.S. was already a favored trading partner with El Salvador, and loans were only available to El Salvador's wealthiest citizens, excluding the majority of Salvadorans trapped in the informal economy. Adopting the dollar would also mean adopting, or simply being subject to, U.S. monetary policy, thus eliminating an important domestic mechanism of economic control, including the state's ability to promote exports through currency devaluation and to adjust the circulation of money in times of crisis (Towers and Borzutzky, 2004). Instead of controlling inflation, dollarization ultimately resulted in inflated costs of goods, the bulk of which were passed on to the average Salvadoran.

Further, as a result of dollarization, the state would lose the money it previously made minting its own currency, and it would now have to buy currency from the U.S.

Why, then, would the state implement such policies? Dollarization assured the banking sector that it would be buffered against "the risk that its payments would increase from possible [currency] devaluation decided by the political circles" (Proceso, 2002: 8 in Towers and Borzutzky, 2004: 34). By successfully dollarizing the economy, the Flores administration effectively guaranteed that—regardless of who controlled the government—economic policy would favor the financial sector. Since dollarization ultimately eliminated the state's ability to promote trade through domestic monetary practices, the argument that dollarization was necessary to close the trade deficit seems like a guise. Through dollarization, the viability of export trade policy was risked to benefit the increasingly transnational financial sector (what we call the new "finance aristocracy"); the advantages of being able to control exchange rates were traded for short-term gains in capital markets (Towers and Borzutzky, 2004). In addition, dollarization "allows banks in El Salvador to acquire U.S. dollars at comparatively low interest rates and loan them to the rest of Central America;" from 2000 to 2006, these banks increased their loans to non-residents by 540 percent (Madrid, 2009: 201).

By contrast, for the 45.5 percent of Salvadorans living under the official poverty line in El Salvador (Segovia, 2005: 52), adoption of the U.S. dollar often means inflation in the cost of goods, especially in the informal, unregulated sector where most of the economically active population works and consumes (Towers and Borzutzky, 2004: 32; Gammage, 2006). Whereas in the formal market, price regulations exist to limit rounding up when prices in colones are translated into dollars, in the informal market, no such regulations exist. Thus, "in the informal market, where the poor operate, …vendors have often set prices in dollars much higher than what they were charging in colones…. Even when the conversion is done correctly and the prices in dollars are set at the next cent, the poor often buy in very small quantities, creating a greater inflationary effect" (Towers and Borzutzky, 2004: 48).

For the many Salvadorans who are living on $5 dollars or less per day, even a few cents can make a great difference. In interviews, both Yucuaiquenses and Masahueños overwhelmingly argued that dollars diminish their spending power while the prices of privatized utilities, services, and imported consumer goods are rising (anywhere from 33 to 221 percent since 1998) (Towers and Borzutzky, 2004: 32; Medrano, 2002). In only one case did an informant put a positive spin on dollarization, and this exception illustrates the general idea: As a member of one of Masahuat's oldest landowning (and therefore wealthier) families, this informant credited dollarization with reducing interests on loans, which he used to develop his transportation and retail businesses. Such credit, however, is unavailable to the vast majority of Masahueños:

> Florencia: It's very difficult in El Salvador now because we have the dollar—we buy in dollars but we don't earn in dollars [costs of goods are rounded up while wages are rounded down]. Life is very expensive.

MAQUILAS AND SO-CALLED "FREE TRADE" AGREEMENTS

Maquilas, touted as a panacea for Salvadoran employment, have failed to deliver. According to Madrid (2009: 190, 198), although the recent Central American Free Trade Agreement (CAFTA-DR) would purportedly "bestow new economic opportunities for Central America through free trade" and maquila-based production, it instead had "devastating effects on El Salvador's productive structure." Proponents of the Agreement argued that it would help develop and protect local manufacturing by providing enhanced access to North American markets. However, <u>rather than stimulating local industry and agriculture through liberalized trade, the real thrust of the Agreement was to provide a "'bill of rights' for the protection of transnational capital"</u> (Madrid, 2009: 198; c.f. Moreno, 2004). CAFTA-DR preserved asymmetries in production between the U.S. and El Salvador, such that U.S. farmers could export more goods with fewer restrictions while most Salvadoran farmers would be put out of business, and domestic manufacturing would remain insignificant (Madrid, 2009). More importantly, CAFTA created 'new opportunities for transnational companies to acquire local ones,' and to do so more securely: 'In this sense, CAFTA hastened subordination of local interests to transnational ones' (paraphrasing Segovia, 2005: 82).

In the years leading up to CAFTA's ratification in 2004, El Salvador privatized banking, energy, telecommunications, and transportation (Segovia, 2002, 2005). Shortly thereafter, Salvadoran elites sold interests in these sectors to foreign capital (the U.S. accounting for roughly 67 percent of foreign direct investment in El Salvador): Simultaneously, these Salvadoran elites (including the Palomo Meza, Meza Ayau, Baldocchi-Duenas, Kriete, Bahaia, Cristiani, De Sola, Quiroz, and Siman families) bought or expanded interests in the financial and commerce sectors of <u>other</u> Central American countries (Segovia 2005: 62-70). By facilitating foreign investment in finance and service sectors throughout the region, CAFTA effectively 'weakened national industry, globalized the productive apparatus, subverted the power of the state, and shifted the locus of economic power from national to transnational interests and actors' (paraphrasing Segovia, 2006: 81-82).

Not surprisingly, "CAFTA enthusiasm was strongest in the internationalized segments of the business sector" (Spalding, 2007: 89). Though the FMLN, which opposed CAFTA, held a plurality of legislative seats, the combined parties allied under ARENA leadership were sufficient to cancel out the FMLN's opposition (ibid: 95). Other organizations that sought to slow the process to allow more time to research the trade agreement's likely effects were either ignored or excluded as the Flores Administration (ARENA), suspicious of Non-Governmental Organizations, limited participation to business and private sector associations. The most vociferous CAFTA opponents thus worked outside the official channels, seeing these as hopelessly biased and/or co-opted: Foro Mesoamericano, a transnational activist network comprised of activists and organizations from countries throughout the region, opted for acts of civil disobedience to obstruct cross-border trade and publicly protest the social and environmental destruction neoliberal policies, including CAFTA, unleashed (ibid: 95-101). In a dramatic move, Foro occupied the Salvadoran legislative assembly in an effort to stop fast-track ratification of the Agreement, but instead inadvertently hastened it: "Reportedly fearing an imminent anti-CAFTA mass mobilization…, [legislative leaders] introduced CAFTA to the agenda at 3:00 A.M. and had it approved before the closing of the session eight hours later" (ibid: 101). Nevertheless, public opinion polls within El Salvador (summarized in Spalding, 2007: 104, Table 4) show a clear shift in people's assessment of Free Trade Agreements, with the percent seeing them as helping to "combat poverty" steadily shrinking (from 43% in 2003 to 24.5% in 2006) while the percent seeing them as "generat[ing] more poverty" steadily increased (from 28% in 2003 to 50% in 2006). As Spalding surmises, "This reversal of support levels between 2003 and 2006 suggests that the medium-term impact of oppositional forces may be more significant than the short-term impact" (Spalding, 2007: 104).

Ultimately, CAFTA has both reduced tariffs on importation of food staples and failed to provide commensurate jobs in industry. Tariff reductions under CAFTA threatened an estimated 646,500 jobs in agriculture while providing a maximum of approximately 134,000 in assembly manufacturing (Madrid, 2009: 192; c.f. Equipo Maíz, 2004; Anner, 2011). Although precise figures on maquila employment are unavailable, maquila employment (more than 80 percent women) represents less than 10 percent of total employment in El Salvador and provides, at best, the minimum wage, covering only 88 percent of the basic food basket (Anner, 2011: 29; Madrid, 2009: 205; DIGESTYC, 2012: xxxi). Total employment in the maquilas is thus remarkably small given the immense rhetorical weight given to this sector. In addition, working conditions are extremely exploitative and oppressive, wages abysmal, and chances for labor organizing severely constrained (Almeida, 2008: 183-184), though not non-existent (see Anner, 2011; Armbruster-Sandoval, 2005). Finally, the broader "linkages" to the rest of the economy that might stimulate more general economic development are also typically lacking (Robinson, 2003: 300-1).

In Masahuat and Yucuaiquín, the maquila sector, per se, was absent; however, in the latter community, some people did work in a Spanish tuna cannery. The company bused workers to its facility in a far eastern port; however, the wages were so scant that many Yucuaiquenses felt the commute was not worth the effort. Those who persisted eventually lost their jobs as the company departed.

> <u>Orlando</u>: There were about 40 people working in a factory that wasn't local—it was from Spain. But…the factory has closed and its personnel were fired because there were some international trade agreements and the government made some modifications that called into question part of the contract. [The company] said that it was going to leave…It fired 35 people from here…It fired people from everywhere. So now they are without work. And the majority are single mothers. They have nothing… Now, a few people have gone to work in textile or clothing factories, but not here; rather, in San Salvador. Here there is nothing. Here

> there is <u>nothing</u>… Those who stay here, there is nowhere to work. <u>So, we have a crisis here. It is a crisis</u>.

Although residents of these two towns have not organized themselves to protest these conditions (perhaps because these sites themselves are relatively disconnected from the "new" El Salvador), they view their migration – in part – as a response to them. Thus the alienating, highly exploitative and oppressive conditions of what little work is available, in conjunction with the declining viability of agriculture, are so extreme that they lead many Salvadorans to voluntarily alienate themselves from home, family, community, and country via migration in search of a "better life."

DISCUSSION AND CONCLUSION

A vicious cycle has now emerged in which the ruling class is "<u>capitalizing</u>" on the alienation of its own people and their primary response to that alienation; that is, upon migration and the remittances it generates. The interests and sustaining economic relationships of both rich and poor are thus increasingly oriented abroad, while both maintain some ties to El Salvador. At the same time, while class relations *within* the country have largely broken down, the country certainly has not become anything approximating a "classless" society. Instead, inter-class relations today span national borders, and the inequality between rich and poor within the country is no less, and in some ways quite possibly greater, than before the class-based civil war. El Salvador thus exhibits a clear, but disconnected class-hierarchy.

In the absence of direct class relations (that is, of stable and sufficient labor markets and "wage-relations" which would durably connect workers and capitalists), possibilities for class struggle are muted as the domestic class "situation" has become especially fragmented and diffuse. This observation is particularly troubling and tragic in the wake of what was in many ways a class-based civil war and the partial victory that the considerable expansion of "democracy" through the peace accords entailed. However, to be included in political society while simultaneously and structurally cut off from economic society renders such inclusion rather meaningless – this thus constitutes another form of alienation, and reason to leave.

Although maquilas play a central rhetorical role in justifying the implementation of trade rules that supposedly foster greater industrialization in El Salvador, they in fact support the very finance and investment interests that diminish a domestic employment base and thus, class relations. Similarly, dollarization, purportedly a strategy to promote domestic development, enables the ruling class to attract foreign investment and secure loans through which it can further liberalize the economy, at the expense of domestic productive and export capacity, and employment. This undermines the basis through which Salvadoran workers can organize against the ruling class, now increasingly transnational and amorphous (as are the migrant workers themselves). However, more fundamentally, these changes constitute the alienation of most Salvadorans from the basic conditions of "life" itself, from the realization of the "first premise of history" and thus of "making history" within El Salvador, which they still view as their home and country.

Even though labor organizing as a whole has declined in El Salvador, what success has occurred seems to increasingly depend on transnational activism (Anner, 2011). As Almeida's (2008:174-208) account of popular resistance to neoliberal attempts at privatizing health care (1999-2003) in El Salvador indicates, broad-based coalitional forms of social movement organizations are forming, with transnational linkages, and have enjoyed some success. However, that the only successful effort to generate mass-mobilization and resistance to neoliberal reforms in El Salvador has been one focused on "health care" is consistent with our emphasis on the conditions of "life" itself as the most fundamental form of alienation. In contrast to more directly class-based employment relations, which fragmented and disappeared throughout the country over a span of 10-15 years (the relative absence of such relations for many making collective organization and resistance in this sphere difficult at best), health is an issue that affects everyone; the privatization of health care would affect the nation as a whole (thus offering a more favorable ground for nationwide mobilization and action). Yet even here class aspects emerged in this mobilization as well, as seen in slogans such as "health care is a right, not a commodity" and "either pay or die" (Almeida 2008:196, 200).

The 'organization of organizations' that occurred to defeat the privatization of health care is instructive (Almeida, 2008): Whereas Salvadorans have recently organized by sector to protest particular aspects of restructuring, including state sector labor unions and associations mobilizing against the privatization of telecommunications in the mid-1990s (Almeida, 2008: 185), our analysis of the combined forces of alienation suggests that more 'organizations of organizations' will be needed to challenge the transnationalization of local and national production, and to restore to Salvadorans the ability to "live" and "make their own history." Since most Salvadorans currently lack the ability to effectively strike—even if employed, there are few jobs in which a walk out would have any effect on the new transnational finance aristocracy—and consumer boycotts that might affect consumption and services throughout the region are difficult to coordinate, we believe that the greatest hope rests in making more transparent the many ways in which the Salvadoran elites benefit from the alienation of their own people. As in the case of health care privatization, and the aftermath of CAFTA, the more transparent the interests and actions of the elite are, the more evident the connections between forces of alienation (dollarization, liberalization, and migration) are, the more likely Salvadorans may be to ‘organize their organizations’ and realize a new, and more humane, reality.

REFERENCES

Acevedo, Carlos and Deborah Barry, Hermán Rosa

1995 "El Salvador's Agricultural Sector: Macroeconomic Policy, Agrarian Change and the Environment." World Development 23 (12): 2153-2172.

Almeida, Paul D.

2008 Waves of Protest: Popular Struggle in El Salvador, 1925-2005. Minneapolis: University of Minnesota Press.

Anner, Mark S.

2011 Solidarity Transformed: Labor Responses to Globalization and Crisis in Latin America. Ithaca, NY: ILR Press.

Armbruster-Sandoval, Ralph

2005 Globalization and Cross-Border Labor Solidarity in the Americas: The Anti-Sweatshop Movement and the Struggle for Social Justice. New York: Routledge.

Dirección General de Estadística y Censos/Census Bureau of El Salvador (DIGESTYC)

2012, 2008 Retrieved from http://www.digestyc.gob.sv/.

Dunkerley, James

1988 Power in the Isthmus: A Political History of Modern Central America. London and New York, NY: Verso.

Durand, Jorge and Emilio A. Parrado; Douglas S. Massey

1996 "Migradollars and Development: A Reconsideration of the Mexican Case." International Migration Review 30(2): 423-444.

Ellacuría, Ignacio

1991 "Fundamental Human Rights and the Legal and Political Restrictions Placed on Them," pp. 91-104, and “The Challenge of the Poor Majority,” pp. 171-176 in John Hassett and Hugh Lacey (eds.) Towards a Society That Serves Its People: The Intellectual Contribution of El Salvador’s Murdered Jesuits. Washington, DC: Georgetown University Press.

Equipo Maíz

2004 ¿Cómo Quedó el TLC? Asociación Equipo Maíz. El Salvador. Central America.

Faist, Thomas

2008 “Migrants as Transnational Development Agents: An Inquiry into the Newest Round of the Migration–Development Nexus.” Population, Space and Place 14: 21-42.

Gammage, Sarah

2006 "Exporting People and Recruiting Remittances: A Development Strategy for El Salvador?" Latin American Perspectives 33: 75-100.

Gatchell, Charles F., Paavo Monkkonen, Joseph Perman, and Jeremy Rempel

2005 Apparel Manufacturing in El Salvador: A Post-Quota Strategy for Competitiveness. Report prepared for the Department of Public Policy at the University of California, Los Angeles and the World Bank Institute.

Hernández, Éster and Susan Bibler Coutin

2006 “Remitting subjects: migrants, money and states.” Economy and Society 35 (2): 185-208.

Hecht, Susanna B., Susan Kandel, Ileana Gomes, Nelson Cuellar, and Hermán Rosa

2005 “Globalization, Forest Resurgence, and Environmental Politics in El Salvador." World Development 34 (2): 308-323.

Hirschman, Albert O.

1970 Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States. Cambridge: Harvard University Press.

Hunt, E. K.

1982 "Marx's Conception of Human Nature and the Labor Theory of Value." Review of Radical Political Economy 14 (2): 7-25.

Madrid, Cori

2009 "El Salvador and the Central American Free Trade Agreement: Consolidation of a Transnational Capitalist Class." Perspectives on Global Development and Technology 8 (2-3): 189-210.

Marx, Karl

1964 [1844] The Economic and Philosophical Manuscripts of 1844. New York: International Publishers.

1974 [1844] "The Economic and Philosophical Manuscripts," pp. 279-400 in Karl Marx: Early Writings, with an Introduction by L. Colletti. New York: Penguin Books.

1998 [1945] The German Ideology. Amherst, NY: Prometheus Books.

2000 [1845-6] "The German Ideology," pp. 175-208 in David McLellan (ed.) Karl Marx: Selected Writings. Oxford: Oxford University Press.

2000 [1852] "The Eighteenth Brumaire of Louis Bonaparte," pp. 329-355 in David McLellan (ed.) Karl Marx: Selected Writings. Oxford: Oxford University Press.

Medrano, Jaime

2002 "CDC: tres años de gobierno de Flores con aumentos tarifarios." Diario Co Latino, July

Moreno, Raul

2004 El Tratado de Libre Comercio entre Estados Unidos y Centroamérica: Impactos económicos y sociales. Impreso en Ediciones Educativas, Diseño e Impresiones S.A. Managua.

Paige, Jeffery M.

1997 Coffee and Power: Revolution and the Rise of Democracy in Central America. Cambridge: Harvard University Press.

Pedersen, David

2004 "In the Stream of Money: Contradictions of Migration, Remittances, and Development in El Salvador," pp. 245-262 in Aldo Lauria-Santiago and Leigh Binford (eds.) Landscapes of Struggle: Politics, Society, and Community in El Salvador. Pittsburg: University of Pittsburg Press.

Portes, Alejandro and Kelly Hoffman

2003 "Latin American Class Structures: Their Composition and Change during the Neoliberal Era." Latin American Research Review. 38 (1): 41-82.

Robinson, William I.

2003 Transnational Conflicts: Central America, Social Change, and Globalization. London: Verso.

Rosen, Stacey and Birgit Meade

2001 Food Security in Central America: An Update. United States Department of Agriculture Economic Research Service: Washington, DC. Retrieved from: http://www.ers.usda.gov/publications/GFA/gfa12-01.pdf

Schmitt, John and William Stanley

2001 Finance-led development, or Why people are leaving El Salvador. Paper presented to the

Latin American Studies Association, Washington, DC, September.

Segovia, Alexander

2005 Integración real y grupos de poder económico en América Central: Implicaciones para el desarrollo y la Democracia de la Región. San Jose: Fundación Friedrich Ebert América Central.

2002 Transformación Estructural y Reforma Económica en El Salvador: El Funcionamiento Económico de los Noventa y sus Efectos sobre El Crecimiento, la Probreza, y la Distribución del Ingreso. Guatemala City: F & G Editores.

Spalding, Rose J.

2007 "Civil Society Engagement in Trade Negotiations: CAFTA Opposition Movements in El Salvador." Latin American Politics and Society 49 (4): 85-114.

Taylor, J. Edward

2006 International Migration and Economic Development. Paper prepared for the International Symposium on International Migration and Development, Population Division, Department of Economic and Social Affairs, United Nations Secretariat, Turin, Italy: June.

1999 "The New Economics of Labour Migration and the Role of Remittances in the Migration Process." International Migration 37(1): 63-88.

1992. "Remittances and inequality reconsidered: Direct, indirect, and intertemporal effects." Journal of Policy Modeling 14 (2): 187-208.

Thompson, Ginger

2005 "Mill Closings Hit Central America Hard." The New York Times. March 25.

Towers, Marcia and Silvia Borzutzky

2004 "The Socioeconomic Implications of Dollarization in El Salvador." Latin American

Politics and Society 46 (3): 29-54.

United Nations Development Program (UNDP)

2005 Informe sobre Desarrollo Humano, El Salvador 2005: Una Mirada al Nuevo Nosotros/El Impacto de la Migraciones (Report on Human Development in El Salvdor: A Look at the New Us/The Impact of Migration). San Salvador: UNDP

2006 Indicadores municipales sobre desarrollo humano y objetivos de desarrollo del milenio, El Salvador 2005. San Salvador: UNDP.

United States Citizenship and Immigration Service (USCIS)

2009 Immigrant enforcement actions: 2008. Retrieved from http://www.dhs.gov/ximgtn/statistics/publications/yearbook.shtm

Wood, Elisabeth Jean

2003 Insurgent Collective Action and Civil War in El Salvador. Cambridge: Cambridge University Press.

Wood, Elisabeth and Alexander Segovia

1995 "Macroeconomic Policy and the Salvadoran Peace Accords." World Development 23 (12): 2079-2099.

Figure 1: Map of Yucuaiquín, La Unión and Masahuat, Santa Ana, El Salvador (adapted from Wikimedia Commons)

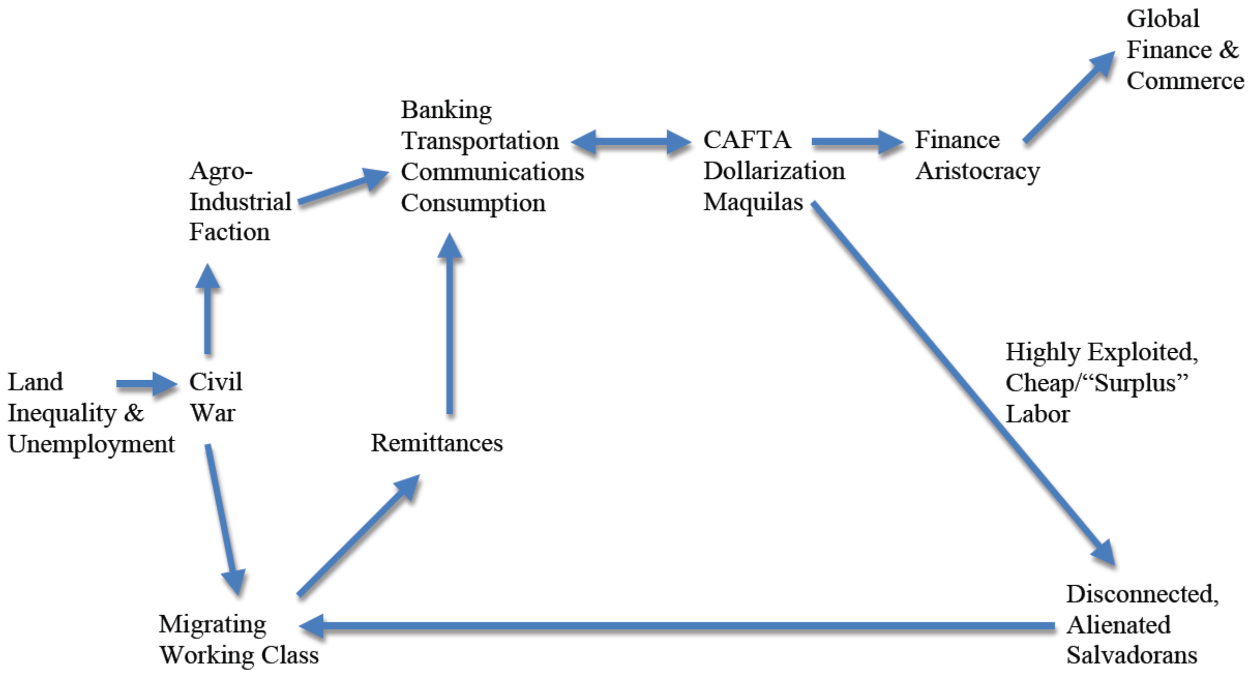

Figure 2: General Conceptual Model of Dissipated Class Relations and Alienation in El Salvador

NOTES

[i] Names are listed in alphabetical order; this is a full collaboration.

[ii] Response rates for interviews with randomly selected households (a 15 percent sample in each community) were 97.5 percent in Yucuaiquín and 96 percent in Masahuat, yielding a total of 40 household-interviews in Yucuaiquín and 23 in Masahuat (Masahuat has a denser urban core with more people living in fewer houses). The 39 additional interviews were conducted with carefully selected informants—including local leaders, youth, and elders (23 in Yucuaiquín and 16 in Masahuat). Additional data from archival research and extensive daily field notes enabled confirmation of information obtained from interviews.

[iii] Totopostes resemble medium-sized pretzels, only they are made of coarsely ground cornmeal.

[iv] Corn tortillas stuffed with some combination of cheese, beans, and a local spice called, loroco.

[v] Almeida (2008: 193-194, 205-207) documents that ARENA sought loans from these institutions and pursued privatization, but he does not connect these processes with migration and remitting.

[vi] Had the FMLN obtained state power shortly after the war, some of these changes might have been blocked or overturned. However, economic restructuring was already well under way by the time of the Peace Accords of 1992, and, over time successive policy changes have become increasingly intertwined, both with each other and with the broader political economy of the region and the world, making them much more difficult to undo.