

## PEACE AND DEVELOPMENT IN CENTRAL AMERICA: A REVIEW OF FIVE NEW PROPOSALS

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THAT economic development must be part and parcel of the peace and democratization process in Central America is one of the major conclusions of the leaders of that region in their landmark Esquipulas Summit and subsequent meetings. This is the same message that emerges from recent outside studies and reports on Central America, including the 1984 bipartisan Kissinger Commission and the 1989 Sanford Commission. Even if the validity of the linkage between peace and development is still questioned in some quarters, this is no longer the case in Central America, where peace, democracy, and development are accepted as "*conceptos rectores*" of a single process.

There is no consensus, however, on how to bring about development. If the processes of attaining peace and democracy seem complex, those surrounding development are equally so. This dilemma might be understood if it depended on ideological dichotomies such as central planning and management versus a *laissez-faire*, market-directed approach. Even if such issues separated the Central American nations in the past, they no longer do. However, the questions are no less fundamental: structural reform versus evolutionary change; industry versus agriculture; integration versus autarchy. There is no generally accepted agreement on a strategy for improving social and economic conditions in the region.

Clearly illustrating this predicament are the new economic development plans formulated by different organizations in support of the Central American peace initiatives. Much like the Central American leaders, authors of these plans agree on the fact that peace is inextricably linked to the development process, but beyond that point there are significant differences in theory and approach. Although they are put forth at a propitious time in Central American history, the plans raise a number of questions, such as: Whose development model and strategy will be followed? Who will do what, for whom, and how? Can the new plans be coordinated and orchestrated? Given the importance attached to development in the peace process in Central America, these are critical questions.

A necessary though insufficient step toward answering them is a critical review of the new plans; this is the purpose of my article. Specifically, I analyze five new

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An earlier version of this article was presented at a recent Southeastern Council on Latin American Studies meeting at Myrtle Beach, South Carolina. Helpful comments have since been received from U.S. and Latin American colleagues and the referees of this journal, but the conclusions presented here are the author's own.

development plans from the point of view of the analytical background they present, the model they suggest, and the strategies they propose. These include:

1. "Special Plan for Economic Cooperation for Central America," United Nations Development Programme (UNDP), April 11, 1988;
2. "Poverty, Conflict and Hope: A Turning Point in Central America," International Commission for Central American Recovery and Development ("Sanford Commission"), February, 1989;
3. "Plan of Joint Action in Support of Agricultural Reactivation and Development in the Central American Isthmus and the Dominican Republic," Inter-American Institute for Cooperation on Agriculture (IICA), November, 1988;
4. "Integrated Development and Democracy in Latin America and the Caribbean: Ideas and an Agenda for Action," Organization of American States (OAS), September 28, 1987;
5. "Obstacles and Potential for Food, Agriculture and Rural Development in Latin America and the Caribbean," United Nations Food and Agriculture Organization (FAO), April 6, 1988.

What I seek to accomplish is to identify areas of agreement or disagreement among these plans. My hope is that this analysis will ultimately contribute to a more rational and efficient allocation of scarce resources for Central American development.

## I. THE PEACE PROCESS AND THE DEVELOPMENT PROCESS

It appears that the long and complex search for peace in Central America has met with success. During the early and middle 1980s Latin American countries, through the Contadora consultations, were intensively engaged in this process, but were frustrated by one stalemate after another. The June 1986 draft agreement, developed mainly by Mexico, Colombia, Venezuela, and Panama, required, among other things, that the United States cease funding the Contras and remove its forces from Honduras. It was equivocal, however, on troop and weapon reductions and timing for these reductions for Nicaragua. Further, the proposals for establishing and adopting democracy in Nicaragua and for sanctioning any party violating the treaty were not clear. Given these and other problems, this version was rejected by Costa Rica, Honduras, and El Salvador.

Contadora negotiations and proposals continued after this setback, but went nowhere. Honduras came forth with its own plan on August 1, 1987, which proposed, among other things, a cease-fire of sixty days while pending Contadora issues were sorted out; but without strong backing from Contadora or the Central American nations, it likewise did not get off the ground.<sup>1</sup>

<sup>1</sup> A cogent review of the frustrated Contadora deliberations and negotiations is provided in Susan Kaufman Purcell, "The Choice in Central America," *Foreign Affairs*, Vol. 66, No. 1 (Fall 1987) and, idem, "Demystifying Contadora," *Foreign Affairs*, Vol. 64, No. 1 (Fall 1985).

The next significant step was the August 1987 announcement of a new plan formulated by two adversaries located not in Central America but in Washington—the Democrats, represented by then House Leader Jim Wright, and the Republicans, represented by President Ronald Reagan. Wright/Reagan incorporated many of the Contadora ideas, but sought an immediate cease-fire (to be overseen by the Organization of American States), general amnesty for the Contras, the suspension of Cuban and Soviet military aid to Nicaragua, and the immediate cancellation of the “agreement,” if its terms were not followed.

Before the ink had dried, however, this plan was overshadowed by another dramatic peace initiative. Two days later, Central American leaders meeting in Esquipulas, Guatemala, announced their own agreement on a peace plan, based mainly on a proposal Costa Rican President Oscar Arias had put forth in February 1987. This version contained many of the same provisions of earlier Contadora Plans, the Honduras Plan, and the Wright/Reagan Plan, concerning national reconciliation, a cease-fire (sixty days), democratization, and suspension of outside military interference. Furthermore, it contained a recommendation for the formulation of bold new development efforts in the region.<sup>2</sup>

Since then, the Central American leaders have met on several occasions; their vice presidents, foreign ministers, ministers of economics, and ministers of agriculture have also held formal sessions to discuss the Esquipulas accords and, specifically, their development implications. Through its General Secretariat, the European Community has been actively involved by giving backing for a new integrated development project on the Guatemala-El Salvador-Honduras border, in an area where the proposed Central American Parliament might be located. Moreover, it has promised assistance for a wide variety of other regional projects in support of integration and peace. The “Declaración conjunta,” arising from the July 1988 vice presidents’ meeting in Guatemala, specifically recognized the special role and potential of the Community in development activities [2].

In a recent article, Francisco Rojas Aravena describes the three “*conceptos rectores*” of the process—peace, democracy, and development—and his interpretation of how it will sequentially be put into operation [8]. The peace phase provides the bases and understanding for cease-fire agreements and establishes a climate for development actions. Democracy, then able to function, provides for pluralistic expression, and promotes human rights and social justice. Finally, the above process allows the implementation of long-term, equity-based development action to improve national welfare.

Unfortunately, neither Rojas Aravena nor the authors of the peace process have taken the development dialogue much further to explore the social and economic obstacles confronting an equity-based development model. Nor do they propose a practical plan or coordinated course of action to deal with this dimension of the process. Academics and practitioners alike agree that the obstacles are formidable. Both endogenous and exogenous factors are at work; which of the

<sup>2</sup> The other versions also contained a statement on development, and the Wright/Reagan plan specifically mentioned Nicaragua as a recipient of economic assistance.

two presents the more serious impediment depends on the premise of the argument and who is presenting it.

For example, some regional scholars and dependency theorists argue that Central America lacks commanding control over its own economic and political destiny.<sup>3</sup> Even the Kissinger Commission authors show how market forces in the late nineteenth century encouraged production and profits from a few major plantation crops and, consequently, reinforced the economic and political power of the established landed elites [7].

LaFeber argues that these patterns have been consolidated and maintained by the U.S. government, which has historically mediated disputes in favor of the status quo [5]. In a more recent article, Weeks takes this point a step further:

Because Washington demonstrated a willingness to use force to keep certain groups in power (having put them there in the first place, in some cases), the ruling elites felt little pressure to accommodate the demands of the middle and lower classes for reform or even nominal political participation. The absence of pressure to accommodate such demands complemented the system of land tenure and labor coercion that emerged during the nineteenth century, itself predicated upon authoritarianism. [11, p. 35]

A separate but related school of thought is that internal factors are the principal obstacles to growth and change. Ralph Lee Woodward, Jr., among others, demonstrates how the Spanish legacies of rigid social and economic class patterns, long-standing differences between the elite and the bureaucracies, and inefficiencies in government and industry have combined to frustrate achievements and expectations since colonialism, through liberation and independence, and up to the present day.<sup>4</sup>

Both scenarios give the impression that history has been consistently unkind to the region, which is not exactly the case. For example, stimulated by relatively favorable world-market prices for their major export commodities and increased income from manufacturing, Central American countries during the 1950–78 period grew at an average of 5.3 per cent and per capita income doubled [3]. The Common Market organized in 1960 facilitated quantum jumps in intra-regional trade, movements toward a common currency, dismantling of trade barriers, and even political union. Social indicators improved markedly in this period., even if there was little change in long-established social and economic institutions and structures.

<sup>3</sup> Views on this subject cover a wide political spectrum, ranging from the historical and sociological perspective presented earlier by Mario Monteforte Toledo in his essays, *Centro América: subdesarrollo y dependencia* (Mexico City: Instituto de Investigaciones Sociales, Universidad Autónoma de México, 1972), to the more current and moderate perspective by such development practitioners as Isaac Cohen and Gert Rosenthal in their chapter, "The Dimensions of Economic Policy Space in Central America," in *The Future of Central America: Policy Choices for the U.S. and Mexico*, ed. Richard R. Fagen and Olga Pellicer (Stanford, Calif.: Stanford University Press, 1987).

<sup>4</sup> See Ralph Lee Woodward, Jr., *Central America: A Nation Divided*, 2d ed. (New York and Oxford: Oxford University Press, 1985). Chapter 5, "Central America and the World," is particularly enlightening on this history.

Among the sparks that ignited the current crisis was a heated dispute over a soccer game in 1969 between El Salvador and Honduras, which in turn led to an unfortunate and untimely disruption in their political relations and trade. Shortly thereafter began a series of external shocks, the first of which was the escalation in world oil prices, which quickly depleted foreign exchange reserves. Then, in the late 1970s, the bottom fell out of prices of the major primary commodities exported from the region. Among other things, the issue of whether the rich or the increasingly larger numbers of poor would sacrifice more from these setbacks resulted in escalated civil strife in El Salvador and, to a lesser extent, in Guatemala, which discouraged internal and outside investment. The Central American countries were at different and fragile stages of development, and each reacted in its own way, by instituting policies and barriers to absorb these shocks. Large external debt was contracted by almost all of them to help offset the loss of foreign exchange from increased import costs and lower export earnings. Finally, the 1979 Nicaraguan revolution came as the "coup de grace" in a process which, in any case, had seemingly run its course.

Today, Central American leaders are less explicit on where the major obstacles lie, but they do agree unanimously that development is a precondition to resolving the current crisis, as they have stated:

We express our acknowledgement to the international community for its support to initiate projects oriented toward economic and social development (an objective directly related to maintaining and consolidating peace), inasmuch as social and economic problems are the principal cause of the existing conflict and peace cannot be achieved without development. [9, pp. 125-26]

At this juncture in Central American history, a process of underdevelopment is stubbornly perpetuating itself: in fact the region is even unable to maintain what it had achieved earlier. While regional GDP grew at the rate of 6.1 per cent, 5.5 per cent, and 3.9 per cent, respectively, for the periods 1960-70, 1970-75, and 1975-80, the average rate was only 0.3 per cent during the 1980-85 period [1]. When population growth is taken into account in the latter period, per capita growth falls to a negative 2.1 per cent. Export earnings were lower in 1985 than in 1980; budget deficits and foreign debt are at an all-time high. Per capita agricultural production in every Central American nation is below levels of five years ago [10, p. 45]. Unemployment, malnutrition, and absolute poverty are on the rise while ability of the public sector to deal with these problems is on the decline. The litany goes on. In Honduras, El Salvador, Guatemala, and Nicaragua over 50 per cent of the rural population is now classified as living in "extreme poverty" [4].

These are the conditions that have moved the international community, bilateral assistance agencies, and private-sector organizations to come forth with bold new plans and proposals for Central American economic and social recovery. From a political point of view, the timing of these initiatives would appear to be more favorable now than it has been since the integration movement began to disintegrate. The free election in Nicaragua coupled with the promising movements toward peace in El Salvador point to a greatly improved political and economic

climate in the region. Indeed given the turmoil of recent years, the mere fact that the region's leaders have even been able to get together and deliberate on peace, stability, unity, and development attests to their determination to set a new course.

I now turn to the review earlier promised. It should be noted here that three of the plans are inspired by and respond to the Esquipulas Peace Initiatives. More specifically, UNDP's seven-chapter plan grows out of the United Nations' General Assembly Resolution 42/204, adopted especially in support of the regional peace accords and is based on three major premises: (1) that priority be given to those activities directly related to the consolidation of peace; (2) that activities supported be complementary to those planned and executed by other international assistance agencies; and, (3) that these activities also be consistent with recipient government development initiatives. The second plan, "Poverty, Hope, and Conflict," is sponsored by a bipartisan group of the U.S. Congress led by Senator Terry Sanford. This plan is based on the findings and deliberations of a commission of distinguished experts who evaluated the potential impact of a "massive aid and trade reform" package for Central America with Alliance for Progress inspiration. Finally, the IICA five-chapter "Plan of Joint Action" is designed to support overall development and peace in the region but formulated on the premise that agricultural modernization must be the centerpiece of any regional development strategy.

While not specifically directed to Central America nor the peace accords, the other two reports—"Integrated Development and Democracy in Latin America and the Caribbean" (which responds to an OAS General Assembly resolution to review current development policies and actions in America and the Caribbean), and "Obstacles and Potential for Food, Agricultural and Rural Development in Latin America (proposed in response to a mandate by the Ministers of Agriculture at FAO's 19th Regional Conference in Barbados)—are published concurrently with the peace process and speak specifically to regional economic problems, plans, and strategies. Therefore, they must be taken into account in any careful consideration of outside development initiatives and actions. Earlier regional development plans, including those emanating from and based on the Kissinger Commission, have been reviewed elsewhere and I also refer to them as they are relevant to the discussion [6].

## II. ANALYTIC BACKGROUND

Generally, the plans do not take full advantage of the substantial literature that exists on the internal and external obstacles to Central American development. Implicitly recognizing the validity of the dependency argument, the OAS report does emphasize the need for Latin America in general to take responsibility for its own destiny by pursuing an "ethically oriented" development strategy. The practical dimension of this recommendation, including its political and economic costs and returns and a specific agenda or course of action, is not clearly defined.

The UNDP plan seems to imply that economic and social development can be built on existing foundations and rise in a linear fashion from its present status.

It does recommend the reallocation of scarce resources from defense and security to development, and mentions the need for land reform. The argument for the latter, however, rests mainly on the perceived need to increase food production and improve the plight of the small farmer.

More explicit acknowledgment of these factors is contained in the Sanford Commission report. The idea presented there is that Central America has been entangled in an international power struggle, and that this situation is manifested in the region in costly internal wars and a political environment that discourages local and outside investment. Further, the authors point to the capricious nature of world markets for major crops exported. However, they also identify internal factors including social and economic inequalities, lack of infrastructure, and capital flight, all of which are recognized as major impediments to economic and social progress.

The agricultural plans (by IICA and FAO) also examine internal and external growth obstacles. Somewhat along the lines of the OAS, the FAO authors see land reform as a means of incorporating the masses of poor *campesinos* into modern economic processes in order to more fully develop national and regional markets. Little analysis is provided regarding dependence on a few plantation crops and enterprises and the social and economic consequences of that situation.

Generally, the analytic background presented leaves a number of questions unanswered. For example, are external factors the major obstacle to growth and progress, as the dependency school argues, or is the problem of an internal-structural nature? Will political independence from the United States stimulate greater development or must the region first put its own house in order? If these conditions persist *pari passu*, what then would be the implications for development? These are complex questions, not easily answered, but they deserve more attention than they have been given in formulating major new development policies and projects for the region.

### III. MODELS AND APPROACHES

Here the most obvious difference is between the agricultural plans and the others, particularly that of the UNDP. The latter gives emphasis to forced industrialization and import substitution along the lines of the traditional model of the Economic Commission for Latin America and the Caribbean (ECLAC), while the former would make agriculture the lead sector in economic recovery. While the Sanford Commission advocates a balanced-growth model, OAS seemingly would side with the UNDP approach. I say seemingly, as the underlying models, along with the rationale supporting them, are not clearly specified.

Basically, the agricultural plans argue that the region has a comparative advantage in farming and, therefore, investment priority should be assigned to that sector. Food and Agriculture Organization recommends a process of decentralization (from urban to rural areas) and the establishment of agribusiness and other industry to create new employment and income opportunities in the countryside. In conjunction with the Regional Council for Agricultural Cooperation in Central America, Mexico, Panama, and the Dominican Republic (CORECA), IICA pro-

poses new multinational policies and projects to exploit subregional comparative advantages and foster trade and integration.

The view is unanimous that trade and integration must figure importantly in the development model. Consistent with its position on lessening dependency, the OAS places priority on intraregional commerce; while it does promote the opening of new ties with Pacific rim countries, it is not specific on what can be traded in that market. Reduction of real and artificial barriers is also seen as a means to foster trade both within and outside the region, particularly by UNDP and the Sanford Commission. However, the OAS would exclude infant industry from such consideration (i.e., protect it), particularly during the recovery process. The Sanford Commission, on the other hand, argues for increasing openness.

Increased regional trade has been an important component of Central American growth and progress in the 1960s, as pointed out earlier. Whether trade led growth or growth led trade, however, is a question not carefully analyzed in the plans. Nor do they adequately take into account other impediments to regional trade such as Costa Rica's apprehension of being drawn into economic and political union with its neighbors. The Sanford Commission goes much beyond the idea of reopening regional trade with its endorsement of the concept of a Central American Parliament and the reactivation of several moribund regional political and economic institutions. Again, I would note that past history and current events teach some important lessons about regionalism that are not adequately considered.

#### IV. STRATEGIES

This is the strong suit of all the plans. A great deal of time and effort has been given to designing strategies to address current and longer-term conditions.

United Nations Development Programme proposes a multi-phased strategy as follows: First phase emergency programs focus on social welfare projects as well as activities to stimulate economic growth and development. Food security, health, housing, and credit for small and medium industry are among the specifics mentioned.

Immediate action programs (phase two) are those designed to deal with the external debt (some U.S.\$17.2 billion in 1986) and to promote intra-regional trade. Among the measures proposed to deal with the debt are "new solutions" for addressing liquidity problems, including increased lending from multilateral institutions. Also proposed is the reestablishment of FOCEM (the Central American Monetary Union) to provide new lines of credit, short-term loans to the countries and balance of payments support.

Phase three economic reactivation programs include those to promote industry, agriculture, trade, and infrastructure. New lines of credit for industry and improved policies are suggested to boost industry. For agriculture, export promotion and technology generation and transfer are recommended. Industrial and agricultural recovery would focus on export-oriented and import-substitution endeavors. Long-term reactivation would require substantial efforts to reduce trade barriers to stimulate intra-regional and international trade. United Nations Development



Programme recommends that trade negotiations take place within the framework of the Latin American Association for Integration (ALADI). Presented to the General Assembly in late May 1988, financing of some U.S.\$4 billion is proposed to support a long list of projects presented in the annexes of the plan.

The Sanford Commission analyzed the basic strengths, weaknesses, and prospects of the Central American countries, described potential financial assistance from all sources, and looked at past development experience to evaluate the potential impact of a "massive aid and trade reform" package for Central America. Several papers on these subjects were commissioned as background and analysis for the final report (none of which were reviewed for this article).

The development strategy recommended is intended to satisfy first the basic human needs of the poorest strata of the population, starting with the refugees and displaced persons. Food security, health and nutrition, housing, education, and infrastructure are among the specific activities targeted.

The strategy for sustained development includes "improved allocation of resources to discourage uneconomical production" (p.46), and diversification of industry and agriculture to promote non-traditional exports. The authors advocate reactivation of the Central American Common Market to promote regional integration, food production, and human resource development, while suggesting that private investment can play an important role in the long-term recovery process. Resolution of the debt crisis is important in all of this and it is recommended that the Central American Monetary Council be restructured to assist with short-term liquidity restrictions and that the Central American Bank for Economic Integration be strengthened to provide long-term investment capital for industry, agriculture, and trade. Political and economic democracy as well as regional integration, it is held, will also sustain development and peace.

While the authors indicate the need for greater equity, policy reforms, tax reform, and land reform, they offer no specific agenda or program to implement them. Can these reforms be achieved peacefully? Is the ruling elite suddenly enlightened and willing to acquiesce?

Finally, I would suggest that the Commission appears naive in its recommendation of increased net funding in the amount of U.S.\$2.0 billion per annum (or U.S.\$2.5 billion if the debt crisis is not addressed successfully) for immediate projects and long-term development. Where are these funds in this era of tight budgets?

The authors of the OAS report argue that the domestic market is the basic foundation for growth. A Latin American and Caribbean common market would increase the capacity of domestic demand and investment and would further open new opportunities for competitiveness in international trade. Increased production stimulated by this process would facilitate access to extra-regional markets such as those in Europe, South Asia, and China. It is held that domestic and export marketing, however, require appropriate measures such as realistic exchange rates, local industry protection and policies that do not discourage competition.

Their recommendation is that these issues be discussed within the framework of the Latin American Association for Integration. On the other hand, debt issues, that pose serious obstacles to regional development, should be discussed within

the framework of the 1984 Consensus of Cartagena, which calls for joint negotiation of outstanding credits and the establishment of "symmetrical negotiation rules."

This plan states that dealing with urban and rural poverty should be one of the priorities of the region. Thus, integrated development must, at the outset, establish minimum nutrition levels, improve income distribution, and promote community organization and action. Production of goods and basic services, including building materials and other items to satisfy social demand, must also be priorities of the development strategy.

With specific regard to Central America, the study concludes that development actions should be aimed at small-scale economies, and that regional integration should be given top priority by reactivating the Central American Common Market with the assistance and participation of the rest of Latin America. The plan also suggests that the smaller countries must be provided with a "critical mass" of human resources and scientific and technical knowledge.

Although comprehensive in terms of philosophy and scope, this plan fails to present concrete ideas or prescriptions for implementation. It does not get into specific projects and financing. Basically, it is a philosophical statement—and furthermore, one that conveys a strong sense of "déjà vu." Integration efforts have never fully succeeded in the past, yet this plan does not draw lessons from this history that could be applied to rebuild common markets either for Latin America as a whole or specifically for Central America.

To put agriculture's new role in the development process into effect, FAO proposes to re-orient nonagricultural policies in favor of the rural areas and place an initial emphasis on basic infrastructure to attract private investment to the countryside. The plan suggests that new industries and services in rural areas could be developed to provide income and off-farm employment, thereby easing pressures on urban centers. A complementary strategy is to shift emphasis within agriculture to medium- and small-scale producers. The plan emphasizes intra-regional integration to achieve greater trade and technical cooperation benefits, but does not tell us specifically how it should be achieved.

The IICA Plan is consistent with these ideas, but places greater emphasis on activities of joint action. It argues that integration and intra-regional trade can be strengthened and that agriculture—the most important economic sector in the region—has an important role to play in this process. It calls for joint efforts in the establishment of new payment mechanisms for intra-regional trade and suggests that Central America and the Dominican Republic work together to develop the region's infrastructure for trade, including roads, railroads, air and sea transportation. From the agricultural perspective, a major purpose of integration is to ensure food security and save foreign exchange now spent outside on food commodities. More dynamic domestic markets could increase food demand, which in turn would generate more employment and higher rural incomes. Another aim is to strengthen the countries' extra-regional bargaining power, especially regarding traditional exports. With regard to non-traditional products, it states that the countries in the region should work together to expedite and improve bureaucratic processes which limit trade.

Inter-American Institute for Cooperation on Agriculture suggests the implementation of a joint strategy for conserving and exploiting resources of the tropical areas, including water, forests, and soil. This strategy would be supported by technology-transfer programs geared to ensure sustainable use of natural resources.

Given the rather strong evidence of Central America's dependency on a few major plantation crops and the capriciousness of world markets for them, I would have expected a greater emphasis on diversification in the agricultural plans. Further, I would have expected to see concrete strategies on how to achieve this process, including project proposals on technology development and transfer, market development, and policy incentives. Finally, even though both agricultural plans propose agricultural-led recovery, they fall short in providing an analytic basis for this approach and the specific steps required to make it happen.

## V. CONCLUSIONS

Obviously, the list of plans I have reviewed is not exhaustive. The World Bank (IBRD), Inter-American Development Bank (IDB), the Central American Bank for Economic Integration (BCIE), the Permanent Secretariat for Central American Integration (SIECA), the European Community (EC), bilateral donors, and others have existing action plans for the region which in most instances contain information not available for general distribution. As if all those were not enough, Costa Rica's *La Nación* announced on February 16, 1989 negotiations of a U.S.\$1.5 billion plan of economic recovery to be initiated by Japan in support of the peace accords. Then, there are individual country plans and structural adjustment programs being negotiated and implemented, particularly with the World Bank and the IMF. Pre-Esquipulas regional initiatives, such as the Caribbean Basin Initiative (CBI) and the Pan American Health and Social Plan (PISDIC) are going strong. I have no reliable method of calculating the amount of resources that have been allocated for formulating development plans, but would estimate the amount is substantial. Nor is it clear to me how existing regional initiatives will be meshed with the new proposals, if in fact they will be.

I am struck by the inconsistencies among the new proposals and the lack of coordination among the agencies presenting them. As I have demonstrated, there are differences in interpretations of the obstacles to development, the model or approach to apply, and the strategies to be followed. I would hypothesize that this situation results, in part, from the lack of agreement among the Central American countries themselves on the development problem. Given the importance the leaders assign to this dimension of the peace process, it seems to me that they need to spend more time and energy on it. If they and collaborating development assistance organizations cannot reach consensus in the planning process, what might we expect in the implementation stage?

United Nations Development Programme suggests a coordinating role for the vice presidents of the region and, as pointed out earlier, they have met on several occasions for this purpose. On the other hand, the Sanford Commission recommends the establishment of the Central American Development Coordinating

Commission (CADCC) with donor and recipient representation. And recently, the Presidents themselves, in their December 1990 Puntarenas summit, requested in Point 26 of their joint declaration that the Inter-American Development Bank assume the responsibility for establishing and coordinating a "Regional Consultative Group." Which of these entities, if any, will emerge to a leadership role remains to be seen.

Technical and financial cooperation can play a crucial role in Central American recovery and development. However, the current *mélange* of approaches and priorities points to the pressing need for greater internal and external coordination to work out strategies and the practical dimensions of getting development moving. Consultative groups with active donor and recipient participation have been formed for other regions and have been relatively successful in deciding on common approaches and the allocation of scarce resources to key priorities. For example, the Caribbean Consultative Group now meets on a regular basis under the auspices of the World Bank (IBRD) to discuss such issues. Urgent consideration should be given to establishing a similar arrangement for Central America. Such an initiative could play a key role in bringing peace to this troubled area.

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