
The Political Background

The area made up of the five Central American republics of today has been the focus of relatively little international interest or activity up to the present. The absence of large Indian populations or of valuable minerals meant minimal concern on the part of imperial Spain for a region all of which Madrid lumped together under the Captaincy-General of Guatemala. The isthmus of Panama, considered important for strategic reasons even in colonial times, was attached to the much more significant South American colony of New Granada.

This backwater of the empire took little part in the growing movement for independence at the end of the 18th and beginning of the 19th centuries. Indeed, its conservative local oligarchies were only moved to declare independence in 1821 when a new liberal government in Madrid posed the threat of reform to their entrenched interests. Independence therefore changed the social structure of the region very little and only added to the life of the majority further years of conflict and misery. For decades local "caudillos," or military strong men, were the rule as far as government was concerned and political parties were really little more than the personal coteries of prominent oligarchs or military bosses.

Modernization came only as Central America was incorporated into the international division of labour in the last two decades of the last century and in the years before the First World War. The region became the furnisher of a very short list of primary commodities, particularly coffee and bananas, to Europe and increasingly to the United States. Specialization in these crops led to further concentration of land in the hands of the oligarchy or large foreign business interests. Best known of these was the infamous United Fruit Company of the United States. Soon the importance of such firms to the local economy, and to the power of the oligarchies, made them virtual rulers in the land. United States military interventions followed in the wake of large-scale investments as Central America became a distinct sphere of influence of that country. Such was the influence of Washington and American companies by the First World War that the derisive term "banana republic" was coined, first for Honduras and then for all five of the area's nations, as an expression of their dependence on the United States.

The two world wars, the Great Depression, the increasing strength of the United States, and the declining power of the European countries all combined to end any chance of real independence as by the 1930s there was no longer a potential counterpoise to United States influence in the region. This dependent relationship has continued until the present despite a variety of attempts to break out, and has been re-inforced in the post-World War II period by adding to the Monroe Doctrine the Rio Pact of 1947, the Charter of the Organization of American States (OAS) of 1948, and a long series of other security arrangements, usually of a bilateral nature, between Washington and the Central American states.

In the mid-to-late 1970s the decreasingly favourable terms of trade for the agricultural products of the five republics, the end of the successful experiment of