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THE PLAN PUEBLA PANAMA AND THE DISCOURSE OF SUSTAINABLE
DEVELOPMENT: IMPLICATIONS FOR THE ROLE OF CIVIL SOCIETY IN
SHAPING DEVELOPMENT POLICY

By

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ABSTRACT

Recently, sustainable development has been presented as a revision to neoliberalism by emphasizing not just economic factors, but also social and environmental concerns. This revision also maintains the value of promoting negotiation with communities that stand to be affected by initiatives. Yet, given criticisms of current policy, what is the role of non-state actors such as NGOs and local communities in shaping development? This question will be addressed by discussing a current integration project in Central America and Mexico called the Plan Puebla Panamá (PPP). Although based on sustainable development, the PPP is criticized on social and environmental grounds and for little public information. By applying Long's actor model to political ecology, I argue that although the development promoted by international institutions has fallen short, civil society has shaped current policy. Moreover, I assert participation and negotiation from civil society is essential in encouraging more equitable and sustainable development.

INTRODUCTION

Based on the pillars of free markets and reducing the role of the state in the economy, neoliberal ideology has been promoted by international institutions like the World Bank and the International Monetary Fund as a way to encourage economic and social development and to promote greater efficiency and competitiveness in developing country sectors like industry and agriculture. Moreover:

...in their original formulations, neoliberal reforms have normally emphasized economic reforms as opposed to social policies or political reform...The economic package has focused on at least five main areas: fiscal management, privatization of state firms, labour markets, trade and financial markets (Gwynne and Kay 1999: 13).

With a looming economic crisis in the 1970s and 1980s, many Latin American countries adopted neoliberal reforms packaged in structural adjustment programs and austerity measures. First, these reforms included a process of privatization, which “has had the objective of eliminating inefficient and insolvent state enterprises, thereby reducing state expenditure” (Gwynne and Kay 1999). Second, trade liberalization involved the promotion of exports, the gradual elimination of tariff and non-tariff trade barriers and opening up Latin American countries to foreign investment by reducing regulations and providing a flexible source of labor. Third, neoliberal reform also involved an overall reduction in the role of the state in both economic and social affairs. These reductions occurred in areas like education, health and resource management where responsibility was transferred to civil society groups like private businesses and non-governmental organizations (NGOs). Yet, despite the proposed goals of these reforms, beginning in the

1980s, widespread criticisms questioned the effectiveness of the neoliberal model for the developing world.

One of the most disturbing trends taking place during the recent period of neoliberal reforms in developing countries is the increasingly extreme degree of economic, political and social inequality that exists within these societies and the growing divergence between developing and industrialized countries in terms of human development (Harris 2000: 140). Specifically, a number of social and economic consequences of neoliberalism include rising unemployment and growing spatial and social polarization within Latin American countries. While a relatively small percentage of the population has benefited from neoliberal reforms, the extent of poverty in Latin American has drastically increased because of wage declines, downsizing in the private and public sectors and a reduction of public services.

Another major criticism against neoliberalism is that the sovereignty of individual countries and their ability to create and enforce environmental and labor regulations, has been greatly reduced. This has occurred as Latin American governments are integrated into the global trade regime promoted by international organizations and industrialized countries like the United States. In order to encourage international trade, governments are expected to accommodate the interests of transnational corporations where Latin American and other developing countries must compete in a gradual “race to the bottom.” In this race, each country strives to provide the cheapest labor and resources by continually weakening labor laws and environmental regulations.

As a result of these criticisms, during the 1980s and early 1990s, the promotion of neoliberal policy was at a crossroads. In many countries, the adoption of neoliberal ideology by national governments also coincided with a return to democracy and renewed mobilization of various civil society sectors such as the media, business leaders, environmental or socially orientated NGOs, community groups and cooperative movements. A combination of outcries from sometimes competing civil society sectors against increasing social inequalities and environmental deprivation, as well as internal debates within international governing institutions like the World Bank itself, led to a reevaluation of development policy. The notion of sustainable development and active civil society participation were presented as solutions to these problems. Within this framework, active participation entailed providing a political space for civil society actors to negotiate and address specific social, economic and environmental interests and concerns within the creation of development initiatives. However, over a decade after the incorporation of the discourse of sustainable development and civil society participation within the neoliberal framework, numerous criticisms remain. By examining the current research on development issues, as well my own work in Guatemala regarding the Plan Puebla Panamá, I am interested in analyzing the disparities between sustainable development rhetoric and policy outcomes. I also have the goal of adding to recent literature, promoting more effective and equitable sustainable development.

Chapter one will begin by describing the transformation of neoliberal discourse towards sustainable development. This will include examining the specific components that comprise the discourse including a reinvigorated focus on local participation and

empowerment. Theoretical criticisms will also be presented which range from Goldman's Foucauldian assertion that sustainable development is a means for the developed world to preserve and/or shape existing power relations to post-structuralist critiques that reject the very notion of development itself. I argue that the structuralist focus taken by the field of political ecology provides an appropriate, but incomplete framework to analyze these criticisms and that applying Long's actor-orientated approach gives a more accurate description of the development process. While the former focuses on the asymmetrical power relations that shape policy outcomes, the latter emphasizes the potential for human agency even under highly constrained socioeconomic and political circumstances.

Chapter two will apply the framework provided by political ecology and the actor method to the works of numerous authors including McAffe, Escobar, Goldman, Batterbury, Bebbington and Rossi, who despite their criticisms, have also described a process of negotiation taking place between local communities, the state and international organizations in the creation of development policy. As opposed to assertions of the complete dominance of Western paradigms, this research demonstrates that sustainable development policy is contested and reshaped in varying degrees at the local level.

The discussion of non-state actor agency within sustainable development will serve as a basis to analyze the transformation of development policy in Central America stemming from the purely economic focus of previous initiatives to the current context of the Plan Puebla Panamá (PPP). A regional integration project that aims at strengthening infrastructure and promoting trade to NAFTA markets, the PPP also includes components

to promote sustainable and equitable growth through strong civil society participation. Chapter three will thus provide a background and history of Central American development policy involving regional integration by describing the rise and fall of the Central American Common Market and the adoption of the more recent Caribbean Basin Initiative in 1983. This section will demonstrate that along with a gradual move towards free markets and privatization, regional integration, stewarded by both national and international elites, is still seen as an important tool to promote development in Central America. This will follow with a description of current development strategies in the region involving the Plan Puebla Panamá, which will be placed in the context of the Central American Free Trade Agreement and the overall expansion of free trade throughout the Americas.

Building on previous chapters, chapter four will describe my research conducted in Guatemala regarding the PPP and how themes of civil society participation and negotiation have been incorporated into the initiative. This will be done through analyzing interviews with representatives from various levels including international institutions, the state, NGOs and community leaders. Although representatives from the Inter-American Development Bank and the Guatemalan government assert that active consultations with civil society are already taking place, and no project will move forward without local involvement, many NGOs and community leaders stress the complete lack of information or consultation concerning specific projects within the Plan Puebla Panamá. This is coupled with tremendous concerns about the potential environmental and social consequences of the plan. In part, due to these extreme

criticisms however, it seems that two distinct groups of civil society opposition have been able to influence the process and shape the initiative. The first group has directly opposed and at least for the moment, has thwarted numerous controversial projects despite having little or no opportunities for formal negotiation with the plan's authorities. A second smaller number of civil society groups, in dialogue with Central American governments and the Inter-American Development Bank, have directly shaped certain aspects of the plan while also articulating and opening spaces for future consultation. The conclusion will discuss the overarching effectiveness of sustainable development policy through the lens of political ecology and the actor-method. I hope that analyzing both the strengths and shortcomings of current policy will provide answers to help create more effective and inclusive development strategies. In order to promote true environmentally sustainable development, I argue that those who have become the subject of development initiatives must have a real voice in their creation.

PROJECT SUMMARY AND RESEARCH GOALS

Upon arriving May 26, the first month of the research took place in Guatemala City, where I combined the investigation with an internship at a local news agency called Inforpress. My experience there was invaluable as I learned new skills and had access to in-depth political, social and economic analysis of Central American countries. Furthermore, the internship served as a base for my research in Guatemala City and rural areas that could be affected by the PPP. I readily utilized the agency's database on news articles to find relevant information as well as using the office to contact and to conduct interviews with members of the Guatemalan government, the Inter-American Development Bank (IDB), non-governmental organizations and community leaders. During the research period in Guatemala, I conducted twenty-two official interviews. The majority, fourteen of these, were carried out with nationally or internationally established NGOs, while two were with officials from the Guatemalan governmental department, The Ministry of Energy and Mines. One interview was with a representative from the Inter-American Development Bank. I also conducted two interviews with academics from San Carlos University in Guatemala City and three more informal interviews with reporters from the news agency Inforpress.

After a month in Guatemala City, I traveled to the Petén, which is a region located in northern Guatemala, in order to speak with organizations and community leaders. Many of these groups were voicing criticisms about the negative impacts the PPP could have on communities in the area and the region as a whole, as well as the lack of official information concerning specific projects. They were particularly concerned about the

flooding of approximately sixty villages in the Petén region that would take place with the creation of a series of hydroelectric dams on the Usumacinta River. I attended a Mexico/ Guatemala bi-national forum in the Ixcán region of Guatemala that included a discussion of the possible impacts that the Plan Puebla Panamá and a free trade agreement between the United States and Central America under negotiation could have on the people of the region.

The first objective of the research was to determine what was currently taking place with specific projects. There had been much speculation as to whether the plan would ever be implemented and some asserted it had slipped off the agenda of Mexico and Central America. Second, due to the fact that the PPP was in its initial planning stages prior to this investigation, there had been little research analyzing the actual negotiation process between Central American governments, international agencies, local communities and other non-state actors. Thus, the study aimed at being one of the first opportunities to examine what groups were participating in the debates surrounding the PPP and what impacts they were having in its creation. The research examined the participation of a number of different groups in the planning process including the public, the media, the national government, international institutions and non-governmental organizations. The goal of this research was to determine if non-state actors like community groups and NGOs have an impact on the policy making process for major development projects like the PPP. Furthermore, if the Plan Puebla Panamá is not meeting its proposed objective of sustainable, participatory centered development, what needs to be changed in order to reach this goal?

CHAPTER ONE: THEORETICAL DISCUSSION OF SUSTAINABLE DEVELOPMENT AND THE TRANSFORMATION OF NEOLIBERAL DISCOURSE

Numerous scholars have described the slow transformation of neoliberal policy to include the notion of sustainable development. The 1987 publication of “Our Common Future” by the United Nations World Commission on the Environment (the Brundtland Commission) introduced sustainable development as an urgent goal to redefine existing economic policy promoted by international institutions like the World Bank. The commission defined it as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Gedicks 1996: 34). By the time of the 1992 United Nations Conference on the Environment and Development, otherwise known as the “Earth Summit,” sustainable development had become the coin-word for international institutions, states and transnational corporations alike.

What brought about this gradual shift in neoliberal policy towards the discourse of sustainable development? Tickle and Peck (2002) argue for a process-based analysis of neoliberalism by distinguishing between “roll back” and “roll out” neoliberal reforms. While the former refers to the period in the 1980s and early 1990s characterized by harsh austerity measures and structural adjustment programs, the current period places greater emphasis on social and environmental issues. The authors contend that the shift to “roll out” neoliberalism marks less a break with previous economic policy but a logical progression of neoliberal policy promoted by the World Bank (Tickle and Peck 2002: 381).

According to Wade (2003), the “struggle to redefine development” has been a multifaceted process involving negotiation between U.S. governmental and non-governmental actors, NGOs, the governments of borrowing countries, as well as members of the World Bank itself (Wade 2003: 9). Among the most prominent members of the institution to question the market orientated economic principles espoused by the United States known as the “Washington Consensus” was former World Bank president, Joseph Stiglitz, who was eventually forced to leave the institution after his critique of their free market ideology (Stiglitz 2002: 4). Similar concerns were expressed by Herman Daly, vice-president of the committee for Environmentally Sustainable Development in the World Bank. He asserted his role was advocating greater focus on environmental concerns within an institution dominated by economist thinking. Before leaving the World Bank, Daly contended that although great progress had recently been made, there was a need for continued reforms within the institution. These included better efforts to mitigate potential environmental impacts in the creation of economic development policy and to move away from advocating an ideology of global economic integration towards promoting more nationalistic-orientated development (Daly 1994: 1-4).

Thus, a combination of external criticisms as well as internal debates within international institutions led to the “discrediting of orthodox neoliberalism, and the fracturing of the Washington Consensus over the 1990s” (Hart 2002: 813). In fact, during the last two decades, alternative strategies focusing on the discourse of sustainable development have now become institutionalized by international organizations like the

World Bank (Pieterse 1998: 344). As a result, these institutions are now asserting the importance of integrating not just economic factors, but also social and environmental concerns within the development framework.

According to the World Bank (2003), its priorities in addressing social and environmental concerns have changed dramatically since the 1980s. For example, along with privatization, direct financial support for social services like health, nutrition and education has grown from five percent in 1980 to twenty-two percent today, while investment in the power sector has dropped from twenty-one percent in 1980 to seven percent presently (The World Bank Group 2003: following attributed). In fact, this institution has become the world's largest external funder of education and of basic health programs for local communities to prevent AIDs, malnutrition and childhood illnesses. Second, the World Bank has also become the largest external funder of environmental protection projects that include environmental assessment and safeguard policies focused on climate change, as well as preserving forests, water resources and biodiversity. Thus, while previous lending aimed solely at promoting economic growth through the adoption of market-orientated reforms and the creation of mega-infrastructure projects, current policy has placed greater emphasis on the preservation of the natural environment. A key element of mainstream sustainable development is the application of environmental economics, which makes the distinction between human-made and natural capital (resources not created by human action or technology). Differentiating between the two and recognizing the importance of natural capital places greater emphasis on

ensuring the long-term sustainability of the environment and economically viable natural resources (Adams 2001: 117).

The recent revision of neoliberalism also maintains the value of encouraging negotiation by those who stand to be affected by the development process. This new focus contrasts with the traditional “Washington Consensus” by asserting sustainable and equitable development largely depends upon a strong civil society (Wade 2003: 8). The rather ambiguous definition of civil society has been discussed by various authors. Gwynne and Kay (1999) define it by referring to the rise of social movements in Latin America formed by traditionally marginalized actors such as community organizations, labor groups, feminist organizations, etc. In essence, these social movements have become intermediaries “between political power and the networks of everyday life,” by giving a voice to subaltern views at the national level (Gwynne and Kay 1999: 210). While promoting dialogue with more traditionally influential groups like the business sector, the World Bank’s recent emphasis on civil society also focuses on providing marginalized groups a stronger role in the development process. According to the World Bank:

The breadth and quality of World Bank-civil society relations began to intensify in the mid-1990s when participation action plans were adopted at the regional level and civil society specialists were hired to work in Bank offices worldwide. Since that time there has been a dramatic increase in the level of interaction and collaboration between the World Bank and a broad range of Civil Society Organizations (CSOs) worldwide including, community groups, NGOs, labor unions, faith-based organizations, professional associations, and universities...Reflecting this greater appreciation for the role of civil society in development, projected CSO involvement in Bank-funded projects has risen steadily over the past decade, from 21 percent of the total number of projects in fiscal year 1990 to an estimated 72 percent in fiscal year 2003. As CSOs have become

more influential actors in public policy and in development efforts, the rationale for the Bank's civil society engagement strategy continues to grow stronger and is becoming recognized as an integral part of an effective institutional strategy for poverty reduction... (The World Bank Group 2004).

Particularly at the local level, the World Bank has applied a "Community Empowerment and Social Inclusion Program" in numerous developing countries. They assert the goal of the initiative is to "help create the conditions that enable the poor and the excluded to shape their own development."

The program looks at the issues of empowerment and governance, thus making the crucial link called for in recent Bank analytical work to strengthen the voices of the poor in influencing public policies, as well as in making institutions more accountable and responsive to their needs (The World Bank Group, 2001).

Adams (2001) uses the term "environmental populism" to describe the current focus on creating strategies that empower local actors to participate and to influence the development process (Adams 2001: 114). In particular, the World Bank states its main goal is to place rural communities at the "center of development" by increasing local access to information and involvement in projects. Thus, in mainstream thinking, greater emphasis on social and environmental concerns as well as encouraging the participation of civil society are presented as essential components in reducing poverty and promoting sustainable and equitable development.

Deconstructing Sustainable Development

Neoliberalism and Continued Disparities

The majority of the current literature concerning the "transformation" of neoliberal development policy has been highly critical. There are numerous authors who

have explained that the sustainable development rhetoric promoted by international organizations like the World Bank masks the continued large-scale privatization of land and resources. As described by Watts (1994), this trend can be seen with the huge influx of foreign direct investment in regions like Latin America from transnational corporations located in Europe, Japan and North America which has only led to increasing social and environmental problems for the developing world (Watts 1994: 372). The author states that while sustainable development should aim at preserving environmental resources and promoting equitable growth, the main concern seems to involve ensuring continued economic growth. Also, Stiglitz (2002) focuses on the structural inequities that have only increased under the post-Washington Consensus promoted by the World Bank that has encouraged continued liberalization of trade and financial markets. These measures have unequally benefited the developed world at the expense of Third World countries. Thus, the author contends, it is essential (but unlikely) that industrialized countries become “more aware of the inequities in the global economic architecture” and help ensure that “the voices of poor countries are listened to” (Stiglitz 2002: 6).

Post-Structuralist Critiques

The critiques of sustainable development policies can be divided into other various perspectives. There are numerous authors who expand the criticism that sustainable development is merely a vehicle to continue neoliberal policies while focusing little on issues of equity or environmental preservation. The authors of *The Development Dictionary*, edited by Wolfgang Sachs, attribute current economic policies

to the development framework started in the past. Escobar (1995) traces the dominance of Western ideas of development in the Third World to the end of World War II and the establishment of the Truman Doctrine. The Truman Doctrine, defined after President Truman's famous 1947 speech, called for the United States to fight against the spread of communist regimes after the end of World War II. While specifically asking Congress for financial and military aid to Greece and Turkey, this speech became the basis for long-term support to Western Europe through the Marshall Plan. It also led to the establishment of international financial institutions like the International Monetary Fund and the World Bank (CNN 2004). Escobar asserts that the ideology of the Truman Doctrine during the Cold War and the creation of international financial institutions created an effective means to produce knowledge and exercise power over the Third World (Escobar 1995: 4).

Esteva (1992) asserts that in its mainstream interpretation, sustainable development has been explicitly conceived as a strategy for sustaining 'development' policies started in the past while maintaining the current economic models (Esteva 1992: 6). Shiva (1992) also maintains that the new, "dangerous" meaning given to sustainability "does not involve recognition of the limits of nature" but rather the continued flow of raw materials, products and capital. "All this is to be achieved by setting arbitrary limits on nature" (Shiva 1992: 217). Sachs (1992) asserts that even though new projects based on sustainable development require developmental experts to consider environmental as well as economic factors, the latter still remains the most important consideration (Sachs 1992: 29). The author concludes the environmental

discourse that has arisen is extremely biased and focuses on the short-term continuation of the industrial system through environmental management rather than the long-term survival of the planet. Moreover, “the endless growth of markets and production processes at the cost of nature’s stability is at the root of the crisis of sustainability” (Shiva 1992: 216). Escobar (1992) also discusses how construction of a “monochrome” Third World by developmental agencies has led to a feeling of paternalistic superiority of the West over the Third World. Additionally, blaming the problems of poverty on the poor and prescribing programs to change their way of life, obscures the fact that increasing peasants’ integration into the modern economy is the root of their problems (Escobar 1992: 138).

Criticisms that sustainable development is merely a tool for international organizations and the developed world to exercise control and power, while continuing economic growth at the expense of the environment and local communities, has been a dominant argument in recent development literature. In addition, these post-development thinkers take this assertion further by rejecting the very conception of development itself as based solely on western ideas of progress and industrialization. Escobar further contends “what is needed is the expansion of anti-imperialist, anti-capitalist anti-productivist, anti-market struggles” (Escobar in Pieterse 1998: 362). However, Pieterse asserts that the “Development Dictionary critiques are historically informed but overstate their case” and offer no viable alternatives to the development model. Also, post-structuralist critiques fail to take into account how particular initiatives can be subverted by local actors for livelihood security and rural development (Batterbury and Fernando

2003: 1). Thus, numerous authors have argued that rejecting the concept of development itself leads to both a theoretical and practical dead end and denies the multiple levels from which particular policies are shaped.

The Greening of Development Discourse

Another major criticism comes from McAfee (1997), who adopts a Marxist, political-economic focus by explaining that sustainable development discourse has been incorporated by international organizations like the World Bank into global development policy through a process that involves the commodification of nature and privatizing all aspects of the natural environment. This view asserts that in order to protect biodiversity and the Earth's resources, nature must be given real economic value. According to the author, this process is based on post-neoliberal, environmental economics in which environmental problems are blamed on policy failures (principally attributed to developing countries) that can be corrected with market adjustments such as privatization and promoting trade. Thus, environmentalism is enlisted to promote the worldwide expansion of capitalism by helping to increase and extend global markets. (McAfee 1997: 134). Furthermore, as discussed by Fine (2001, 2002), this political-economic focus adopted by the World Bank is part of a larger trend in which the field of economics has begun to heavily influence other social science fields such as development studies. This has occurred as everything from market, environmental and social problems are all blamed on market imperfections (Fine 2001: 6, Fine 2002).

This commodification process has taken place in the 1990s through the establishment and strengthening of international institutions designed to regulate the

environment and the flow of natural resources including genetic information and biodiversity. These institutions not only include the World Bank's newly established environmental department, but also OECD patent offices, the World Intellectual Property Organization and the World Conservation Union (McAfee 1997: 135). In fact, the developed world, led particularly by the World Bank, has recently established itself as the foremost promoter of green development policy through a combination of three forms of influence. These include the discursive power of the post-neoliberal environmental-economic paradigm and the economic power of the World Bank, advanced capitalist states and transnational corporations. Through these various advantages, the developed world is able to effectively ensure a climate favoring continued economic growth and expansion. The assertion is that the privatization of natural resources and genetic information will provide the profit incentives necessary to encourage economic development as well as protecting the environment.

McAfee (1997) contends that by keeping a strictly political-economic focus, sustainable development wrests value out of nature rather than protecting it. This occurs because the World Bank has constructed nature as an abstract, globalized resource that is taken out of its socio-historical context (McAfee 1997: 137). In fact, establishing a single template for sustainable development policy involving the effective and efficient "development" of ecosystems is used not only as a way to exploit the natural resources of Third World countries, but also to legitimize the World Bank's actions. This is because the World Bank and the developed world, in general, assert their dominance as the only groups with the knowledge, expertise and economic resources to promote equitable and

environmentally sustainable growth. If international institutions like the World Bank were to recognize that sustainable development policies should be as unique as the varying types of biodiversity and the different social context of particular areas, the World Bank would lose its “comparative advantage” of institutional power (McAfee 1997: 138). Therefore, the significance of traditional and local knowledge in the development process would have to be recognized. Although the World Bank may have acknowledged the theoretical importance of traditional knowledge, it has failed to incorporate this knowledge into development policy. Besides questioning the development model posed by the World Bank, integrating traditional knowledge within development policy would be difficult because indigenous peoples often place different values on nature that cannot be quantified in economic terms.

McAfee (1997) also discusses how the push towards the commodification of nature has been pursued with the establishment of the Convention on Biological Diversity (CBD) at the 1992 “Earth Summit” in Rio de Janeiro. Although the original agreement was seen as a compromise between Northern and Southern states to address environmental concerns, the CBD’s policies have largely reflected the dominance of advanced industrialized countries. This is largely because the program’s major source of funding comes from an organization called the GEF that is part of the World Bank. One of the official programs of the CBD is biodiversity conservation that, like policies promoted by the World Bank, reduces nature and biodiversity to a commodity that can be traded on the world market. This will make nature more attractive and provide the economic incentive for preservation by private organizations (McAfee 1997: 140).

However, the practices of the CDB and the World Bank based on the rhetoric of sustainable development have been highly contested by developing countries for a number of reasons. One of the main criticisms is that green developmentalism systematically underestimates the value of nature to those in developing countries whose purchasing power is relatively small. For example, the creation of intellectual property rights and patents over genetic material has become a way for international corporations to control and reap the profits from the biodiversity of the Third World while developing countries see little of the benefits. As discussed by numerous authors, the creation of organizations like the Convention of Biological Diversity effectively codify the rights of transnational corporations like pharmaceutical companies to seize and patent the resources traditionally used by indigenous communities and limits government power to restrict this process (Watts 1994, Kimbrell 1996: 143, Shulman 2000: 138). While this “privatization of everything” critique may be challengeable given the World Bank’s reinvigorated emphasis on local participation and environmentally sustainable development, it can still be argued that current policy promoted by international institutions is focused on the continued expansion of neoliberal reform at the expense of developing countries and particularly, rural communities.

The Art of Eco-Government

Numerous authors have adopted Foucault’s notion of governmentality to explain the World Bank’s recent shift to promoting sustainable development. Foucault (1980) examines how power is exercised by governing institutions in the creation of rational and disciplined subjects. This power does not simply imply maintaining current economic

models but also involves preserving the underlying power structures of these governing bodies. In his classic reference to Bentham's panopticon prison model, Foucault asserts that the structure is designed so that both the prisoners and guards are observed and controlled. In a larger sense, this Panopticism allows the formation of a disciplined society in which even the smallest aspects of daily life can be controlled. Thus, the agency of individual actors is restricted by this system of control that produces malleable subjects and prevents structural change (Foucault 1980).

Goldman (2001) utilizes this notion of governmentality to assert that the World Bank's motives for incorporating the discourse of sustainable development involve not only political-economic reasons, but also a concern to preserve and/ or shape existing power relations based on neoliberal ideas. Thus, in the Foucauldian sense, sustainable development is a way to incorporate the critiques of neoliberalism while maintaining the current development framework as well as the power and legitimacy of international organizations like the World Bank (Goldman 2001: 500). In addition, the process of promoting sustainable development and exerting this control has involved three types of actions. These include "rewriting laws, reforming state agencies that regulate environments and funding large scale "green" infrastructure proposals" (Goldman 2001: 506).

Secondly, he describes how the World Bank targets "resource based" members of the indigenous population and coerces them to participate by holding them accountable for environmental management. The process of incorporating indigenous communities into the framework of sustainable development involves the "formation of governing

agencies that oversee scientifically constructed objects of study such as fisheries, watersheds, wetlands and indigenous people's extractive reserves" (Goldman 2001: 503). Thus, the creation of government agencies, institutions and regulations must first be established in order to compel subjects to participate in this new form of eco-government.

Moreover, Goldman (2001) uses current projects in Asia to illustrate the transformation of the state as part of the "green" development process. In Laos and its surrounding areas, there has been a gradual establishment of institutions and regulations to manage all aspects of the environment and account for local populations. For example, Decree number 169, which was signed into law in 1996, transferred control of the nation's forests to the state and created a scientifically based classification system for forest management. Within this new management system, all the different types of users from nomadic forest communities, to pharmaceutical producers and the global energy and eco-tourism industries each received their own packages of regulations and rights to ensure the efficient use of forest resources (Goldman 2001: 508). Also, the 1992 and 1997 Land Laws established new standards for land use for local communities by eliminating the customary, decentralized system of property rights and the creating state-sanctioned titles. In 1999 more regulatory mechanisms were established to control natural resources in Laos. These included the United Nations sponsored Environmental Protection Law, which founded various environmental institutions responsible for managing all protected areas and wildlife and strengthened the Ministry of Forestry and Agriculture.

Along with the establishment of new laws and environmental institutions in Laos, there has also been an increasing role in government policy for “hybridized” state actors. The most common of these is the Laos civil servant who has received extensive new training and has become professionalized to work in recently established regulatory institutions. These hybridized state actors also include consultants and Northern experts who set up organizations that mirror the work of particular state environmental agencies. These agencies and hybrid actors in turn, funded by international organizations and transnational corporations, have become the vehicles to promote large-scale development projects.

As part of this transformation of state and the promotion of “green” development in Laos, the World Bank has proposed a major economic growth project for the region based on sustainable development rhetoric. First, it proposes the construction of approximately twelve hydroelectric dams on the Mekong River. Second, it could involve the relocation of approximately sixty million inhabitants from the mountainous region surrounding the Mekong River to provide labor for agricultural projects in the newly irrigated plains. Additionally, the plan proposes other major social and economic development projects such as the construction of schools, health clinics, workshops in resource management and creation of infrastructure. The rationale for this environmental plan is that by promoting sustainable development, these mountain communities will reduce destructive practices such as slash and burn cultivation, illegal logging, and overpopulation. Even though many environmentalists pointed to the destructive effects the dams would have on the fragile ecosystems of the area, the World Bank asserted the

dams and other capital earning projects would provide badly needed funding for conservation and sustainable development. In essence, this has been promoted as the only effective manner to “save” the local environment (Goldman 2001: 506).

Thus, Goldman focuses on the art of this new “eco-government” promoted by the international organizations like the World Bank in which the social and environmental “deficiencies” of local communities will be improved through the transformation of state institutions and the promotion of large-scale development projects. The author sees this as a way not necessarily to protect the environment and promote equitable growth, but rather as a means to facilitate the expansion of capitalism and create new forms of control and power for international institutions like the World Bank and state governments.

Similar assertions can be seen in Participation: the New Tyranny, (2001) edited by Cooke and Kothari, in which the authors explain how the practice of participatory development by institutions like the World Bank has resulted in new forms of control and repression at the local level. While the proposed goal is empowerment of local people, World Bank programs merely perpetuate poverty and inequality. Francis and Mohan discuss mainstream World Bank strategies like “social assessments” of local communities to “incorporate participation and social analysis into the design and delivery of projects” (Francis 2001: 84). Under this methodology, the goal is to develop projects in a process of consultation and partnership with community actors. Specific techniques include Participatory Rural Appraisal (PRA) that aims at empowering local groups to plan and act to address their own development needs.

Despite this focus on participation, however, World Bank strategies give the illusion of empowerment while not addressing the underlying structural determinants of poverty. These include the unequal distribution of income and power across class, ethnicity and gender at the local level while also neglecting the role of national and international factors (Francis 2001: 87, Mohan 2001: 159). At the micro level, scholars assert there is a danger in having romanticized views of communities. By seeing local people as completely harmonious, resulting policies may only represent the vested interests that manipulated the research in the first place (Mohan 2001: 159). Mohan and Stoke (2000), state another major problem is “the tendency to view ‘the local’ in isolation from broader economic and political structures” such as the interests of national governments and transnational corporations (Mohan and Stoke 2000: 3). Due to these problems, effective rural development largely remains an empty promise.

Francis (2001) contends that there is a tendency to label all acts of consultation “participation” even when local actors have no influence in the creation of the project. Similar concerns are expressed by Mohan (2001), who states that the implementation of specific policy usually reflects a methodology imposed by outside actors instead of creating policy that is “locally meaningful” (Mohan 2001: 165). Also, Moore (2001) asserts that despite participatory rhetoric, development policy remains an authoritarian process based on neoliberal ideology, which allows little space for participation from local actors. This notion is illustrated through the context of development policy in the West African country of Burkina Faso in the early 1990s. The author examines how authoritarian knowledge is created by international organizations and used to legitimize

official policy. With rural development projects, the result has been grand-scale schemes that largely ignore local development needs (Moore 2001: 172).

The diversity of criticisms all share the common assertion that sustainable development and a reinvigorated focus on local participation is mainly a tool for international organizations and the developed world to continue neoliberal economic policies while providing few opportunities that encourage equitable and environmentally sustainable development at the local level. Despite these criticisms though, numerous scholars, including many of the preceding critics recognize that development policy is a highly complex process that is negotiated, subverted and often reworked by actors from many levels. Applying ideas from the field of political ecology as well as Long's actor-orientated model may provide greater insights into this process.

CHAPTER TWO: VIEWING DEVELOPMENT INTERVENTIONS THROUGH THE LENS OF POLITICAL ECOLOGY AND THE ACTOR-ORIENTATED MODEL

Beginning in the early 1990s, the World Bank championed a new type of development that promoted environmentally sustainable and equitable growth through active participation from local communities and other civil society actors. As illustrated in the previous chapter, the majority of theoretical literature concerning sustainable development has been highly critical. Many assert that the primary concern of current development policy still rests on maintaining neoliberal models of growth with little consideration for social or environmental factors. Yet, despite these criticisms, many of the same authors also recognize how development interventions have been negotiated and reshaped by local actors despite constraints from the state and international levels. In this chapter, I argue that combining structuralist notions from the field of political ecology with Long's actor-orientated approach provides an appropriate framework to analyze this process of negotiation. While political ecology emphasizes the importance of external factors in determining development policy at the local level, the actor-model assumes the ability of human agency to influence planned interventions even under highly constrained socioeconomic and political circumstances.

Explaining Development Through Political Ecology

Political ecology “emphasizes the importance of asymmetries of power, the unequal relations between different actors, in explaining the interaction of society and environment” (Bryant and Bailey in Adams 2001: 252). Piers Blaikie (1999), the recognized father of political ecology, asserts that the field is loosely defined as

containing two central research foci. These include examining the interactions between changing environmental conditions and the socio-economy as well as examining “different states of nature, their change through time and their contested representations under conditions of unequal power” (Blaikie 1999: 133).

One of the author’s contributions to the field has been his “chain of explanation” or “scale approach” argument, which aims at explaining environmental problems and resulting rural development policy. “Blaikie’s central argument is that it is vital to see the links between environment, economy and society” (Adams 2001: 251). Using the now classic example of soil erosion, Blaikie illustrates how “local environmental problems need to be seen as the product not only of local processes (farming practices) but also of political economy at the local, national and international scales” (Adams 2001: 253).

Thus, soil erosion might be said to happen because it rains hard just after fields have been dug, but it is also influenced by a series of other factors... the fact that labour shortages prevent timely land preparation, that men have migrated out in search of wage employment owing to a depressed agriculture economy, that national fiscal policy subsidises imported agricultural products, that patterns of national indebtedness affect local areas (Adams 2001: 254).

Blaikie, like later proponents of political ecology, takes a structuralist¹ stance to explain how environmental problems can be traced from local to international levels. It emphasizes the importance of looking beyond simple scientific explanations that attribute

¹ Originally developed during the 1950s and 1960s, structuralist theory proposed the reform of the capitalist system with inward-directed strategies of economic growth like Import-Substitution Industrialization (ISI). Although, not discussed directly by the author, Blaikie’s “chain of explanation” argument resembles structuralist explanations of development given by Cardoso and Faletto that assumed unequal power relations were the root cause of poverty and inequality in developing countries. Structuralism was also related to the more radical dependency theory, which called for a new economic order to promote development (Gwynne and Kay 1999, Cardoso F. and E. Faletto 1979).

local environmental conditions to local, usually poor and marginalized actors, to also analyzing external political and socioeconomic factors.

Similar methods can also be used to explain deforestation in developing countries. The issue gained increasing attention beginning in 1980 with alarming scientific announcements regarding the rapid destruction of the Amazon Rainforest (Adams 2001: 256). Traditional neo-Malthusian descriptions attribute deforestation directly to issues of overpopulation, poverty and destructive traditional land practices. Jarosz, however, discusses how explanations of deforestation are often “socially and politically constructed to the advantage of powerful people” (Jarosz in Adams 2001: 261). In an example of the lasting colonial influence in Madagascar, laws established the early 1920s prohibited “irrational” farming practices used by the native population and instead created a number of forest reserve areas to control land usage. Nevertheless, the suppression of indigenous regulatory practices, as well as the opening of the reserves to export-orientated coffee, timber harvesting, etc. led to a dramatic reduction of the area of natural forest while population growth remained slight (Adams 2001: 261). Woods (1990), “suggests that the politics of deforestation can be imagined as an upside-down pyramid of increasing scale (local, national, multilateral and global) and increasing ecological and political complexity” (Wood in Adams 2001: 262). Thus, many assert that neo-Malthusian explanations of both land-degradation and deforestation fall short and that political ecology provides a more appropriate lens to view these issues.

Despite the scale-approach placing particular emphasis on external factors to account for environmental problems and to determine the outcomes of development

interventions, there has been an increasing recognition within political ecology of the potential for human agency by local actors. In fact, the field has experienced major transformations since its inception in the 1970s. While originally focusing on structural and Marxist explanations of human-environment relations, the present post-structuralist or “second period” can be described as “more complex, with a greater focus on the role of grassroots actors and social movements...it has seen, in particular, a greater awareness of discursive dimensions of environment-society interactions” (Bryant and Bailey in Adams 2001: 252). Blaikie describes the role of this post-structuralist political ecology as questioning powerful knowledge about the environment and development, which has perpetuated a cycle of poverty and inequality. Thus, “environmental truths have been interrogated, and their means of construction and persuasion unmasked, so that they appear as narratives” (Blaikie 1999: 141).

As mentioned earlier, there have been numerous criticisms of post-structuralism. This includes the assertion that post-structuralism fails to illustrate how particular initiatives can be subverted by local actors for their own purposes (Batterbury and Fernando 2003: 1). Also, while ‘post development’ thinkers like Escobar reject capitalism, neoliberalism and the very notion of development itself, they offer no viable alternatives to the development model. Batterbury (1997) discusses the merits and acceptance of post-structuralist thinking within political ecology but contends that post-structuralism “provides few pointers to practical ‘policies that work’ for tackling environmental problems where social and cultural identities are fluid and constantly renegotiated” (Batterbury 1997: 38). The author asserts that applying an actor-orientated

approach to the framework of political ecology may be a more useful analytical tool to describe environmental problems and rural development.

Local Negotiation and the Actor-Orientated Approach

The notion of an actor-orientated model of development has its antecedents in the work of Max Gluckman and the “Manchester School” of Anthropology during the 1950s and 1960s. Through detailed ethnographic studies, this strategy involved examining how development policy based on external intervention was mediated and transformed by individuals and social groups at the local level. This “micro” level analysis was challenged by structuralist models of development, such as dependency theory and neo-Marxism, which focus on how capitalism creates a system of inequality and dependence between the First and Third Worlds. To this group, external economic interests are seen as the primary cause of Third World development problems as well as the primary influence in the creation and implementation of development policy. Long, like other critics, asserts that by focusing solely on external forces, structuralist perspectives provide little practical insight for promoting effective policy based on local needs. A revised actor-orientated model proposed by Long calls for a more dynamic approach in understanding intervention and social change: one that “stresses the interplay and mutual determinants of ‘internal’ and ‘external’ factors and relationships, and that recognizes the central role played by human action and consciousness” (Long 1992: 7-20, Long and Arce 2000).

The central tenet of this revised actor-model is recognizing the importance of agency by different social actors, from the local to international levels, in influencing the

outcome of planned rural development intervention. Thus, this perspective analyzes the different interactions between various institutional actors that view them in a continuous dialogue (Batterbury 1997: 40). These actors can include community and non-governmental organizations, state and international agencies, etc.

Long (1992) states:

...the notion of agency attributes to the individual actor, the capacity to process social experience and devise ways of coping with life, even under the most extreme forms of coercion. Within the limits of information, uncertainty and other constraints (e.g. physical, normative or politico-economic that exist, social actors are 'knowledgeable' and 'capable' (Long 1992: 22).

The author also assumes that effective agency requires organizational capacities or the ability to "enroll" social actors in the projects of others. The goal of this "strategic agency" involves the subordination of other groups, to follow the commands and essentially become an extension of the dominant actor(s). Nevertheless, the actor-orientated model assumes that even in severely restricted social, economic and political spaces, local actors are capable of forming decisions and devising innovative ways of influencing their surroundings. This assertion has been illustrated by Mortimore and Adams (2001), who argue that a "systematic understanding of indigenous adaptive capabilities can provide a basis for policies enabling a reduction of dependency on aid assistance in the Sahel" (Mortimore and Adams 2001: 1). Moreover, "rural development efforts cannot be seen as trouble-free interventions," as the interaction of actors from various levels leads to a wide divergence in policy outcomes" (Batterbury 1997: 41).

Specifically applying his actor-orientated method, Long illustrates the importance of local human agency through research of rural development patterns in a number of

different countries. As discussed by Long and Roberts (1984), an in-depth study in Peru focused on the capitalist expansion period that took place in the highland region during the 1970s and its social and economic effects on the region. The authors examine how the establishment of a foreign-owned mining industry shaped regional institutions, changed class relations and led to new class conflicts. At first glance, it appeared that capitalist development in the region fit into the notion of an “enclave economy” that only benefited foreign interests while providing little prospects for economic development at the local level. Yet, this type of economy did not fully address the pattern of rural development in the region that was characterized by the “significant but small-scale process of accumulation resulting from exchanges between the enclave and a peasant population (Long and Roberts 1984: 1). These interactions between local and foreign actors created a complex system of class relations between and among communities by actors such as local elites, peasants and miners. Similar conclusions were reached in later studies in Zambia and Mexico, which recognized the need to examine how local factors influence and rework planned intervention by government or other external actors (Long 1992: 32-37).

LeGrand (1998) also analyzes the debates surrounding “enclave economies “in the infamous Magdalena banana region in Colombia. In the novel *One Hundred Years of Solitude*, Gabriel García Márquez depicted the impact of the Boston-based United Fruit Company in this region he called ‘Macondo,’ where local people were exploited and communities destroyed. According to LeGrand, “for García Marquez, foreign investment on the massive scale of the United Fruit Company brings neither modernity nor progress”

(LeGrand 1998: 333). The author describes other perceived negative impacts of enclaves including the isolation of local communities and entire regions from the rest of the country and the deterioration of vibrant local cultures due to foreign influence. Yet LeGrand's research of two former banana towns on the Colombian coast, Santa Marta and Ciénega, suggests that:

...enclaves are places with their own historical traditions; socially complex regions in which people of different national, racial, ethnic and linguistic origins have to deal with each other; porous areas with multiple connections to their own countries and the outside world. I would stress the internal complexity of these regions and the fact that locals are actors with their own economic strategies, politics, interpretations, meanings and memories (LeGrand 1998: 352).

Thus, various authors illustrate how effective analysis of economic development requires a consideration of both structural characteristics of capitalist investment at the international, national and regional levels, as well as a focus on the complex and dynamic relationships at the local level.

Further applications of an actor-model to explain rural development have been discussed by Batterbury (1997), who uses the central plateau region of Burkina Faso "as a prime example of how new institutions, from post-Sankara co-operatives to PATECORE funded groups, have organized in order to affect environmental transformations" (Batterbury 1997: 45). The author adopts an actor-model by asserting that creating a social map of the different formal and informal actors involved in negotiation provides a useful tool to analyze the creation of development policy. Batterbury (1997) also utilizes a scale-approach, like Blaikie's "chain of explanation" which describes the different involved actors from the local to international levels. Thus,

in development initiatives in Burkina Faso, this “social map” has been composed of a range of internal and external institutional actors. At the local level, these included traditional authority structures such as Mossi village chieftains or work-parties, local government officials, self-interest organizations like NGOs and cooperatives, service organizations such as religious or charity groups, etc. External level actors included state political actors and agencies, national political party organizations, donors and aid agencies, consultancy agencies, international and national NGOs, universities and research organizations, national business actors, etc. (Batterbury 1997: 43-44).

The author concludes by asserting that “while regional political ecologists see the effects of supra-regional political and economic forces as potentially destructive to local livelihood systems, it is also important to consider whether farmers are able to control, or have a major input into the change process” (Batterbury 1997: 45). Thus, adopting an “actor-based” approach within political ecology along with the traditional focus on structural factors through theories like Blaikie’s “chain of explanation” approach provides a stronger strategic framework to analyze rural development outcomes.

Foucault and Actor Negotiation in the Creation of Development Policy

Another set of literature discusses themes of human agency by focusing on Foucault’s notion of governmentality. Long (1992), adopts Foucault’s explanation of how knowledge and power are constructed and transformed.

Like power, knowledge is not simply something that is possessed and accumulated...Nor can it be measured precisely in terms of some notion of quantity or quality. It emerges out of process of social interaction and is essentially a joint product of the encounter and fusion of horizons. It must therefore, like power...not be treated as if it could be depleted or

used up. Someone having power or knowledge does not entail that others are without (Long 1992: 27).

Goldman (2002) also utilizes Foucauldian methods to explain how human agency from actors at various levels plays a strong role in development outcomes. The author asserts the mapping of specific policies is not a static process and involves many competing interests and voices (Goldman 2002: 21). Also, the author criticizes previous post-structural literature by stating it is a “mistake to argue that development power typically starts at the global level with external agents (such as the World Bank) and then travels to the local level, transforming internal development subjects (such as the poor or the state) as it goes” (Goldman 2002: 11). Goldman asserts that the negotiation process between external and internal actors is complex and varied. His perspective looks beyond “the Weberian concept of state’s monopoly of power in society to Foucault’s concept of government” (Goldman 2002: 21). This involves analyzing not only political structures and the role of international institutions but also looking at actors from various levels to determine “the way in which the conduct of individuals might be directed.” Participating in the process are scores of different actors from local communities, NGOs, hybrid state actors as well as the state and international institutions. The involvement of these different groups illustrates that development is a “constellation” of competing interests, power relations and political rationalities (Goldman 2002: 25).

As discussed by Paley (2001), an example of Foucault’s notion of government may also be seen with the establishment of democracy in Latin American countries. In the case of Chile, strong public mobilization and renewed political opposition, led to the reestablishment of democracy in 1991 after almost thirty years of military dictatorship.

However, the author asserts that the democracy created was largely limited by the political institutions that remained intact from the Pinochet dictatorship. Paley also contends that the purpose of the transition to democracy was to reduce protest against structural adjustment programs being carried out by the state as well to transfer responsibility for social programs like health care from the state to social organizations and NGOs. Although these groups now had the responsibility, they often did not have the resources to effectively carry out social programs.

Nevertheless, even though democracy may have been used by the government to placate the population after years of repressive military rule, while at the same time reducing its role in providing social support, these newly established organizations began to redefine their own participation. This was done through collective mobilization and protests that have been able to put pressure on the Chilean government for change (Paley 2001). Thus, Long and numerous other authors utilize Foucault to explain how local actors do influence government policy and are active participants in the creation of both knowledge and power relations.

Critiques of Actor Method

There have been criticisms against actor-orientated models that emphasize the importance of local human agency from various fields. Escobar (2000) does not deny the fact that human agency at the local level does play a role in the creation of development policy. In fact, the author recognizes the contribution of Long and Arce's "project of reclaiming and pluralizing modernity via strategies of development that run counter to the dominant model" (Escobar 2000: 4). Escobar's primary critique is that the goal of post-

structuralism is to reject the very notion of development itself as a Western conceived notion of progress: a model which threatens to destroy local livelihoods and culture.

As discussed by Batterbury and Fernando (2003) Escobar's ideas have also been critiqued on a number of grounds. This includes the assertion that unfettered neoliberal capitalism, not development itself, is the major problem with current policy.

Additionally, placing development as a single monolithic force pushed on the Third World by Western actors, denies the progressive and radical voices that compete and influence policy within international institutions, NGOs and national governments.

Finally, instead of Escobar's call to reject the very notion of development itself, local actors seem more concerned with gaining a more equitable distribution of the benefits within the capitalist system itself such as "capital, paid labor, education, health..."

(Batterbury and Fernando 2003: 6).

Besides Escobar, Harris (1997) takes another critical stance by discussing how the focus on structural factors may be lacking in Long's actor-orientated approach. The author begins by examining literature from numerous scholars in the "Wageningen group" with Long at the center, who "reacted strongly to what they have seen as deterministic style of structuralist accounts of rural development in the vein of Marxian or non-Marxian political economy..." (Harris 1997: 7). This group of authors further rejects structuralist and Marxist notions related to "commoditization theory," that assert local actors have a submissive role to play in the development process as small-scale producers. Commoditization theory holds that these "simple" or "petty" commodity producers are an integral part of a capitalist production system that breeds and

perpetuates poverty and inequality (Harris 1997: 9). Harris explains how authors like van der Ploeg critique commoditization theory with the notion of “endogenous development” or development based on local resources and knowledge. Like Long’s actor-orientated model, it assumes dialogue between various groups including local actors who influence the development process.

According to Long (1992), the weakness of the commoditization thesis is:

...its tendency to accord social actors a relatively passive role in the process of commoditization itself...Commoditization processes...should not be seen as the sole outcome of external forces impinging upon individuals, households or enterprises. Rather, I view these processes as social constructions subject to constant negotiation by social actors in specific time-space situations (Long 1992: 175, 178).

Nevertheless, Harris and other authors contend that Long and van der Ploeg “may underestimate the extent to which actors choices are constrained” by external forces (Harris 1997: 20).

In the end, the dichotomous debates between the focus on local agency and structuralist perspectives reach somewhat of a circular stalemate. Harris concludes by recognizing a number of important advances in rural development studies. These include both commoditization theory, the reassertion of the state’s role, as well as the recognition that rural development is a contested process of negotiation between various actors in which local players have the ability to influence planned intervention.

Rural Development can therefore be seen as a political arena in which various actors negotiate and struggle, over and in the context of institutions (rules, norms, conventions) which regulate access to resources of different kinds, constrained variously by differences of power...In regards to policy I have argued for what is, in essence a reflexive approach aimed at ‘dialogue’, though this may necessarily involve, as well the

establishment of 'new civil institutions' and political choices that threaten existing structures of power (Harris 1997: 19).

Harris asserts that the policy implications of this reflexive method based on 'dialogue' or negotiation between actors at various levels can be used to encourage more equitable, sustainable and transformative development. Although, the author argues that the focus on structural factors may be lacking in actor-models, I believe applying Long's revised actor orientated-approach within the framework of political ecology and the scale approach provides a more complete analytical framework to explain current rural development initiatives. Applying this framework to numerous case studies, I argue that although the brand of sustainable development espoused by international institutions has generally fallen short of encouraging true participation or negotiation, local actors can play a strong role in shaping intervention outcomes.

The Complex Nature of Evaluating Sustainable Development Policy:

Case Studies

In looking at rural development interventions based on sustainable development rhetoric, varying outcomes, described by numerous authors, point to an underlying complexity in explaining development policy. While it seems that promoting true negotiation and participation by the World Bank, other international institutions and the state with members of civil society has generally been lacking, non-state actors like NGOs and community organizations can play a role in determining the creation and implementation of government policy. In light of the proceeding examples, combining structuralist notions from the field of political ecology with Long's actor-orientated

approach may help explain varying policy outcomes. While, in some cases, civil society and particularly, local communities targeted by specific initiatives had limited ability to truly negotiate the terms of their development, other examples illustrate how policies originating from the state and international levels can be subverted and reshaped by local actors.

Influencing Top-Down Policy in Bangladesh, Burkina Faso and Peru

There are numerous examples that find less than satisfactory results regarding the promotion of sustainable development and local participation. Bebbington, Lewis, Batterbury and Olson (2003), examine the recent emphasis on “empowerment” by the World Bank through promoting citizen access to information and encouraging participation, accountability and local organizational capacity (Bebbington, Lewis, Batterbury and Olson 2003: 5). The authors utilize the concept of “organizational culture,” which refers to “the interactions among the deeper sociopolitical context of organizations, power relationships between and within them, every day practices and the dominant meanings and values in each organization” (Bebbington, Lewis, Batterbury and Olson 2003: 27). Thus, they stress the importance of analyzing both structural constraints and human agency to address implications for empowerment in recent World Bank funded programs.

The authors examine three programs in Bangladesh, Burkina Faso and Peru, which sought to increase empowerment while also fostering sustainable, economic development. Even though numerous groups in the different projects such as women or community organizations had limited success in reaching certain “degrees of

empowerment,” the authors assert that the project failed on a larger scale because of “sociopolitical” factors at both the local, state and international levels (Bebbington, Lewis, Batterbury and Olson 2003: 29). In this case, the ineffectiveness in promoting empowerment may be better understood combining Long’s actor-method with Blaikie’s chain of explanation or scale approach. While the first one describes the process of human agency by internal/local actors, the latter traces negative policy outcomes from interactions at the local to the international levels.

Despite these criticisms, much recent literature discusses how local actors can and do influence the development process. In the general sense, Scott (1985), discusses the common ways that poor and under represented groups defy encroachment from outside interests. These include actions like foot dragging, desertion, false compliance, feigned ignorance, slander, arson, etc. Furthermore, the author asserts that:

To understand these common forms of resistance is to understand much of what the peasantry has historically done to defend its interests against both conservative and progressive orders. It is my guess that just such kinds of resistance are often the most significant and the most effective over the long run (Scott 1985: xvi).

Although these actions may be seen as insignificant compared to large-scale popular mobilization or direct negotiation with international institutions, human agency through “everyday” forms of resistance has played a strong role in influencing development at the local level.

Development Initiatives in Colombia

Escobar has also described the ability of community actors to influence development interventions. Yet, as opposed to earlier assertions of the dominance of

Western paradigms in development policy, his later research stresses how this process can and should be contested at the local level. Thus, Escobar asserts that the alternatives to development lie in the power of subaltern groups to challenge predominant, Western development discourse and policies (Escobar 1992: 138, Escobar 1995: 223). The focus on local communities negotiating for space to influence development policy is illustrated in his later works.

In Colombia, this negotiation process can be seen in the creation and transformation of various development projects such as the Plan Pacífico in 1992 and the Agenda Pacífico XXI in 2000. By examining the highly contested negotiation process that took place in establishing these initiatives, the author describes how local communities in Colombia helped influence neoliberal policy in the Pacific region towards recognizing the importance of preserving biodiversity and local culture.

Escobar (2002), explains that the first development project set forth by the Colombian government during the neoliberal period was the Plan De Desarrollo Integral de la Costa Pacifica (PLADEICOP) in 1983 (Escobar 2002: 4). Like many planned development interventions during the heyday of neoliberal reforms, it was far from promoting sustainable or equitable development. The plan recognized the strategic importance of the Pacific region of Colombia for national development and directly called for the exploitation of the region's forest, fishing and mining resources to promote economic growth. Almost a decade later, the much more ambitious Plan Pacífico was introduced by President César Gaviria which elevated previous goals and emphasized large-scale infrastructure development. According to Alexander (1996), although the

rhetoric of the proposal centered on the importance of sustaining environmental resources and rural development, in actuality, it placed little emphasis on addressing environmental concerns or promoting local involvement in the planning process.

Buried in the middle of the new 'Plan Pacífico' paper, after sections with reassuring titles like 'Health', 'Basic Sanitation' and 'Protection of Biodiversity', comes the real agenda for developing the region. Under the new Plan, the hydroelectric dams, railways, canals, naval bases, docks, land bridges, oil wells, mines, telecommunications, fishing and forestry projects which have long been on the agenda for extracting maximum revenue from the Pacific are still being budgeted for...Social projects, which are given such prominence in the document, are not supported by a similarly generous allowance in the budget (Alexander in Collinson 1996: 77).

According to Alexander (1996), in the first three years of the plan numerous projects were initiated, such as hydroelectric power stations, gold-mining operations and road construction that negatively affected rural inhabitants. These initial years were filled with tension as rural organizations in the Pacific contested that specific projects were only leading to continued deforestation and biodiversity loss and were bringing few benefits to local residents. Increasing organization from both indigenous and Afro-Caribbean groups also led to the halting and reassessment of numerous projects including the construction of a branch of the Pan-American Highway that aimed at connecting Colombia with Central America and further north to NAFTA (Alexander 1996: 79).

In fact, the momentum to address the environmental and social consequences of neoliberal policies increased with the 1991 Constitution that "recognized Colombia for the first time as a multicultural nation and placed ninety percent of indigenous homelands under indigenous control" (TED 1995: 1). As a result of these newly established laws, local communities throughout the Pacific region of Colombia became increasingly

organized to reinforce communal land rights and influence development policy.

According to Escobar (2002), following this tremendous opposition in the Pacific region, the Plan Pacífico was greatly transformed to grant more space in the negotiation process to local communities. In the Pacific, encouraging participation led to the creation of the “Equipo Ampliado,” which was a group made up of community organizations in order to promote “a sense of thorough discussion of conflicting interests (between state and local levels) towards a jointly agreed upon formula” (Escobar 2002: 22).

This newly established process of “concertación” resulted in the production of a set of principles and guidelines by the Equipo Ampliado that re-orientated the project towards more community involvement. As opposed to the previous neoliberal development plans based solely on exploitation of resources and the creation of infrastructure, the Equipo Ampliado called for protecting the local environment and culture of the Pacific region. For example, according to Kendall (1994), one of the major issues was the intellectual ownership of local biological and botanical knowledge that needed protection from exploitation by international pharmaceutical corporations. Also, local communities wanted to develop a sustainable development plan by defining what areas were suitable for conservation and what areas could be used for farming (Kendall 1994: 2). Thus, the central principle of the “concertación” strategy was to improve the social conditions of the local population and to guarantee the protection of the rich natural ecosystems of the area.

Although the “Equipo Ampliado” program created under the revised Plan Pacífico strengthened the rights of local communities to protect communal property and

environmentally sensitive areas, the overarching goal of the plan to reshape Colombia's environmental policy has remained difficult to obtain. The author concludes that despite the work from community organizations, "the project was eventually phased out due to lack of government commitment" (Escobar 2002: 27). Furthermore, the Colombian government continued to implement numerous infrastructure projects that resulted in the further destruction of the Pacific's rain forest for the benefit of private actors outside of the region. Despite this setback though, the pressures from local actors did lead to the creation of a third development plan in 2000 called the Agenda Pacifico XXI. This project stressed the importance of promoting sustainable development, improving social conditions and protecting bio-diversity. The plan also called for "a broad process of participation at the local level and long-term policies that respond to the ethnic, cultural, social, economic and environmental reality of the Pacific" (Escobar 2002: 2).

Thus, Escobar's study ends in a somewhat hopeful, but melancholy tone because it is difficult to determine the impact local communities had on development policy in the Pacific region of Colombia. If nothing else though, the study illustrates that sustainable development discourse is not merely a set of hegemonic policies pushed on inanimate local communities from above. In fact, the creation of development policy is a highly contested and negotiated process between state, local and international actors.

Human Agency Within "Green Development"

Numerous other scholars have also described the complexity of development interventions and assert that civil society can have a voice in this process. Besides the critique put forward by McAfee (1997), discussed in chapter one, concerning "green"

development, the author argued that the creation of institutions like the Convention of Biological Diversity has opened space for civil society organization in which local communities and NGOs have fought to protect local knowledge and resources by resisting the patenting of nature and the creation of intellectual property rights (McAfee 1997: 148). McAfee concludes that whether the process of privatization and commodifying nature leads to further inequities and biodiversity loss depends on the interaction between local people and the globalized market and whether local people can influence the process. Thus, promoting real sustainable, and equitable growth depends not merely on following the blueprints provided by international organizations but also utilizing local knowledge from communities affected by particular plans.

Rossi (2002), using research from Keita, Niger, discusses how the potentially “homogenizing” nature of development policy, following a neoliberal system of governance and control, “conceals a multitude of dissonant trajectories through which various categories of actors turn development rhetoric to their own ends” (Rossi 2002: 1). The author asserts that even though local villages often do not recognize their actions as resisting neoliberal policy, they nevertheless, “skillfully manipulate development intervention to their advantage” (Rossi 2002: 3). Keeley and Scoones (2000), also conclude through examining four case studies of environmental policy-making in Zimbabwe that while much participation only serves to maintain the status quo, “policy spaces can also emerge where actor-networks can be constructed promoting more fundamentally empowering forms of participation in policy processes” (Keeley and Scoones 2000: 1).

Furthermore, Moore (1999) examines how local cultural and historical factors shaped the outcome of Zimbabwean resettlement schemes tied to government-promoted, development projects such as the creation of hydroelectric dams. In showing that these projects have been highly contested at the local level, the author illustrates how “development discourses are refracted, reworked and sometimes subverted in particular localities.” By recognizing the importance of local contestation, the author shifts from “discursive determinism and toward a politics of contingency” (Moore 1999: 655, 659).

Role of Civil Society in the Decentralization of Resources to the Local Level

Another set of literature that discusses the implications of international and state development policy for human agency focuses on the recent neoliberal trend towards decentralization. Decentralization, which has been widely adopted in Latin America, Asia and Africa, generally refers to a transfer of decision-making authority and control of specific natural resources from the state to community institutions or private organizations. Larson (2001) examines this process in twenty-one local governments in Nicaragua. The author asserts that “three key factors are needed for local governments to be good resource managers: capacity, incentive and long-term commitment” (Larson 2001: 1). The “capacity” of local institutions in turn depends on technical, financial and legal resources while incentive and long-term commitment is contingent on a combination of economic motivation and civil society participation (Larson, 2001: 9).

Moreover, the results suggest the importance of civil society involvement in determining the overall success of decentralization throughout the cases. While funding and technical assistance was mostly supplied by international NGOs, the overall long-

term support for sustainable resource management hinges on involvement from both NGOs and community groups. Thus, the author asserts that, in many cases, civil society organizations have been able to influence the process of decentralization and promote more effective and sustainable resource management. Moreover, the long-term success of decentralization can only be achieved “through the integral and institutionalized participation of civil society” (Larson 2001: 14).

Wilder (2002) uses political ecology as a framework to describe the negative impacts of water decentralization on agricultural, particularly on small-scale ‘ejidal’ producers, in two Sonoran communities. Decentralization was part of a massive state-restructuring plan carried out in 1992 and promoted by the World Bank. Specifically, decentralization transferred the management of irrigation pumps and wells to local producers who were either private landowners or part of communal farming organizations called ‘ejidos’. The author argues that although the proposed goal of this policy was to bring more benefits to local producers by granting them control of local water resources, the actual results were quite different.

...the water and agricultural reform package overall does not benefit Sonoran producers, and particularly disadvantages the *ejidatario* sector of farmers, due to a cost squeeze driven by rising water and input cost, retrenchment of state support, and loss of subsidies, among other factors...Despite this overall finding, some *ejidatarios* have found entrepreneurial ways to adapt their productive responses to the new challenges (Wilder 2002: 11).

One important factor that contributed to problems in the area was a wide-scale water shortage due to a prolonged drought from 1992 through 2000. The combination of the drought along with structural and policy changes greatly exacerbated the economic

situation of many local producers. Specific policies promoted by the Mexican government included the promotion of higher water-demanding export crops such as table grapes and asparagus while eliminating local agricultural subsidies (IBID: 556). These policies most directly increased the vulnerability of small-scale ejidal producers. Despite negative impacts due to environmental conditions and official policies felt particularly by ejidal producers, some of these small-scale farmers were able to find innovative ways to adapt to the changes.

Thus, a common theme in this variety of critical literature and case studies is that while rural development initiatives based on external intervention have generally fallen short of their presented goals of empowerment and sustainable development, local actors did negotiate and rework development policy to meet their own needs. Actors such as local communities and NGOs are seen not just as docile bodies but rather as active participants in the contestation of development policy. However, current development research leaves the reader with an unanswered question as to whether local actors, on a wider scale, have the ability to transform their current social, political and economic situation and determine their own kind of development.

This question is also brought up by Hale (2002) who examines the recent state acknowledgment of the importance of the Mayan indigenous culture in Guatemala. This “multiculturalism” recognizes the distinct rights of the indigenous movement, as long as their demands are not too “radical” to the state’s neoliberal ideology. In the classic Foucauldian sense, these new found rights are part of a revised strategy to ensure state governance and maintain control. Yet, Hale also makes the distinction between this

“managed” multiculturalism and a “transformative” type in which demands made by civil society can lead to broad-based change. The strengthening and articulation of the Pan-Maya movement could transform the limited amount of political space recently opened into a powerful vehicle to promote more equitable social and political changes (Hale 2002: 485-524). Thus, in this chapter, I have presented a theoretical framework for examining the role of human agency in the development process. In the following chapters, I will apply this framework to historical and current development strategies in southern Mexico and Central America. With particular focus on my research concerning an immense regional integration project called the Plan Puebla Panamá, I will illustrate in the final chapter how the project has been contested and reworked by various sectors of civil society in its initial stages of implementation.

CHAPTER THREE: DEVELOPMENT IN CENTRAL AMERICA: REGIONAL INTEGRATION FROM THE CACM TO THE PPP

When looking at the cyclical history of development policies in Central America and Latin America in general, the numerous strategies promoted from the colonial period to the present to encourage economic growth have usually fallen short of creating equitable or sustainable development. In the recent history of Central America, regional integration, from the creation of the Central American Common Market in 1960 to the proposed Plan Puebla Panamá, has been seen as a way to facilitate trade and encourage economic growth. Although once implemented, the Central American Common Market did achieve high rates of growth for over a decade, it fell into decline in the 1970s and 1980s. This led to the increased opening of regional markets to foreign trade and investment.

Yet, along with the current neoliberal context in Latin America characterized by free markets and privatization, regional integration, now on a wider scale, is still seen as an important tool to promote development in Central America. This chapter argues that in order to understand the Plan Puebla Panamá within the wider context of the recent free trade agreement between Central American countries and the United States and the push by the United States for free trade throughout the Americas, it is also important to analyze the historical context of economic development in Central America. This is because the PPP is not the first time that large-scale integration schemes based on the creation of infrastructure for industry and free trade have been proposed by Central American and foreign actors. Neither is it the first time that civil society groups in

Central America have mobilized, successfully or unsuccessfully, to influence this development. Thus, after first briefly examining the economic history of Central America from the colonial to the post World War II period, this chapter will examine the creation, implementation and the gradual decline of the CACM as well as the adoption of the more recent Caribbean Basin Initiative. Finally, the current context of revised neoliberal policy based on sustainable development will be discussed through examining the creation and recent implementation of the Plan Puebla Panamá.

Economic History Prior to the Central American Common Market

The colonial past of Latin America has greatly influenced its economic policies from independence to the present. After the republics gained their independence from Spain and Portugal in the 1820s, Latin America was still heavily influenced by European powers and continued to base growth policy on the export of primary products while importing manufactured goods from industrialized countries (Skidmore, 1992: 37-40, Bulmer-Thomas 1994: 2). The assumption, based on economic considerations, was that all that was needed for development was to unlock the natural resources of the region and have unrestricted access to world markets.

The notion of utilizing natural resources to promote economic growth was actively embraced by Central American countries during the liberal reform era. This period, which began in the 1870s and continued into the early twentieth century, promoted the growth of the agricultural-export industry through privatization and the creation of infrastructure. In Guatemala, for example, beginning with the presidency of Justo Rufino Barrios in 1873, major liberal reforms were enacted such as the privatization

of church, state and communal lands as well as the creation of railroads and ports. These measures were taken to encourage the growth of agriculture exports like coffee and bananas (Palmer, 1990: 80). The reforms led to a tremendous increase in production as coffee exports rose from 149,069 quintales in 1873 to 592,478 in 1893 and 1,115,626 quintales in 1909 (McCreery 1994: 301).

In fact, liberal reforms to encourage economic growth through the promotion of agricultural were widespread throughout Central America. By 1926, coffee and bananas made up over 90% of the export earnings in Costa Rica, Guatemala and El Salvador. However, although the liberal reforms of the 1870s did lead to economic growth, they only exacerbated the existing social inequalities of the region as land was increasingly concentrated in the hands of rich local land-owners and international corporations like the United Fruit Company. Moreover, the increasingly larger areas of land used for coffee and banana production encroached on domestic staple crops like maize and beans while coerced labor for the export industry captured the domestic work force. This led to increasing dependence not only on foreign markets but also on more expensive food imports (Bulmer-Thomas 1988: following attributed).

This tremendous dependence on foreign markets proved harmful when export prices peaked in the mid 1920s and plummeted during the Great Depression. In response, in the 1930s some Central American countries like Honduras and Nicaragua diversified into non-traditional agricultural exports like sugar and precious metals. More widely though, the decline in terms of trade and the greater difficulty importing consumer goods led to an alternative approach by governments to reinvigorate economic growth called

import substitution. This strategy occurred in largely two different manners in Central America. Although, import-substitution industrialization became a popular growth strategy later on, during the 1920s and 1930s, the expansion of the industrial sector through protecting industry with high external tariffs was hampered by the lack of credit and foreign currency. On the other hand, the production of traditional agricultural products for domestic use was not subject to the same restrictions. Thus, import-substitution agriculture of traditional products like maize, beans, rice, wheat and cattle greatly increased from 1928-1938. (Bulmer-Thomas 1988: 58-61).

After beginning to recover from the effects of the Great Depression during the late 1930s, the focus on agricultural exports once again became the dominant strategy for economic growth throughout Central America as prices for commodities like bananas and coffee improved. The continued growth of the export industry through the early 1950s was largely due to the favorable conditions for market expansion of agricultural products that occurred after World War II. However, this growth also resulted in increasing the concentration of land in the hands of local elites and foreign investors from Europe and the United States, which further marginalized rural populations. The United States became an integral part in this expansion and as a result, greatly increased its economic influence in the area. For example, from 1948-1953, it bought seventy-five percent of the total Central American imports while supplying Central America with seventy-three percent of their total imports (Orantes 1972: 3).

With the relative success of the agro-export model there was little incentive for the large-scale expansion of the industrial sector or promoting trade amongst the region.

Immediately after World War II, interregional trade was insignificant between Central American countries which was greatly hampered by insufficient infrastructure and communications. Interregional roads were virtually nonexistent. The only two countries connected by railway systems were Guatemala and El Salvador. Yet, this system of rails was owned by foreign companies like the United Fruit Company and served solely to transport goods to ports for shipment to foreign markets (Orantes 1972: 7-8). This steady but limited growth provided little incentive for Central American elites and governments to rework the existing agricultural export strategy.

Nevertheless, by the mid-1950s, views began to change as “the world price of Central America’s traditional exports once again began a secular decline which continued through most of the 1960s” (Bulmer-Thomas 1988: 76). In response, Central America, with guidance from the United States and institutions like the Economic Commission for Latin America, turned to regional integration and industrialization as a solution to their economic problems. This soon led to the establishment of the Central American Common Market in 1960. In order to describe this ambitious economic plan, it is first necessary to explain the role of different international actors in the process.

The CACM, ECLA and The United States

The prime mover in the initial drive towards regional integration was the Economic Commission for Latin America (ECLA) that later became known as the Economic Commission for Latin America and the Caribbean. This organization had been promoting “desarrollo hacia dentro” or development from within for a number of years to Central America through the Import-Substitution Industrialization model. This economic

strategy, by placing high external tariffs on imports of manufactured goods to protect domestic industry, was seen as an integral part in encouraging economic growth (Bulmer-Thomas 1988: 75). ECLA's promotion of ISI was based on theoretical models later coined as structuralism and dependency theory, which both saw the world as divided into industrialized centers like the United States and raw material producing periphery areas like Latin America. At the root of the problem for periphery countries was their dependence on primary product exports like agriculture and extractive natural resources. This dependence caused instability as declining international demand for these products led to a gradual deterioration in the terms of trade between primary product exports and manufactured imports from industrialized countries (Orantes 1972: 13).

The decline in export prices that occurred again in the 1950s was only one reason though why Central America began to show interest in ECLA's model that coupled ISI with regional economic integration. Other external events such as the establishment of the European Common Market in 1958 triggered an interest in alternatives to the agro-export model. Mainly, "the ECM's common external tariff and protectionist agricultural policy sent shockwaves through Latin America" because the region as a whole relied heavily on open foreign markets to export its primary exports (Mattli 1999: 140, following attributed). Although the initial push for regional integration was guided by the Economic Commission for Latin America, the United States played a pivotal role in later influencing the creation of the CACM.

Traditionally, the United States had been opposed to regionalism in Latin America and instead preferred to deal with individual countries to pursue U.S. political

and economic interests. As a result, the United States, at first, did not show any interest in the ECLA's project. With growing economic and political turmoil in the region though, that posed a direct threat to present and future investment in the area, the United States soon realized the importance of playing a greater role in shaping development strategies in Central America. The arrival of the Democrats to power with the presidency of John F. Kennedy in 1961 marked a change in policy towards Central America and Latin America as a whole. Kennedy's strategy through the "Alliance for Progress" aimed at both promoting national development in the region, mitigating the threat of communism and providing a stable environment for U.S. investment. The Alliance for Progress:

...was by far the most ambitious and concerted US plan for Latin American development within the framework of export-led and foreign-capital-based growth, and while the projected US commitments in terms of aid and investment were never reached, those that were forthcoming significantly altered the character of the Central American economy (Dunkerly: 1988 203).

It was felt that by "constraining the operation of foreign capital" ECLA's economic plan for Central America would pose a direct threat to meeting the goals of the Alliance for Progress (Dunkerly: 1988 203). As a result the United States aimed at countering ECLA by shaping the Central American Common Market. The aim for both sides was to promote economic development in the region while also opening Central American economies to further foreign investment. Yet, as soon would be seen with social unrest in the 1960s leading to numerous civil wars in the 1970s and 1980s, the lack of substantive structural changes like land reform was one of the major failings of the CACM.

Implementation of the CACM

With the involvement of the United States in the signing of the General Treaty in 1960, Central American countries went a step further than ECLA's original intentions of creating a customs union by agreeing to the establishment of a common market. The common market is but one level of regional integration, the highest involving becoming a single country through political and economic union. Specifically, a common market aims at stimulating free trade by eliminating both tariff and non-tariff barriers to trade within the region. It also involves adopting common external trade policies with non-member countries as well as eliminating barriers that inhibit the movement of all factors of production including labor, capital and technology (Griffen and Putsay 1999: 3). After finally being launched in 1960, the CACM "provided a convenient vehicle for the promotion of industry in the region through the creation of a free trade area protected by a common external tariff" (Bulmer-Thomas 1988: 4). The CACM was essentially a halfway point between Import Substitution Industrialization, involving national protection of industry and Export Led Growth that opened up markets to regional imports while at the same time encouraging agricultural exports (Bulmer-Thomas, 4: 1988). Thus, the goal of the CACM was promoting economic growth through a number of factors including free trade, a common external tariff, rapid industrialization and the creation of infrastructure.

First, utilizing regional free trade to spur economic development was one of the primary goals of the CACM and was carried out relatively efficiently. For example, immediately after the 1960 General Agreement, seventy-four percent of all included

items such as industrial products did not have any restrictions. In 1966, free trade was extended to over 94 percent of all products in the region. (Bulmer-Thomas 1988: 78). As a result, particularly during the first decade of the CACM's existence, interregional trade dramatically increased from 21.7 million dollars in 1960 to 260 million dollars in 1968. Restrictions inhibiting interregional trade were eliminated for almost all items. Only five to six percent of all products including wheat, oil, and assembly goods were excluded from trade liberalization. This was largely because individual countries did not want to risk harming domestic producers and also because higher tariffs for certain products provided a large source of government funding through taxes. Second, Central American countries also agreed to adopt a common external tariff (CET) for all products in five years. The tariffs soon established varied depending on the type of product. For example, while an 82.5 percent tariff rate was placed on consumer goods, a 32.2 percent tax was created for building materials. This CET was established with the goal of protecting and encouraging the growth of regional manufacturers and helping to spur regional free trade (Bulmer-Thomas 1988: 79).

Another primary goal of the Central American Common Market was the creation of competitive industry within the region to break free from dependence on foreign manufactured imports. The main strategy, espoused by the Economic Commission for Latin America since the 1950s, was a regional form of Import Substitution Industrialization involving the strategic placement and protection of different types of industry in each member country. The industry would then be granted the exclusive rights to supply the regional market for the following ten years. Although this strategy

may have seemed the most efficient way to ensure the equitable distribution of the benefits, it was hampered by the Central American countries' disagreement over who would have access to specific industries. As a result, individual countries resorted to alternative but more competitive strategies to attract the largest amount of foreign investment such as granting excessively high tariffs to certain industries and offering large fiscal incentives (Orantes 1972: 47). Although U.S. investment in the region continued to be a relatively small portion of the total investment in Latin America, the United States was a major investor in the CACM. In 1969, U.S. corporations owned seventy percent of the 572 foreign companies in Central America. Further:

In 1980 U.S. control of more than 1,000 businesses in the region rested on a total investment barely in excess of \$1 Billion, even very limited capital holdings provided North American corporations of the 1960s with great purchase over such small and backward economies (Dunkerly 1988: 204).

Another essential and expensive component of ECLA's and Central America's strategy of economic integration involved the creation of infrastructure for foreign investors that included roads, airfields, seaports, electric power and telecommunications. Due to the immense undertaking many of these projects entailed, the majority of funding came from external sources like the United States and the Inter-American Development Bank (IDB). For example, the creation of the regional road network that began in 1963 and cost about 75 million dollars to construct, was largely funded through loans from the Inter-American Development Bank and US-Aid. In Guatemala, during the 1970s the construction of three hydroelectric dams alone (Chixoy, Chulac and Aguacapa) cost over one billion dollars (Black 1984: 29).

The Decline of the CACM and the Closing of Political Space

Between 1950-1980, the economy of Central America grew considerably; the population more than doubled and production rose more than four fold (Dunkerly 1988: 171). During the decade of largest economic development, 1960-1970, multinational investment and interregional exports rose nine times to 300 million dollars through the creation of a modest industrial sector. Yet, after an initial decade of rapid growth, the CACM fell into decline for numerous reasons. First, it can largely be attributed to the failure of the Import-Substitution Industrialization model based on foreign investment from the United States. One of the main problems was the magnitude of trade diversion that occurred as a result of protecting domestic industry through high external tariffs against foreign imports. This led to less efficient industry and more expensive domestic products (Bulmer-Thomas 1988, 1998). There was also a problem with the light industry established beginning in the 1960s that followed a “maquiladora” type model characterized by a “generally high level of external inputs...this reflects less the absence of local raw materials than a distinct strategy on the part of foreign capital to develop enterprises dedicated primarily to finishing or assembly” (Dunkerly 1988: 204). While transnational corporations and a select group of national elites benefited from low labor costs, the majority of the industries created were enclave operations, dependent on foreign inputs that brought few benefits to the regional population as a whole. Also, because the region’s protected industry was relatively inefficient, there was little prospect for expanding to international markets.

Second, despite a period of sustained economic growth, one of the CACM's major failings was not extending this growth to the majority of the population. According to numerous authors, the failure was due to both internal and external factors. For example, declining terms of trade for primary products meant that Central America was faced with a particularly difficult and vulnerable position on the world market. The 1970s was a particularly harsh period as a general world recession was triggered partly by major oil shocks in 1973, 1974 and 1979 (Dunkerly 1988: 211).

On the domestic side, although the CACM called for economic development that would benefit the region as a whole, Central American governments and national elites were unwilling to make large-scale structural changes, such as land reform, necessary to promote more equitable development. From 1950 to 1975 a large component of Central America's development strategy was based on the increased export of traditional agricultural products like coffee and bananas as well as new rural exports like cotton, sugar and cattle. During this period, there were growing imbalances in the patterns of land ownership between large-scale commercial farms owners and small-scale "campesino" farmers mainly producing for subsistence purposes. There was also a major increase in the direct expulsion of peasant producers from their lands. For example in Nicaragua, from 1950-1975 the area cultivated by small farmers fell from 14.6 to 3.8 percent while in Guatemala it fell from 37.5 to 16 per cent. These increasing inequalities were a result "of a geographically uneven but general tendency for commercial farms to expand at the direct expense of the subsistence sector (Dunkerly 1988: 182-184). As a result of the increasing disparities in land distribution and the few economic benefits seen

by the majority of the population in general, the relatively small regional market of only eleven million in 1960 quickly became saturated.

The 1960s also marked the beginning of a profound social period, marked by mobilization of various civil society groups vying for greater political representation and equitable economic growth. In Guatemala, the creation of infrastructure, the expansion of transportation services and the mass media as well as commercial growth had a tremendous impact on rural communities.

The whole of the Guatemalan society—including the Indians—appeared to be in a process of abandoning its secular backwardness to begin the transition toward modernization that, without challenging class relationships or redistributing land, wealth, or income, would extend monetary relations and broaden the consumption of merchandise (Arias 1990: 236).

Since the liberal reform period of the early 1800s in countries like Guatemala, many saw the solution to the Indian problem” as integrating the majority indigenous population into a model of capitalist development. Unexpectedly though, the incorporation of the indigenous population into the Central American Common Market opened the doors for greater political awareness and social mobilization. Groups like “Catholic Action” first promoted the creation of agricultural cooperative groups as well as literacy campaigns in local communities that taught indigenous how to read and write in Spanish. With the impacts of the CACM’s financial crisis throughout the 1970s felt primarily by the marginalized indigenous population, groups soon formed to discuss issues like peasant rights and the rights of all Guatemalan citizens. Catholic Action also opened schools throughout Guatemala and some indigenous youths became the first to gain formal education at the university level.

During the 1960s and 1970s, this new generation of young indigenous leaders soon saw public mobilization and the creation of their own political parties as a means for change. However, the Guatemalan government had no intention of allowing structural changes that would threaten national and foreign elite interests. In response, beginning in 1978, the Guatemalan government initiated a horrific counterinsurgency campaign that directly targeted the majority indigenous population. During this time:

...the state simultaneously fulfilled the role of an agent for development and repression to the population in order to keep introduced modernizing features from bringing about overall changes in the power structure (Arias 1990: 255).

One example of this can be seen with the Chixoy Dam, constructed in the 1970s and 1980s during the height of Guatemala's thirty-six year civil war. After community leaders from the indigenous town of Rio Negro organized to prevent the village from being displaced, the military dictatorship responded by killing 378 Mayas in a number of brutal attacks. While the official goals of the over-arching military campaign was to fight communist guerillas, the government identified the Rio Negro community as infiltrated by communists because of their resistance to relocation. Thus, "the community's refusal to be relocated provoked genocidal violence" (Working Group on Multilateral Institution Accountability 2000: 3).

These socioeconomic and political problems in Guatemala represent a general trend in Central America at the time. The economic failure of the Central American Common Market, coupled with the civil wars and political unrest in countries like Guatemala, El Salvador and Nicaragua over growing social and economic inequalities,

meant that the Central American Common Market was all but abandoned in the 1980s with neoliberal market reforms.

Central America, the United States and the Caribbean Basin Initiative

The decline of the Central American Common Market left both a hole in the economies of Central America and the economic policy of the United States in the region. Moreover, still embroiled in the Cold War, of continuing concern to the U.S. was an increase in a perceived communist influence in Central America that threatened the United States economic and geopolitical interests. A number of key threats in the 1970s and early 1980s were the overthrow of the Somoza dictatorship by the leftist Sandinista guerrilla group in 1979 and the ongoing civil wars in El Salvador and Guatemala. Equally worrying was that numerous countries in Latin America and the Caribbean showed varying degrees of support for the communist regime in Cuba. As a result in 1983, President Reagan passed the first of three eventual acts, the Caribbean Basin Economic Recovery Act (CBTPA). Better known as the Caribbean Basin Initiative (CBI), it was comprised of twenty-seven countries in the region including the seven Central American states.

The Caribbean Basin Initiative united the Caribbean and Central America into a single strategic area that would benefit from more liberal access to America's markets, greater economic assistance, and more incentives for capital investment. Ravaged by revolution and overall state instability, the CBI was viewed as a means to resuscitate the struggling region... Essentially the CBI began as a "Marshall Plan" tailored for the Caribbean (Dypski 2002: 101).

In many ways it seemed that the CBI resembled previous development models through encouraging foreign investment, particularly from the United States for industrial growth,

and providing aid as a “Marshall Plan” for the region. Also, the export of agricultural products like sugar and beef while protecting staple food products aimed at building on and improving previous agro-export models. The major difference between the CBI and the protectionist Central American Common Market, were the conditions set by the United States to encourage market orientated policies. Thus, receiving preferential access to U.S. markets for agricultural products like beef and sugar was contingent on rules like:

the country’s willingness to provide equitable and reasonable access to the markets and commodity resources of the country...acceptance and adherence to rules of international trade in accordance with the General Agreement on Tariffs and Trade...the degree to which a country uses trade distortion maneuvers, such as export subsidies, export performance, or local content requirements (Dypski 2002:104).

The next two initiatives, passed in 1993 and 2000 expanded free trade with the United States by continuing to lower tariffs on products and opening the region to greater foreign direct investment (FDI).

Thus, the Caribbean Basin Initiative was and continues to be a major step towards promoting neoliberalism in Central America and the Caribbean. Moreover, it is indicative of a more significant trend of market-orientated reform in the 1980s that have brought adjustment programs and the neoliberal economic model to Latin America. In Central America, in the 1980s and 1990s these reforms have led to privatization of state-owned companies, greater opening of the region to foreign investment in ‘maquiladoras’, and an overall reduction of the state in the economy. Yet, the short-term benefits of this new economic model have been difficult to achieve while its consequences including increased poverty and a widening income distribution gap are increasingly present

(Dunkerly 1994: 17, Bulmer-Thomas 1996: 10). The Plan Puebla Panamá, a regional integration initiative being carried out in Central America and southern Mexico, has the proposed goals of addressing the failures of the CACM and the more recent adoption of neoliberal policy. While these aspirations do include traditional development schemes based on infrastructure including the integration of electricity, highways and telecommunications as well as the continued expansion of free markets for trade and investment, the major difference is that the plan has been presented as one based on the discourse of sustainable development. However, when examining the PPP, it difficult to determine whether it truly represents an effort to promote more equitable and environmentally sustainable growth with active participation from civil society or is simply a means to promote the continued expansion of free trade and neoliberal reform.

New Initiatives for Development in Central America:

The Plan Puebla Panamá

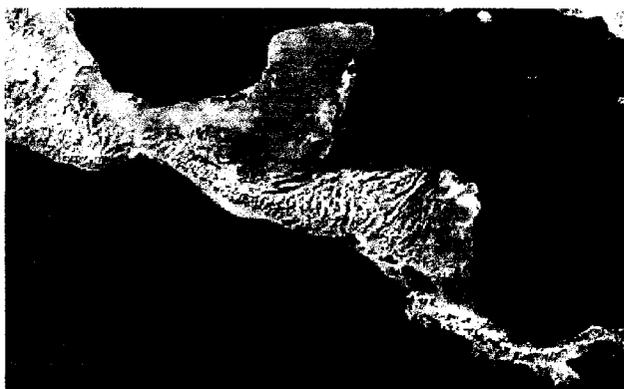


Figure 3.1 obtained from <<http://www.iadb.org/ppp/>>.

The Plan Puebla Panamá (PPP), originally proposed by President Vicente Fox in 2000 will affect sixty-two million people from Central America and Mexico. It includes

the seven Central American countries as well as the southern Mexican states of Campeche, Chiapas, Guerrero, Oaxaca, Puebla, Quintana Roo, Tabasco, Veracruz and Yucatan (Interaction 2002: 1, Call 2002: 1). The twenty-five year, ten billion dollar project aims at promoting growth through eight Mesoamerican initiatives, based on a process of regional integration and sustainable development (IDEX 2001: 1). Between the years 2000 and 2010, it is expected to increase trade within Central American countries by over three billion dollars and increase trade between Central America and Mexico by 250 million dollars. The main argument in support of the PPP is that it differs from previous development programs in Central America and southern Mexico because of its focus on strengthening the region as a whole through the creation of infrastructure, while also specifically promoting a type of growth to mitigate the persistent problems of extreme poverty and environmental degradation. The PPP has nevertheless been greeted with skepticism and extreme opposition by non-governmental organizations and members of indigenous communities. This section will describe the Plan Puebla Panamá through its eight initiatives as well as the major criticisms against it.

According to Eike Duffing, an environmental consultant for the Mexican Government creating and revising the Plan Puebla Panamá programs for southern Mexico, the history of the plan stemmed from a number of different situations in Central America and southern Mexico. First, before the original proposal made by Vicente Fox in 2000, Central American countries had already struggled for a number of years trying to address common social, economic and environmental concerns. Besides their geographic proximity, cooperation was a pragmatic choice given a shared problematic history of

horrific civil wars, political instability and extreme inequalities. Moreover, due to peace negotiations and a general transition to democracy in the early 1990s, Central American countries had already gained experience negotiating with international donors. These countries also came to realize that they were worth very little in the global market and they saw regionalization as a possible solution.

Especially after Hurricane Mitch devastated Central America in October of 1998 (National Climatic Data Center 1999), these countries began to push for eight areas of cooperation. They included common agreements on transport, communication, fighting extreme poverty, general social development, environmental protection, small-scale economic integration (such as in the textile industry) and risk management (to reduce the shock caused by disasters like Hurricane Mitch). Besides these common agreements, international organizations like the Inter-American Development Bank (IDB) strongly pushed towards integration (which would mainly involve creating regional trade agreements), for a number of reasons. First, in general terms of political advantages, the IDB believed integration would help Central American countries overcome their differences and create mechanisms to defend democracy. In economic terms, it would serve as an “effective instrument for expanding markets, creating jobs and diversifying exports” (Inter-American Development Bank 2002: 1). Also, in general, many countries push for economic integration and regionalization because “they want to secure access to their biggest trading partners who are often neighboring countries” (Schepp 2001: 2). Central America, along with influence from the international community, was promoting regionalization as a means of cooperation that would, in turn, promote development.

Thus, enters Mexico and the businessman-turned-president Vicente Fox. Following the debatable success of NAFTA and the maquiladora industry in Northern Mexico, Fox unveiled the original Plan Puebla Panamá in 2000 as a means to extend development to the previously neglected region of southern Mexico. Yet, the plan was rejected by both Central America and international organizations like the Inter-American Development Bank and the European Union because of its sole focus on economic factors. These centered on the creation of infrastructure to connect the region and the promotion of free trade. In order to gain acceptance from Central America and the international community, Fox then reinvented the PPP by extensively integrating social and environmental initiatives into the economic plan.

This second phase, which took place from 2001 through mid 2002, stressed the importance of sustainable development as opposed to the traditional focus on unfettered economic growth. Doing this would require more participation at the local levels of government and from other actors outside of the state. Moreover, in order to make the PPP more attractive to Central America, Mexico not only redefined the social and economic facets of the plan, it also promised Central America access to NAFTA markets.² As discussed by ECLAC (2002), Central America and the Caribbean have been engulfed in an even greater recession than the one experienced during the structural adjustment programs of the 1990s. The problems include formal employment dropping by 2.5% with a record high 9.3% unemployment rate projected for 2002 (ECLAC 2002: 2). With these facts in mind, the promise of reinvigorating the Central American

² Eike Duffing: Personal Communication. February, 2002. The University of Arizona.

economy through integration and NAFTA markets, in the context of sustainable development, seemed very attractive to Central American leaders.

The Eight Mesoamerican Initiatives for Regional Growth

The eight Mesoamerican initiatives include Energy Integration, Road Integration, Integration of Telecommunications Services, Trade Facilitation and Competitiveness, Human Development, Sustainable Development, Natural Disaster Prevention and Mitigation, the Mesoamerican Tourism Initiative and the Information, Consultation and Participation Program. There appears to be three primary goals underlying the PPP. These include increasing industrial and transit infrastructure to promote exports, shifting the economy from an agricultural to a maquiladora base and expanding private control over the areas vast natural resources (Call, 2002: 2). Furthermore:

One most of the most important pieces of information about the PPP is who is responsible for it...The highest authority of the PPP is the regions' presidents, which delegate work to the Executive Commission for the Financing and Promotion of the PPP (EC) , which is composed of delegates from each country. While the IDB is not formally a member of the EC, Enrique Iglesias (the president) sits on the EC as an individual and therefore exercises de facto influence. The IDB is also the principal donor behind the PPP initiatives that have so far confirmed financing (Interaction 2002: 2).

The Inter-Institutional Technical Group is one of the primary mechanisms in the design of the Plan Puebla Panamá. This group includes, among others, the Inter-American Development Bank, the Central American Bank for Economic Integration and the Economic Commission for Latin America (Interaction 2002: 2). According to the Inter-Institutional Technical Group (2002), the primary project within the Mesoamerican Initiative for Energy Integration is known as SIEPAC, (the Spanish acronym for the

Electricity Interconnection System for Central American Countries) which aims at creating a more reliable power transmission system throughout the eight countries (McElhinny 2004: 1: following attributed).

SIEPAC will involve the construction of an 1830 kilometer, 230-kilowatt energy distribution line throughout Central America that will have a total cost of 320 million dollars. This will help create an electrical grid or a Regional Electricity Market (MER). Along with the continued privatization of the energy industry, this interconnection hopes to attract an estimated 700 million dollars of private investment for the creation of hydroelectric, geothermal, natural gas and biomass power plants. With foreign companies like the Spanish energy giant Endesa supplying twenty percent of the cost, private investors are already becoming major players in the plan's creation. These power sources would, in turn, provide cheaper, more efficient sources of electricity to develop industry within the region. The other two projects aim at extending SIEPAC with Mexico-Guatemala and Belize-Guatemala energy connections.

PROPOSED INTERCONNECTION ROUTE

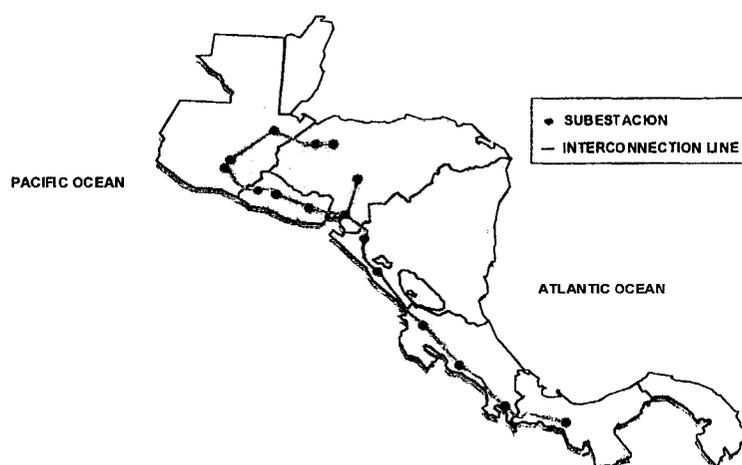


Figure 3.2 obtained from <<http://www.iadb.org/ppp/>>.

Next, the Mesoamerican Initiative for Road Integration (RICAM) is seen as one of the most integral components of the plan to facilitate trade within the region and throughout the Americas. Moreover, with an estimated 4.5 billion dollars in total cost, it is by far the most expensive project within the Plan Puebla Panamá (McElhinny 2004: 1-2: following attributed). The three distinct projects include road integration for the Pacific and Atlantic corridors and a third project that would ensure total regional road interconnection. This third project would promote the extension of highways to trading zones within Central America and southern Mexico as well as other NAFTA markets in the United States in Canada. This project will also strengthen a number of regional ports in the area as well as creating a series of “dry canals” to facilitate trade between ports on the Atlantic and Pacific sides. As far as the financing of the project, about fifty percent of the total funding is committed. Eighteen percent has thus far been committed by multilateral institutions and a large percentage will also come from the national budgets of each country. While most of the 9,450 kilometers of construction will include the maintenance and “rehabilitation” of preexisting roads, there will also be 1,008 kilometers of new highway construction (McElhinny 2004: 2). According to supporting institutions, all of these road initiatives will be carried out “within a framework of social and environmental sustainability” (Inter-Institutional Technical Group 2002: 17).

- Corredor del Pacífico (Puebla – Panamá) ———
- Corredor del Atlántico ———
- Ramales y Conexiones Regionales Complementarios ———
- Modernización de Aduanas y Pasos Fronterizos (Iniciativa de Facilitación Comercial)
- Armonización de Regulaciones y Normas Técnicas



Figure 3.3 obtained from <<http://www.iadb.org/ppp/>>

In addition, the Mesoamerican Initiative for Integration of Telecommunication Services includes the construction of an “information highway” to improve communications within countries through the creation of a broadband network that would link more than forty cities. Next, the Mesoamerican Initiative for Trade Facilitation and Competitiveness seeks to promote trade and competitiveness through the “harmonization of trade laws and regulations” (Inter-Institutional Technical Group 2002: 32).

While these first four initiatives focus on promoting economic growth under the umbrella of sustainable development, the final initiatives specifically comprise the social and environmental aspects of the plan. First, the Mesoamerican Initiative for Human Development includes a program to promote regional health and human development. This will focus on the reduction of poor sanitary conditions and the management of such

diseases as AIDS, Malaria and Tuberculosis. This initiative also proposes an adult education fund to provide basic education services in the region, a Mesoamerican job training system, a program promoting the integrated management of ecosystems by indigenous communities and statistical information on migration.

The Mesoamerican Initiative for Sustainable Development, the proposed underlying theme of the Plan Puebla Panamá was agreed upon May 30, 2003 (Vilas, Fuentes, Liverman, et al, 2004: 11). Its projects affect the other seven initiatives and seek to “generate conditions for poverty reduction, higher economic growth and regional integration in an environmentally sustainable manner” (Inter-Institutional Technical Group 2002: 44). The initiative includes strengthening government institutions to monitor the implementation of infrastructure projects and ensure minimal environmental impact and the sustainable use of natural resources. It will further involve the creation of a “Mesoamerican Biological Corridor” and natural protected areas, “while also promoting ‘sustainable’ activities such as ecotourism, aguaculture, agroforestry and bioprospecting” (Vilas, Fuentes, Liverman, et al. 2004: 12). This project is specifically targeted at communities within the corridor to promote the efficient use of renewable resources.

The Mesoamerican Tourism Initiative, largely connected with notions of sustainable development, centers on the promotion of low impact and ethnotourism to support indigenous communities. One of the main focuses thus far, is the “Proyecto Mundo Maya,” which aims at improving and linking ten historic Mayan sites in Mexico, Guatemala, Belize, Honduras, and El Salvador through “low impact transport

infrastructure, small scale tourism facilities and recovery of archeological sites” (Vilas, Fuentes, Liverman, et al. 2004: 12).

Finally, the Mesoamerican Initiative for Natural Disaster Prevention and Mitigation, in the wake of such devastating events as Hurricane Mitch, includes increasing public awareness of disasters to “reduce vulnerability to natural threats,” a regional insurance program for disaster insurance and a program to “improve the hydrometeorological information available” to the public and private sector to save lives and reduce damage caused by disasters (Inter-Institutional Technical Group 2002: 51). It is also important to note that the PPP includes the Information, Consultation, and Participation Program, which “seeks to start a dialogue and build a permanent process of information, consultation and participation with civil society to receive their proposals and demands” (Inter-Institutional Technical Group 2002: 59). The program includes the “divulging of information to contribute to a better understanding and acceptance of the plan by Mesoamerican peoples, a consultation to identify the needs and concerns of affected groups and participation in the preparation, execution and evaluation of the projects” (Gray, 2001: 1).

Criticisms of the Plan Puebla Panamá

The Plan Puebla Panamá is billed as an immense undertaking to address the many failures of previous development plans for the Third World by integrating ideas of sustainable development and social factors into traditional growth strategies such as the creation of infrastructure and industrialization. Nevertheless, the Plan Puebla Panamá has been met with extreme opposition from many groups. According to various authors,

criticisms of the Plan Puebla Panamá can be divided into a number of related groups. First, there are those opposed to the globalization process and development policy in general and see it as a method for “First World” international corporations to exploit the human and natural resources of the Third World. Second, there are those who have questioned the specific type of growth being promoted by “sustainable” development projects such as the Plan Puebla Panamá by criticizing its potential environmental consequences or negative social impacts. Finally, there are those who are highly critical of the lack of information and participation regarding the creation and implementation of specific projects (Vilas, Fuentes, Liverman, et al. 2004: 4, Duffing 2002). Thus, even though the initiatives have been pitched as promoting equitable growth through civil society participation while protecting the environment, critics fear the results may be very similar to past promises and failures of other development projects that have increased rather than reduced poverty and inequality and accelerated environmental degradation.

In examining the first and second groups, the common theme revolves around their concerns for the potential devastating social and environmental impacts of the plan on southern Mexico and Central American countries. These groups have a number of major criticisms of specific projects within the Plan Puebla Panamá. Among the most controversial of the initiatives, (SIEPAC) or the energy connection grid to connect Central America and southern Mexico has received tremendous opposition, particularly due to plans to construct hydroelectric dams in environmentally sensitive, populated and/or culturally important areas. Currently, hundreds of potential sites have been identified for potential hydroelectric development (McElhinny 2004: 7). Among the most

controversial are a series of five smaller hydroelectric dams planned for the Usumacinta River, which runs along the north-west border of Guatemala with southern Mexico. These dams would flood roughly one third of the northern, Petén region of Guatemala and displace approximately sixty communities on the Guatemalan side alone. The potential flood area also contains hundreds of both excavated and unexcavated Mayan historical sites that are important for local residents, archaeologists and tourists alike (McElhinny 2004: 7). On the Mexican side, seventy plus hydroelectric dams of various sizes are planned for the Chiapas region alone (IDEX 2001: 1). As will be discussed in the proceeding chapter, the construction of dams on the Usumacinta River became an important focus of my research in Guatemala.

Also related to SIEPAC and the creation of new energy sources, a major component of securing foreign investment for specific projects involves the rapid and large-scale privatization of electrical services. Currently, Mexico and Costa Rica are the only countries that have not, at least, partially, privatized their electrical sectors (Vilas, Fuentes, Liverman, et al. 2004: 10). While in theory, the competitiveness and efficient nature of private entities should mean cheaper energy for the average population, this, unfortunately, has not been the case:

A recent study by CEPAL shows that where privatization has proceeded the most quickly, the benefits are few for the average consumer. Typical household prices for energy in the leading energy privatizers, El Salvador and Panamá, are as much as double what they are for countries where energy production and distribution remain fully or partially state-owned—Costa Rica and Honduras (McElhinny 2004: 9).

Land privatization remains such a key feature in the implementation of the plan that “Mexico’s Agrarian Reform Secretariat has said that land will be expropriated from

indigenous and peasant communities, if necessary, to implement the PPP” (Call, 2002: 2). In addition, a major purpose of land privatization is to attract foreign investment for the expansion of the maquiladora industry already existing in Central America. This second generation of maquiladoras will build on previous industrial growth, primarily in textiles, that occurred during the Central American Common Market and as part of the economic adjustment measures of 1980s. Especially in the 1980s, Central America “began to offer incredible rewards for companies involved in production for export. The idea, pushed by creditors and aid donors, was that new investment would spur both exports and growth, with new wealth eventually trickling down to the poorest” (Cox 1993: 1). Nevertheless, other authors explain that “Fox’s critics believe the real aim of Plan Puebla Panamá is to tap the rich natural resources of the region and to make use of its abundant cheap labor force, while accelerating the forced dislocation of indigenous and campesino farmers off the land and into the maquilas” (Maquila Solidarity Network 2001). Also, many have questioned the logic of creating infrastructure to insert more maquiladoras in the region. “Aside from exploiting cheap labor, producing for export (mainly to the United States) will only increase Mexico’s dependence on foreign markets” (Flynn 2001: 3). Some analysts further assert that although the maquiladoras have created jobs, they are extremely volatile and far from sustainable development. In essence they create “enclave economies” which are not connected to the local or regional economies and are thus dependent on U.S. markets (Flynn 2001: 3).

Another initiative that has been heavily criticized by those concerned with both, potential social and/ or environmental impacts of the plan is the Mesoamerican Initiative

for Road Integration (RICAM). Particularly with the 1008 kilometers of new planned highways, there are concerns over the destruction of biologically sensitive rainforest ecosystems and the displacement of local communities directly from the construction of highways and the creation of industry. A more indirect effect could be the increase in practices like illegal logging. Some of the most controversial planned highways involve the construction of “Dry Canals” connecting ports on the east and west coasts of Central America. For example, a 234 mile long Dry Canal project between Monkey Point and Pie de Gigante in Nicaragua has been criticized for stating little over resettlement and compensation issues for those located in the proposed “right of way” (McElhinny 2004: 3).

Related to critics focusing on environmental and social issues are those who stress the complete lack of information regarding specific projects, let alone real consultation or participation. Thus, despite the creation of the Information, Consultation and Participation Program, the creators of the Plan Puebla Panamá have received tremendous criticism for not creating a space for civil society to influence the plan’s development. To highlight these concerns, the NGO Interaction is involved in a recently created civil society initiative with the Inter-American Development Bank (IDB) that is directly responsible for monitoring the status of the plan’s eight initiatives and specifically assessing the role of civil society in the process. Although Interaction is in direct consultation with the Inter-American Development Bank the NGO asserts:

The most troubling aspect of the PPP is the non-participatory and highly undemocratic process of project prioritization and design. The initiative is being stewarded by a small group of elites from the region, led by Mexican President Vicente Fox and backed by the IDB. The social and

environmental elements of the PPP have, until now, received far less financial interest than the more lucrative infrastructure and utility projects (Interaction 2002: 1).

Thus, while relatively little time or financing has been dedicated to the social and environmental components of the plan, controversial infrastructure projects are discussed and financed with inadequate public input. For example, with the road integration initiative, the list of highways to be included in the PPP grid is constantly changing in response to public awareness and opposition. The Guatemalan government has been the most aggressive in attempting to add controversial road projects running through the “Maya Biosphere” which is a biologically rich and nationally protected area. Even if the project does not get attached to the PPP, the Guatemalan government may still construct the road using state funds because of its “logical connection to other PPP funded highways” (McElhinny 2004: 3). A community leader in Guatemala asserted “there has been very poor consultation with the communities affected by the plan or with environmental activists concerned about its impact on a biologically diverse ecosystem.”³ Others, such as Marco Velázquez, a spokesman for the Zapatista movement in Chiapas contend that the government has merely “carried out a simulation of consultation with the population via improvised forums.” Even though other groups are able to voice their criticisms “there are no mechanisms to incorporate what they say” (Flynn 2001: 6). Moreover, many assert the Plan Puebla Panamá is essentially the infrastructure component of the Central American Free Trade Agreement and thus tied to United States’ larger goals of promoting the Free Trade of the Americas Agreement (FTAA) by

³ Petén Community Leader: Presentation. March, 2002. The University of Arizona.

2005. Thus, many argue that although the Plan Puebla Panamá has been presented as a way to become more regionally independent, it remains unremarkably similar to past development strategies and tied to the interests of Mexico and the United States.

In conclusion, Central American countries have pursued numerous strategies to promote economic development. These ranged from regional integration and ISI under the CACM and neoliberal policies, which began to be implemented in the 1980s with U.S. promoted plans like the Caribbean Basin Initiative. In this current context, the Plan Puebla Panamá has been described by its supporters as a unique initiative combining regional integration with notions of sustainable development. Yet, many assert that the primary focus is on infrastructure in order to open Central America to private investment and free trade. Thus, it still largely remains based on neoliberal principles that have been highly criticized on many fronts. Another major criticism that has led to further opposition is the perception of a lack of information sharing and consultation over specific projects by the Inter-American Development Bank and the Mexican and Central American governments with civil society actors like NGOs and community members. In the proceeding chapter, I will illustrate these criticisms through my research in Guatemala where I argue that a rather limited participation process has led to a widespread rejection of the Plan Puebla Panamá. However, the chapter will also illustrate that civil society groups are also influencing the creation plan through both direct consultation and indirect measures such as large-scale, public mobilization.

CHAPTER FOUR: EFFECT OF CIVIL SOCIETY ON THE CREATION AND IMPLEMENTATION OF THE PPP

In the previous chapters, I examined how sustainable development policy and the very notion of development itself, has been criticized on both theoretical and practical grounds. In general, these criticisms assert that sustainable development continues to be based on a neoliberal model of economic growth that gives little consideration for social and environmental concerns and leaves few opportunities for civil society to influence the process. When examining specific case studies though, many authors also recognize the potential for human agency even within highly constrained environments, by those actors directly affected by particular initiatives.

Thus, one question that still remains is: Can sustainable development policy promoted by international organizations and state governments lead to a more transformative type of change through civil society participation? Also, if current policy is inadequate, what needs to be changed to encourage more environmentally sustainable and equitable growth? My research, which took place from May 26 through July 3 of 2003 in Guatemala, aimed to address these questions through the examination of civil society participation in the creation of the Plan Puebla Panamá (PPP). Although it would have been beneficial to examine these questions in all of the countries included in the PPP, my research was limited to Guatemala. This country provided an ideal setting to conduct the study for a number of reasons. First, sharing a border with southern Mexico, Guatemala is one the countries most affected by the plan. Second, through the experience of a peace process that culminated with the signing of the final accords in

1996 and ended thirty-six years of civil war, Guatemala already had a history of negotiation between various domestic actors and international donors.

Speculation Surrounding the PPP

Before even traveling to Guatemala in the summer of 2003, I began to question the Plan Puebla Panamá as a viable example to analyze the theme of civil society participation in the creation of sustainable development projects. This was primarily because there was tremendous speculation as to whether the mega-projects within the plan would ever be carried out to completion. Although, there was ample critical information from NGOs, as well as other internet-savvy, but perhaps, less credible sources, there was little official, up to date information on the projects themselves. News from environmental consultant for the Mexican government, Eike Duffing that the plan had essentially stalled in southern Mexico did not increase my confidence. It seemed that this information only created new questions to address. If the most ambitious economic plan ever for the Central American region and southern Mexico had really stopped after two years of planning, what were the reasons for this? If however, the plan was still moving forward, what could explain the deficient amount of information and tremendous speculation regarding specific projects?

I arrived at a rather tumultuous time at the news agency Inforpress. Initially, it was difficult get answers to these questions. The news team was in the process of moving from downtown Guatemala City, Zone One, to a bigger, quieter and less-expensive office in suburban Zone Eleven. As well as speaking with the Director of Inforpress Matthew Creelman, two journalists, in particular, had written numerous

reports concerning the PPP and helped me gain a number of initial contacts to set up interviews. During the next month, these interviews would expand to include representatives from NGOs, the Inter-American Development Bank, government officials and community leaders. Upon my arrival, numerous representatives from NGOs gave similar assertions why the Plan Puebla Panamá had fallen off the agenda for Central America and Mexico. A representative from the Center for Legal Action and Human Rights (CALDH), identified three primary reasons.

First, the representative pointed to a major lack of financing needed to fund expensive infrastructure projects within the Plan Puebla Panamá, such as the creation and expansion of highways throughout the region. Since the plan's inception in 2001, Central American countries have been hunting for private investment and seeking loans from international institutions like the Inter-American Development Bank. However, three years later, many of the projects are still stuck in the initial planning stages or remain only partially funded (McElhinny 2004: 2, Central America Report 2003). Ernesto Leal, Presidential Commissioner of the Plan Puebla Panamá for Nicaragua, stated that both Nicaragua and Honduras have had tremendous problems carrying out the initiatives. Leal asserted that Nicaragua alone would need an additional five hundred million dollars to complete both the economic and social aspects of the plan (Central America Report 2003). Thus, even though these countries already had funding set aside within their national budgets for the construction of highways and infrastructure, Central American governments were having great difficulty in completely financing the projects. Also, the initial, but unsuccessful focus on vanguard infrastructure projects like the creation of

highways, meant that the less expensive social and environmental components were not being carried forth either.

Second, the focus on the free trade negotiations between Central America and the United States had shifted government attention away from the PPP. The Central America Free Trade Agreement (CAFTA), largely pushed by the United States, aims at facilitating trade with the reduction and gradual elimination of tariffs between member countries in a number of key areas. These include consumer and industrial goods like agricultural products and textiles as well as opening Central American markets to investment in service sectors like telecommunications, energy, tourism and financial services such as banking (Office of the United States Trade Representative 2003: 2). It is also part of the United States' broader strategy of establishing a free trade area throughout the Americas by 2005.

CAFTA fulfills a key U.S. objective of opening markets with free trade partners, while continuing to push trade liberalization hemispherically through the Free Trade Area of the Americas (FTAA) (Office of the United States Trade Representative 2004: 1).

Negotiations began January of 2003 and recently concluded after nine official meetings or "rounds" in December of 2003. Throughout the period, Central American governments scrambled to protect key domestic sectors like basic grains and textiles and negotiate as a cohesive block with the United States. As a result, Solomon Cohen, chief negotiator for the El Salvadorian government during the fourth round of negotiations in San Salvador stated that the PPP will not be going forth because of the focus on CAFTA negotiations. According to Cohen, at least temporarily, the PPP had slipped off the agenda.

Finally, the CALDH representative, as well as many other analysts, asserted that another reason the Plan Puebla Panamá was not moving forward was because of large-scale public opposition centered on the potential negative social and environmental impacts of specific projects. One of the most controversial, the construction of dams on the Usumacinta River, became highly publicized by national and internationally based NGOs after official announcements of potential projects in 2001 and 2002. Local organizations like the Peténero Front Against the Construction of Hydroelectric Dams coordinated with other NGOs based out of Guatemala City like the Center for Investigation and Popular Education (CIEP) to hold meetings with local communities and stage public protests. These actions also brought significant attention to the issue from national media sources throughout the region. According to both government officials and representatives from NGOs, congressional or presidential elections in Mexico, Guatemala and El Salvador may have also halted the discussion of the plan by new or incumbent candidates.⁴

Moreover, both NGOs and the Guatemalan government believed that a complete lack of information or public consultation from Central American governments and international institutions led to the immediate and widespread rejection of the Plan Puebla Panamá by civil society. Even those NGOs interviewed, working directly with the IDB and the Guatemalan government like the Central American Indigenous Council (CICA), stated they had little specific, updated information on project status.⁵ As a result, the plan

⁴ CALDH: Interview. June, 2003. Guatemala City.

⁵ CICA: Interview. June, 2003. Guatemala City.

was quickly transformed into a “monstrosity” by the public that would bring few benefits to the region as a whole.

Still Moving Forward

Despite the reasons why the Plan Puebla Panamá may have essentially fallen off the agenda for Central America and Mexico, I soon found that it was far from dying. First, there was and still is a hunt to fund the projects. Some are being financed quicker than others. The controversial Energy and Road Integration Initiatives are still moving forward. Funding for the 320 million dollar SIEPAC energy connection project has already been received from the IDB (240 million dollars), the government of Spain (sixty million dollars) and each country’s internal budget. It is projected to be completed by 2007, and provide the necessary infrastructure for the expansion of the energy sector in the region (Vilas, Fuentes, Liverman, et al. 2004: 8). Less concrete, but nonetheless, significant advances were made in non-infrastructure components of the plan like the Mesoamerican Initiative for Sustainable Development, officially adopted May of 2003.

Secondly, even though the plan may have been receiving less attention because of the intensity of the CAFTA negotiations between Central American countries and the United States, many asserted that this did not mean it had been forgotten. In fact, numerous NGOs described the PPP as essentially the infrastructure component needed to facilitate the expansion of trade and commerce agreed upon in CAFTA.⁶ Groups like

⁶ Tropicó Verde: Interview. July, 2003. Guatemala City.

CICA viewed the relationship between CAFTA and the PPP as two “puzzle pieces” in the larger goal of the Free Trade of the Americas.⁷

The third assertion, that strong public opposition had played an essential role in halting the plan, seemed less clear. It was obvious that strong public opposition played a role in stopping, at least temporarily, some of the more controversial projects. However, it remained uncertain whether civil society had changed the course of the Plan Puebla Panamá. Answering this question will involve further analyzing my interviews with NGOs, press and community leaders, examining the current status of projects, as well as writing about my experiences from the Petén and a forum in the Ixcán region concerning CAFTA and the PPP.

Effects of Civil Society Beliefs on the Plan Puebla Panamá

Matthew Creelman, Director of Inforpress, is a United States expatriate who had lived and worked in Guatemala since the worst period of violence and repression during the civil war in the early 1980s. Having extensively reported on economic issues within the region, he stated that there were essentially three groups of views in relation to the Plan Puebla Panamá: “Sí,” “No” and “No, Pero.” While the “Sí” group was limited to government officials and members of multilateral lending institutions directly in support of the plan, the other two were made up of civil society groups like NGOs and community leaders. The “No” group included those who unequivocally rejected the PPP and CAFTA because of environmental, social and/ or consultation concerns. In contrast, the “No, Pero” or the “No, But” group included NGOs that did not necessarily support all

⁷ CICA: Interview. July, 2003. Guatemala City.

aspects of the plan, but sought to represent the interests of civil society groups like indigenous communities to reduce the negative impacts of potential projects. During the next month and a half in Guatemala, I found myself placing actors in these various categories while analyzing the different ways that those opposed were affecting the plan.

“No” in Guatemala City

Those groups directly opposing the Plan Puebla Panamá include a wide variety of nationally and internationally based NGOs and community leaders that have focused on using information concerning the possible negative social, environmental, and economic effects to mobilize civil society against it. The various NGO representatives I met with in Guatemala City were from Tropico Verde, COINDE, Madre Selva, CIEP, CALDH, and Interaction. These groups all maintained that the complete lack of information, participation or consultation concerning the plan’s creation had led to its total rejection. Also, many remained pessimistic that greater efforts would be made in the future to inform the public about the plan.

A representative from the Guatemalan NGO, the Center for Investigation and Popular Education (CIEP), believed discussing the possible pros and cons of regional integration could have helped communities make more informed decisions that would not necessarily have led to a total rejection of the plan. The NGO member asserted that despite the recent transition to democracy, Guatemala, like numerous other countries in Central America, does not have a culture of popular consultation or participation. For example, the NGO member, whose organization has representatives in the Petén region, cited how representatives from the Ministry of Energy and Mines were scheduled to visit

five separate times to local communities concerned with the construction of hydroelectric dams. They never arrived, however. The representative explained that “if this lack of public consultation is a problem in the application or development of the plan, this is something that may be changed. If it is part of the strategy of the PPP, then civil society groups will have little space to address social and environmental concerns.”⁸

Moreover, even those directly in dialogue with Central American government officials and the international institutions financing the project, questioned the weakness of the overall consultation process. Vincent McElhinny, Director of the Washington D.C. based NGO, Interaction and Program Manager for the Inter-American Development Bank Civil Society Initiative, asserted that the lack of public consultation may be part of the strategy towards the project’s realization. He believed that having encountered a total rejection of the plan, it may be much easier for the Guatemalan government and the IDB to carry out projects in secret, without consulting civil society. McElhinny pointed to the construction of hydroelectric dams on the Usumacinta. While the Guatemalan government had denied any plans for the construction of a series of five dams, there was ample evidence that the Mexican government was planning to carry out the same project.⁹

Besides the lack of information, NGOs had various other criticisms of the plan. Members of the environmental NGO “Tropico Verde,” stressed the manipulation of the term “sustainable development” as over ninety percent of project funding will be focused on the creation of infrastructure. They also remained pessimistic about the sustainable

⁸ CIEP: Interview. June, 2003. Guatemala City.

⁹ McElhinny, V: Interview. June, 2003. Guatemala City.

development initiative by asserting that proposed protected areas under the Plan Puebla Panamá such as the Mesoamerican Biological Corridor would be opened for bio-prospecting and not created for the benefit of local communities. Moreover, portions of the Maya Biosphere in the Petén would be flooded by the construction of hydroelectric dams for energy and the expansion of the agro-export industry.

The NGO further focused on the overall “geostrategy” of the United States, the relationship of CAFTA to the PPP and how this strategy leaves little benefits for the region. They asserted that the infrastructure from the PPP fits into the wider United States goals of gaining easier transportation access to Asian markets in countries like China, Taiwan, Vietnam and Thailand. Today, Asia has become a potentially huge market for U.S. products while markets in Latin America are almost saturated. However, they explained that eighty percent of the present production in the United States takes place on the east coast while current trade routes are inadequate either because of the political instability of the region (the Suez Canal) or because they are obsolete (the Panamá Canal). The options of shifting industry to the west would be extremely expensive as also would be constructing a direct east-west coast highway over the Rocky Mountains. Thus, Tropico Verde has argued that although the infrastructure of the Plan Puebla Panamá has been promoted as an important step towards the development of the region, it is most largely connected to the interests of the United States to convert Central America into a commercial transport area for its products.¹⁰

¹⁰ Tropico Verde: Interview. June, 2003. Guatemala City.

A member of the NGO, COINDE focused on the negative impacts that will occur to specific sectors of the Guatemalan economy under the PPP and CAFTA. Ideally, these initiatives would help revitalize the economies of the region. However, the representative asserted that Central America was not bargaining on equal terms with the United States, which had tremendous power to control the negotiations while maintaining protectionist measures like subsidizing domestic agriculture. Even though the recent agreement opened up new markets for sugar, milk products and beans, other important goods, including textiles and staple agriculture products like yellow corn, will now face fierce competition from the United States (Central America Report 2004). Thus, although the goals may be to encourage investment, jobs and trade to Central America, it will negatively impact the economy by destroying small-scale farmers and a nascent industrial sector. This would be combined with the environmental and cultural consequences that will occur under the projects of the PPP.¹¹

Numerous NGOs also discussed how despite goals to promote development in the region, the socioeconomic and environmental consequences of the Plan Puebla Panamá will only increase migration to the United States from the region. As explained by a representative from CIEP, this is because the jobs created by foreign investment in the maquiladora sector will not be enough to counterbalance the disruption of the small-scale agricultural sector by CAFTA and the Plan Puebla Panamá. Another major problem is that the Guatemalan government does not enforce environmental, labor, and minimum wage laws established for the maquiladora industry. Coupled with low levels of formal

¹¹ COINDE: Interview. June, 2003. Guatemala City.

education, the infrastructure provided by the PPP will only provide further incentive for increased foreign investment in an industrial sector based on the exploitation of cheap local labor. As a result of decreasing, productive, economic activities, the representative from CIEP contends that growing attitude of many in Central America and southern Mexico will be that “if they are going to die poor staying in their home country, they might as well risk trying to get to the United States where they have a chance.”¹²

Although NGOs in Guatemala City had ample information on the potential negative consequences of the Plan Puebla Panamá, it was also essential to discuss these issues with those living in project areas. This would help me gain a better understanding of the status of particular initiatives, including which ones were being financed or implemented. Particularly, I was interested in knowing if the controversial project for dams on the Usumacinta River had truly been stopped and if so what role did public opposition play? In order to find these answers, I traveled to the northern region of Guatemala known as “El Petén.”

“No” Hydroelectric Dams in the Petén

Arriving in Flores, a jumping-off point to the Mayan ruins of Tikal as well as communities along the Usumacinta River, I arranged to meet a member of CIEP named Haroldo. Expecting a Guatemalan, Haroldo was actually a 6’5” Austrian who had been working in the region for over a decade. That morning, a meeting was planned with approximately twenty-five community representatives from surrounding villages as well as other NGOs in Flores specifically concerned with the threat of hydroelectric dams on

¹² CIEP: Interview. June, 2003. Guatemala City.

the Usumacinta. After having an informative session on the dams, CIEP showed a video taken from a recent trip up the river to the proposed sites. Here they found bronze plaques and small concrete walls marking studies from the Federal Electricity Commission of Mexico (CFE) in 1986. The day-long session concluded with the audience splitting up into groups, discussing, writing and then reporting their views on the dams, the PPP in general, and what could be done to stop it. Although I was there as an observer, I discussed and recorded opinions with a number of community leaders from different villages. While one group suggested taking up arms if members of CFE began construction of the dams, it was unanimously agreed that further information sharing and political mobilization by communities in northern Guatemala were essential to stop the dams and the PPP.

During the forum, I also had a chance to speak with a representative from the Peténero Front Against Hydroelectric Dams, who I will identify as “Alejandro Pérez.” While also the mayor of a small village west of Flores on the Usumacinta River, Pérez was part of the most vocal and recognized NGO against the dams. Despite having even fewer resources than counterparts located in Guatemala City and the United States, the “advantage” of this organization was that it was made up of local leaders from communities along the Usumacinta River and nearby potential flood areas. As a result the group not only had a special stake in preventing hydroelectric development, but was also able to monitor any evidence that construction would take place.

Speaking with Pérez, he remained convinced that the Mexican government and unofficially Guatemala, had plans to begin construction in March of 2003 with

completion being slated for 2011. Extreme public opposition may have slowed the extension of private investment and loans from the Inter-American Development Bank, however. Like Haroldo from CIEP, Pérez cited the official plans of the Mexican government for the Usumacinta: a series of smaller dams at La Linea, El Porvenir, Isla de Cayo and Yaxhilán with either a 293 or 444 foot concrete sheet at Boca del Cerro in the Mexican State of Tabasco. Smaller than the Hoover Dam in Nevada (725 feet) or the Glen Canyon in Arizona (708 feet), Boca Del Cerro and the four others, still could have tremendous negative impacts on the area (Department of Water Resources 2003). While estimates vary depending on the size of the dams, they would essentially act like a series of lochs, holding back the water upstream and flooding up to 500 square miles of rain forest and rural villages.¹³ The next day I went with Pérez to see one of the many villages along the Usumacinta River.

Despite the recent attention these dams gained with the Plan Puebla Panamá, large-scale hydroelectric development schemes for the Usumacinta River have long been a controversial topic. Not only is the river, flowing north on the border between Guatemala and Mexico, one of longest and largest in Latin America, but also the areas through which it passes are some of the most biologically diverse in the world. Plans to develop the water and resources of this area have been considered since the 1940s when the Mexican Ministry of Water Resources was established. It was not until 1980 though that the Mexican and Guatemalan governments began to work together to study the feasibility of a hydroelectric project for the area. This was also occurring as the two

¹³ Alejandro Pérez: Interview. June, 2003. Flores, Guatemala.

countries were constructing their own dams on the Chixoy and Grijalva Rivers (Scatena 2003: 1).

After the initial study, a series of dams were proposed for the Usumacinta River in 1985 to provide the energy needed to fuel large-scale industrial and agricultural development in Mexico, as well as supplying energy to nearby countries like Guatemala. In 1989, however, after intense protest from local communities and activists like “El Grupo de los Cien,” the plan was suspended. Despite continued public opposition and further studies that concluded the construction of hydroelectric dams in the area was not technically feasible, the CFE and the Ministry of Energy in Guatemala continued to push for the creation of dams on the Usumacinta (Russel 2002: 3).

The controversy concerning the Plan Puebla Panamá’s initiative for regional energy integration was reinvigorated largely by the announcement of the Mexican government in 2002 that designs were underway for the construction of a series of similar hydroelectric dams. Although both governments soon retracted their statements because of strong public opposition, President Fox and spokespersons from the CFE confirmed that plans are underway for a series of five smaller dams including one at Boca del Cerro that are part of the PPP and connected to Mexico’s Tercer Milenio project (Hernandez 2003: 1). Many still fear that the proposal is identical to previous versions presented and already rejected numerous times. For this reason, organizations like the Peténero Front Against Hydroelectric Dams, CIEP and numerous others are scrambling to mobilize local communities against the resurrection of past hydroelectric development plans.

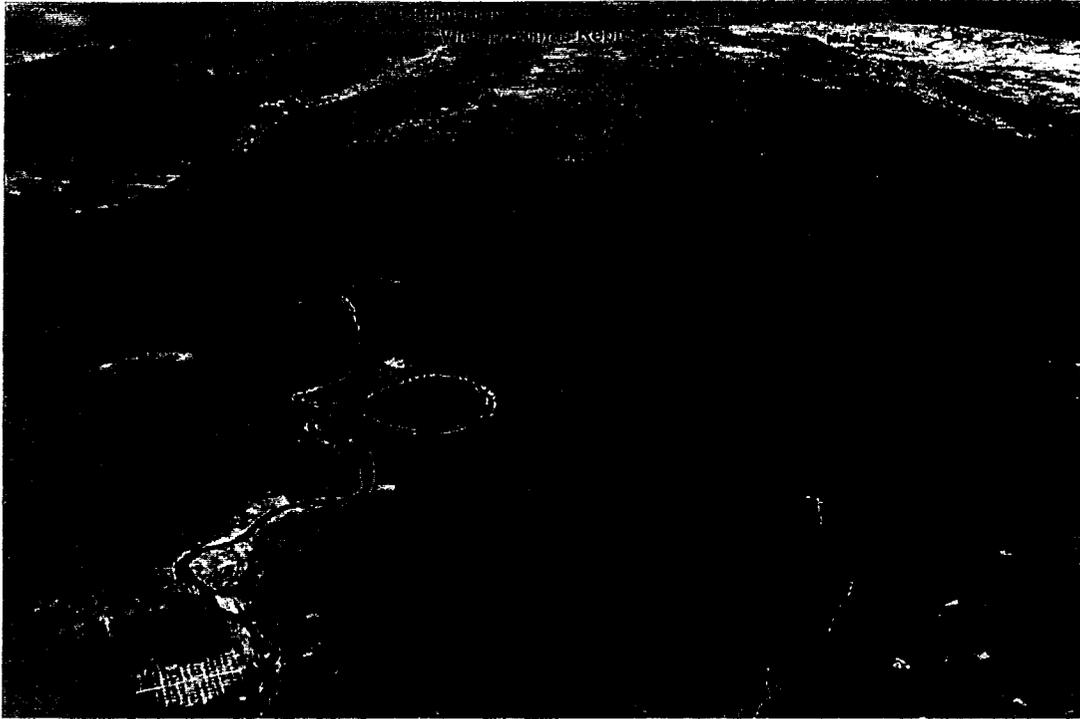


Figure 4.1 obtained from <<http://www.ciepac.org/maps/indexmapa.html>>.

According to numerous authors, the area of the Usumacinta that would be impacted by the construction of dams includes the Altos de Chiapas and the Lacandona Jungle, in Mexico and the Guatemalan Departments of El Quiché, Alta and Baja Verapaz and El Petén. Depending on the size of the dams, 25,000 to 50,000 residents from these areas would be displaced (Hernández 2003: 1, Natural Resources Defense Council 2003: 1, Russel 2002: 2). Other possible impacts include the destruction of biologically rich rain forest and wetland areas, a decline in local fish populations, and the spread of diseases (Hamann 1996: 4, Scatena 2003: 2). A final potential impact concerning the construction of dams on the Usumacinta is the flooding of numerous archeological sites that are important parts of Mayan culture and history as well as major tourist attractions. Besides the few well-known sites like Piedras Negras and Yaxchilan, there are many

others that have yet to be excavated. Some sites may still be undiscovered by archeologists, but it is known from explorers and looters that they contain art and other relics that are priceless in value. In fact, government officials responsible for preserving Mayan ruins estimate that there are eighteen known sites that could be affected by flooding (Weiner 2002: 1). As a result of this threat, along with many others, the potential of flooding along the Usumacinta is a concern for local residents, environmentalists and archeologists alike.

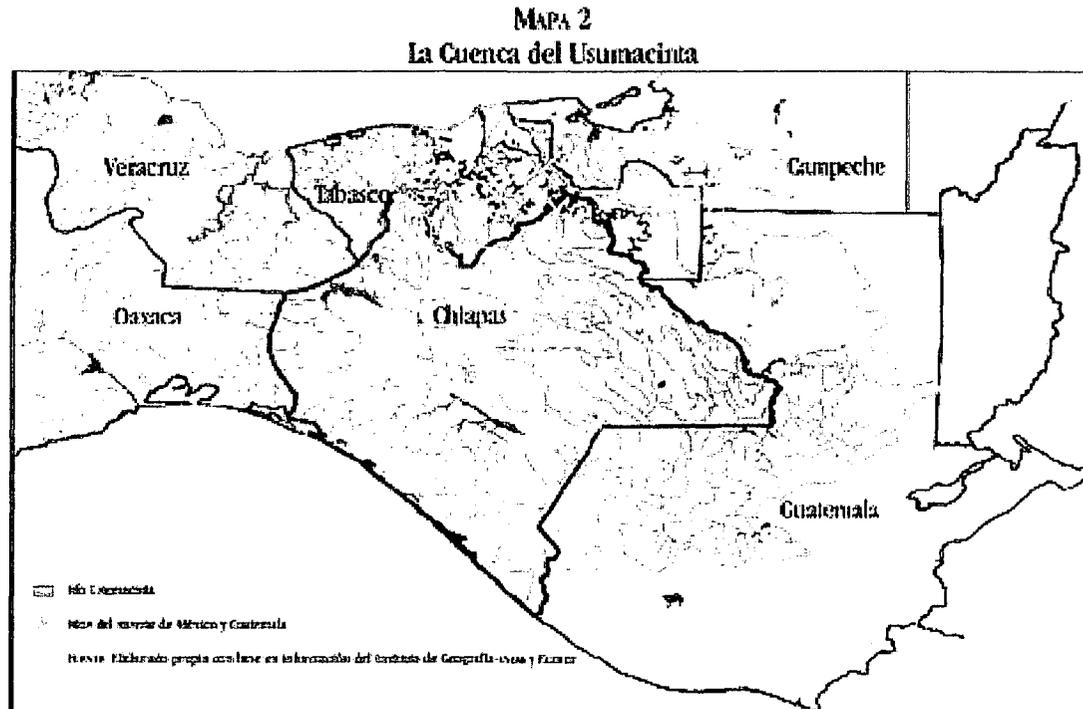


Figure 4.2 obtained from <<http://www.ciepac.org/maps/indexmapa.html>>.

It was with these varied concerns that I arrived at the cooperative where Pérez had his home. Unlike some of the sixty plus villages on the Guatemalan side of the Usumacinta, this one had a bumpy, single lane road that went directly into the village. Like the rest of the area though, the town was without electricity or running water and

used the river and hand-drawn wells. Only the wealthiest citizens like Pérez had gasoline powered generators to power lights and a television. The teenagers and younger boys would flock to his house at night to sit outside on the main dirt road running through the town, to watch Rambo movies through the open door. The primary means of transportation was the river, where long colorful, open skiffs took supplies like beans to nearby villages in Guatemala and across the river in Mexico. The locals largely lived off subsistence agriculture while selling or trading some products in regional markets. Pérez had a modest three-room house that he shared with his wife, two daughters, son and other adult children and grandchildren living throughout the village.

Instead of discussing projects within the Plan Puebla Panamá that could greatly benefit these communities such as rural electrification and the strengthening and improvement of local roads, residents here were largely concerned about being displaced from their homes. Despite both the controversy of the dams and announcements for large scale rural electrification of local communities, no government officials had been to the area to discuss either issue. Amid the perceived secrecy, local leaders like Alejandro have understandably assumed the worst. While speaking with Pérez, as well as others from the cooperative and leaders from surrounding communities, it was obvious they recognized the need for infrastructure and economic development. However, they remained convinced of the threat of hydroelectric development. With the lack of public consultation and the persistence of conflicting information, Pérez is far from being hopeful: “The Plan Puebla Panamá will only bring benefits to outsiders and take away

what little we have...There is no other Petén and there is no other place for us to go.”¹⁴



Figure 4.3 Usumacinta River



Figure 4.4 Usumacinta River Sunset

¹⁴ Alejandro Pérez: Interview. June, 2003. Flores, Guatemala.

“No” Ixcán Forum

The Ixcán Forum, named for the municipality near the north-western border of Guatemala and Mexico, took place in the town of “Playa Grande.” This area was part of the region most affected by Guatemala’s thirty-six year Civil War and towns such as Playa Grande served as military installations to monitor, control, and often violently repress insurgency groups like the “Guerrilla Army of the Poor,” as well as the surrounding civilian population (Encuentro Binacional 2003: 1). As a result, the present town was an organized but eerie establishment in an otherwise sparsely populated area. Nevertheless, with a huge gymnasium, hotels and other meeting areas, it served as a logical meeting area for the binational forum that took place July 27th and 28th, with approximately 1,500 hundred community and NGO representatives from Guatemala and the state of Chiapas, Mexico. Organized primarily by Guatemalan NGOs, there were no representatives from either the Guatemalan or Mexican governments. The main goal of the forum, as expressed by the coordinating NGOs, was to provide information on the potential impacts of the free trade agreement between the United States and Central America and the Plan Puebla Panamá.

During the two-day forum, a number of presentations were given by the coordinators, accompanied by translators for the many guests who only spoke one of numerous, Mayan indigenous dialects. One discussion was given by Mario Rodriguez, Director of the Investigation Council for Central American Development (CIDECA) and professor in the Department of Economics at the University of San Carlos. His focus was an analysis of the potential positive and negative effects of CAFTA for Central America.

While asserting CAFTA had the potential for increasing economic growth through opening new markets for Central American products and promoting greater efficiency with increased competition, CAFTA would also cause a huge displacement of productive sectors and the labor force. Of particular importance to many at the forum was the assertion that cheaper subsidized corn from the United States would flood the markets of Central America and displace local producers. Also, the rise in foreign investment would only benefit a small percentage of elite Guatemalans, leaving the majority of the profits to foreign corporations.

This was followed with a speech by Norma Magdonal, Director of Madre Selva, who focused on CAFTA, the PPP and the neoliberal push towards the privatization of services of natural resources. Another major presentation was a commemoration of the massacres at the community of Rio Negro that took place in the early 1980s with the construction of the Chixoy Dam. The representatives held up banners as they explained the events at Rio Negro before then renouncing the free trade agreement, the PPP and rumored plans for the construction of hydroelectric dams on the Usumacinta.

The majority of the forum though was spent in smaller sections focusing on topics varying from the dangers of genetically altered crops to the construction of dams on the Usumacinta. Among the guests speaking at the latter presentation were representatives from the Peténero Front Against Dams. Developing a coherent declaration denouncing CAFTA and the PPP, it seemed the most significant outcome of the forum was that it was the first opportunity for many of these community representative to receive information and discuss the implications of the Plan Puebla

Panamá and the Central American Free Trade Agreement for their region. It also seemed to emblemize the current consultation process in Central America. In the absence of information or a means of dialogue between NGOs and local communities with government officials, a number of NGOs had stepped up to fill this void with active criticism against the plan. In doing so, groups like CIDECA and Madre Selva mobilized other organizations and community leaders within and between Guatemala and Mexico against the Plan Puebla Panamá. Yet, its total rejection also meant that the consideration of potential beneficial projects, such as rural electrification, was largely overlooked. Thus, instead of meeting proposed official goals, which call for strong participation and consultation to allow significant space for civil society negotiation, the Plan Puebla Panamá would largely remain a deadlocked and polarized issue between government and international officials and civil society groups like those at the forum, scared by its secrecy and potential negative impacts.



Figure 4.5 Ixcán Forum Meeting

“Sí”

Interviews with those in support of the Plan Puebla Panamá were limited to government officials and representatives from the Inter-American Development Bank. Vinicio Martinez and Juan Carlos Ruiz, from the Ministry of Energy and Mines, directly discussed the benefits, the criticisms, as well as the rumors that the Plan Puebla Panamá had fallen off the agenda for Central America and Mexico. First, I stated that among various groups in civil society, it seemed that a lack of information had either produced fear by many NGOs that projects were moving forth in secret or that the Plan Puebla Panamá had essentially been stopped. Ruiz replied that there had not been much new information in 2003 because elections were taking place in numerous countries and politicians have been reluctant to take up the plan because of the heavy criticism against it. Although searching abroad for private funding for individual projects has also been a slow process, the eight initiatives are still moving forward. Some, like the integration of energy, which has already received the required funding and is scheduled to be finished by 2007, have been moving faster than others.¹⁵ These statements confirmed previous interviews and research that the PPP was still moving forward in the region.

In response to the extreme opposition since its inception in 2001, Martinez explained that most of the major criticisms against the Plan Puebla Panamá have been due to disinformation concerning rumored projects such as the construction of hydroelectric dams and highways through the Maya Biosphere. Martinez and Juan Carlos Ruiz calmly asserted that plans for energy connection did not include the

¹⁵ Juan Carlos Ruiz: Interview. June, 2003. Guatemala City.

construction of hydroelectric dams on the Usumacinta River. Ruiz further explained that recent fear and large-scale social mobilization are due to a past plan, originally proposed in the 1970s and rejected by the Guatemalan government. After 1990 and again attached to the Plan Puebla Panamá in 2002, another smaller series of dams was proposed by Guatemala and Mexico that would not cause any flooding or displacement of local communities. However, these plans are not going through either, largely because of civil society opposition. Thus, according to Ruiz and Martinez, there are no current plans for hydroelectric development on the Usumacinta by either the Guatemalan or Mexican governments.

Martinez further stressed that despite harsh opposition, individual projects like the electrical interconnection initiative (SIEPAC) aim specifically at promoting sustainable regional development in Central America. The projects will involve civil society participation and consultation with the goals of bringing equitable benefits to local communities. He then explained, drawing a map of Guatemala with crisscrossing lines and dots representing individual projects, how SIEPAC will expand electricity to border areas and rural communities that have long been neglected by governments in the region.¹⁶

As also stated by the interviewees, the goal of SIEPAC is to promote the future development of renewable energy sources including hydroelectric, hydrothermal, solar and biomass energy production using sugar. Ruiz asserted the Usumacinta may still be a viable area for future hydroelectric development but that, in general, the planning of these

¹⁶ Vinicio Martinez: Interview. June, 2003. Guatemala City.

projects is a long and tedious process. Obtaining the necessary social support alone could take three to four years while the actual construction would be, at least, eight years. Dams are both extremely expensive to build and maintain. He explained that in the present social climate of tremendous opposition to any hydroelectric development on the Usumacinta, initiating this process would be very difficult.

Martinez denied rumored plans to cut highways through the Maya Biosphere Reserve as part of the Mesoamerican Initiative for Road Integration. In fact, while many have expressed concern over the destruction of biologically diverse areas for the creation of new highways, Martinez explained that ninety percent of construction will be focused on the rehabilitation and expansion of existing roads and highways. In general, he also discussed another major criticism that approximately ninety percent of the projected funds for the PPP are dedicated to infrastructure and only a small percentage will go towards social development and environmental preservation. He asserted it is important to consider that most of the funding is projected for infrastructure because, by its nature, roads, electricity lines, telecommunications systems, etc., are more expensive than the other social or environmentally based proposals. Furthermore, many of the individual projects had been part of each country's national budget many years before the PPP had begun. Energy integration has been an important goal of the region since the 1980s while the connection of regional highways goes further back to the 1960s. Even though the specific focus of creating a regional plan for sustainable development has been more difficult, it is still a major focus of the Plan Puebla Panamá.

As far as the most prolific criticism over the complete lack of consultation, particularly with those who stand to be directly affected by the Plan Puebla Panamá, Ruiz and Martinez contended that while thirty-five active consultations had taken place with various civil society actors including NGOs, academics and business leaders, it has been difficult to involve all groups in the process. They recognize that greater steps must be taken to enhance this process and that the next mechanisms for consultation would be a series of approximately forty seminars scheduled to take place from June through December of 2003.

The importance of consultation in the creation of the PPP was also emphasized by Peter Bates, Press Representative for the Inter-American Development Bank in Washington D.C. who added that the Information, Participation and Consultation Program varies depending on the given project. "If a particular project has the potential to affect local communities, then these communities will be consulted by individual governments. No project has or will be carried out without proper consultation."¹⁷ The Indigenous Council of Central America (CICA) and academics from San Carlos University had been mentioned by both the government officials, the IDB and NGOs, as involved in the planning and negotiation process. Peter Bates stated that CICA, specifically was one group providing technical input into the creation of individual projects affecting indigenous communities. Thus, it was also essential to find out the views of these groups on the Plan Puebla Panama and their role in the participation process.

¹⁷ Peter Bates: Telephone Interview. June, 2003. Washington D.C.

No, Pero (No, But)

After calling numerous departments at the University of San Carlos, the largest public university in Guatemala, I was eventually directed me to a professor working at the Institute of Political and Social Investigation. Visiting the office in the central campus, the professor was part of a special university commission created, in coordination with the Guatemalan government, to analyze the potential positive and negative impacts of the Plan Puebla Panamá and its relation to broader United States economic interests throughout Latin America. The commission had begun the previous year in 2002. Its members were only beginning to have a relationship with the official public relations coordinator, Vinicio Martinez, from the Ministry of Energy and Mines. The professor explained that there seemed to be a number of different perspectives within the university concerning the plan. There was a clear divide between those in Engineering, who see the potential for job creation with the immense infrastructure proposals and those in other academic departments.

Although recently attending two official meetings in Mexico concerning the status of the Plan Puebla Panamá, the professor remained somewhat critical of the government's effort to encourage participation. In general, there had not been adequate effort or funding to facilitate a complete process of consultation with a broad range of civil society groups. Also, there had been no focus on consultations with local and mostly indigenous communities in project areas. Moreover, the meetings involving the university commission were focused on general information about the projects moving forward, which currently were only the initiatives for road integration and electrical

connection. The meetings were strictly focused on information and there had been no official forum for the commission to discuss or negotiate particular projects with the Guatemalan government. The professor was still unclear about the status of the other six initiatives. After our conversation, I was informed that the director of the commission, Roberto Barrios, was also on campus that day.¹⁸

Roberto Barrios, Director of the University Commission for the Plan Puebla Panamá, also asserted that the majority of opposition from civil society was because there had not been any mechanisms for open information or consultation with the majority of civil society. He explained the role of his commission thus far had been to analyze the overarching implications of the PPP, CAFTA and the goals of the United States for the Free Trade of the Americas. Although he recognized the need for investment and the creation of infrastructure, he worried that increasing integration into the world economy would also diminish the power of the state to represent societal interests. Looking specifically at the Plan Puebla Panamá, he asserted the goals of the University Commission was to help bring benefits to civil society groups in Guatemala as opposed to representing the interests of transnational corporations and foreign governments like Mexico and the United States.

The main environmental opposition group also coordinating with the University and the government was Mesa Global. The umbrella organization was made up of various NGOs including Madre Selva, whose Director Norma Magdonal also presented at the Ixcán Forum. Mesa Global had taken the place of CIDECA, another major

¹⁸ University of San Carlos Representative: Interview. June, 2003. Guatemala City.

environmental NGO headed by Mario Rodriguez that had recently withdrawn from the consultation program because of its extreme opposition to the plan and frustration with the Guatemalan government. While Mesa Global also remained in complete opposition to the official plans promoted by the government, the University had taken a middle ground in their views on the plan. Barrios stated the current challenge was to coordinate the divergent viewpoints of Mesa Global, the Guatemalan government and the University Commission in order to develop a coherent framework for negotiation. Despite these challenges, Barrios remained optimistic about the influence of consultations and meetings with Vinicio Martinez on the PPP. He also believed that civil society, either through better consultation or increasingly strong public opposition would continue affecting the outcome of the plan.¹⁹

Members of the NGO, CICA, seemed to have a more confrontational relationship with Vinicio Martinez from the Ministry of Energy and Mines. According to one of the group's representatives, CICA is a regional organization that works throughout the seven Central American countries on various social and economic issues. In 2002, the organization first became involved with the Plan Puebla Panamá by assessing its potential impacts on indigenous communities throughout the region and then presenting their findings at the first major international meeting in June of 2002 in Merida. Since then, CICA has focused on creating greater openings for representation of indigenous interests within the creation of the Plan Puebla Panamá. They emphatically stated that although CICA representatives in Guatemala were negotiating with the national government, they

¹⁹ Roberto Barrios: Interview. June, 2003. Guatemala City.

were, in no way supporting the PPP. A member of the group asserted that though it would be almost impossible to stop the plan, they were trying to find ways to bring more benefits to local communities instead of foreign investors and transnational corporations. CICA emphasized that their ideas of “plural development” stand in direct contrast to current models of neoliberal growth that still leave little room for local representation.

Mentioning my interview with Vinicio Martinez who stated that CICA was one of the primary NGOs being consulted over indigenous interests, CICA responded like representatives from San Carlos University that the existing mechanisms for information, participation and consultation do not provide a means for true negotiation between civil society, government and international officials. CICA believed this was particularly true for indigenous communities in the region. The group also expressed how the current dialogue between CICA, Central American governments and the IDB had been focused solely on gaining participation in the negotiation process. As a result, they did not have any more official information on potential projects or ones already being implemented than other groups opposing the plan. “It is not as if the government came to indigenous groups to negotiate...there is an extreme disparity between the proposed goals of the PPP, which aim at encouraging human development through local participation and what is actually taking place.”²⁰ In response to Vinicio Martinez’s claims of extensive meetings that have already taken place with various civil society groups, members of CICA asserted that, in reality, there has been no real process of information, participation or consultation.

²⁰ CICA: Interview. June, 2003. Guatemala City.

As a means to address these concerns, CICA submitted a proposal to Central American governments to open up greater space for indigenous participation at both the national and regional levels. It centered on “redefining participation within the plan based on clarity and transparency to civil society.” This would involve the restructuring of the planning hierarchy within the PPP including the creation of an indigenous commission to negotiate directly with the Presidential Commission. It would also include a proposed ninth initiative to ensure education, security, and investment specifically for indigenous communities. After a series of meetings between Central American presidential commissioners from April through June of 2003 and pressures from CICA and other indigenous organizations, the NGOs’ proposal to create an indigenous consultation group within the Central American government to represent community interests, managed by CICA, was adopted. However, as I concluded my research, CICA representatives in Guatemala still remained unsure about what advances had been gained to promote better transparency and consultation. I had been the first to notify the group of the press clipping in a national newspaper announcing the decision to form CICA’s indigenous consultation group.

CONCLUDING REMARKS: VIEWING THE PLAN PUEBLA PANAMA THROUGH THE LENS OF POLITICAL ECOLOGY AND THE ACTOR-METHOD

My work in Guatemala has been an attempt to build on previous development literature and to examine the role of human agency in the development process. In this analysis I argue that the field of political ecology, combined with the actor-method, provide an appropriate framework to evaluate the implications of current policy focused on sustainable development as a means to promote more equitable and environmentally sustainable growth, based on local participation and consultation. Grounded in this theoretical literature, my primary questions when examining the Plan Puebla Panamá have been: what is the role of non-state actors such as non-governmental organizations and local communities in shaping the development process? Furthermore, what are the strengths and weaknesses of specific sustainable development initiatives in promoting human agency and active civil society participation? When attempting to answer these questions, it seems essential to understand the major criticisms of the plan. First, while it has been presented with notions of sustainable development, many assert the overall emphasis of the Plan Puebla Panamá is the creation of large-scale infrastructure projects that have little focus on environmentally sustainability growth. Another major criticism revolves around the lack of information or consultation with the majority of those civil society groups concerned about the potential impacts of the PPP.

Looking at these criticisms, it seems there have been two major groups of opposition responding to the perceived lack of information concerning the Plan Puebla Panamá. First, there are those who totally reject the plan due to its potential

socioeconomic and environmental impacts. This group has had no direct means for negotiation with the Guatemalan government or international institutions like the Inter-American Development Bank. Secondly there are those such as CICA and the University Commission at San Carlos that are in various levels of disagreement over the Plan Puebla Panamá, in dialogue with government officials. In general, although the overall success in shaping the long-term implementation of the plan remains to be determined, I found that both of these groups are affecting the creation and implementation of the Plan Puebla Panamá in various ways,

Almost all of the interviewees, including NGO representatives, community leaders and the Guatemalan government stated that public opposition has played a role in slowing the plan's implementation. The primary example seems to be the construction of hydroelectric dams on the Usumacinta River, which have been strongly resisted by various civil society sectors including community groups and nationally and internationally based NGOs, since original proposals decades earlier. Despite the opposition, many have also contended that controversial projects such as this may be still be going forward in secret, to avoid opposition. In fact, community leaders like Alejandro Pérez remained convinced of Mexico's plans to build and some have projected the new construction date to begin in 2005 (Interaction 2004).²¹ It does seem, however, that at least for the research period, with elections occurring in Mexico and throughout the region, strong public opposition played a major role in stalling projects. As a result,

²¹ Alejandro Pérez: Interview. July, 2003: Flores, Guatemala

government representatives and officials from the IDB also recognized the need to enhance the Information, Participation and Consultation Process with civil society.²²

The second group, those in direct dialogue with government officials and the Inter-American Development Bank, are also playing a role in influencing the Plan Puebla Panamá. While consultations with the Guatemalan government had been limited, Roberto Barrios remained hopeful that the University Commission could help bridge the divergent views of opposing environmental groups and representatives from the Ministry of Energy and Mines to develop a true framework for participation and negotiation. Organizations like CICA seemed to be taking a more direct and confrontational approach to encourage greater participation and consultation for indigenous groups. Yet, although the agreement reached between CICA ensures an indigenous council to negotiate directly with the presidential commissioners in charge of project planning and negotiation, the actual role and effects of this commission remain to be seen. To add to the uncertainty, numerous NGO leaders and Roberto Barrios, had less than positive opinions of CICA. Barrios preferred to call them the “Elitist” Indigenous Council and stated the organization had drastically divergent views of development from rural campesinos. A representative from Tropico Verde gave me my first information on CICA, by stating the NGO had essentially been bought by foreign interests pushing for the creation of infrastructure projects within the Plan Puebla Panamá. He further asserted that the organization received the majority of its funding from international sources and that they gave the

²² Juan Carlos Ruiz, Peter Bates: Interviews. June, 2003. Guatemala City.

illusion of indigenous participation while representing only elite indigenous interests, tied to those of transnational corporations.²³

The assertion that a civil society group involved in the negotiation process had only been allowed to “participate” because it had been placated by the Guatemalan government and international interests can be related to Hale’s discussion of the Guatemalan state’s recent promotion of indigenous rights. This “managed” multiculturalism recognizes the distinct rights of the indigenous “Pan-Maya” movement, as long as their demands are not too divergent from the state’s neoliberal policy. Those NGOs who remain within the accepted boundaries of the Guatemalan state are rewarded while others are labeled as radical and excluded from the process (Hale 2002).

While it seems there has been a general exclusion of civil society in the creation and initial implementation of the PPP, the assertion that only those whose demands are not too radical are allowed to participate in the process may not be completely correct. The more moderate University Commission at San Carlos, whose members were divided on the potential benefits of CAFTA and the PPP, served as a mediator between the polarized views of the Guatemalan government and the environmental NGO Mesa Global. The NGO, CICA, although labeled as elitist, vocally opposed the PPP but asserted negotiation was the only way to bring more benefits to indigenous communities. Also the extensive opposition from those excluded from the participation process may not only be halting particular projects but also leading to greater spaces for negotiation with the Guatemalan government and the Inter-American Development Bank.

²³ Roberto Barrios, Tropicó Verde: Interviews. June, 2003. Guatemala City.

In conclusion, the structural focus of political ecology combined with the emphasis on the potential for human agency in the actor-method, provides an appropriate framework to analyze the impacts of various civil society groups in opposition to the Plan Puebla Panamá. The majority of opposition seems to be due to the perceived lack of information or consultation. Many civil society groups see the plan as a secretive, top-down initiative being imposed by national governments and foreign economic interests. As a result, they have focused all their energy on resisting the plan. They have been, at least, temporarily successful in resisting some of the most controversial proposals like the construction of dams on the Usumacinta. Although accused of being elitist, one of few civil society organizations in direct negotiation with the Guatemalan government, CICA, maintains its goal of representing the indigenous population throughout the region. At least in the initial phases, they seem to be successfully lobbying for these interests. Thus, although the plan has been criticized for failing to encourage true participation or negotiation, various sectors of civil society are affecting the process. It remains to be seen, if human agency within the creation of the Plan Puebla Panamá can produce a more transformative, equitable and environmentally sustainable type growth in the region. Answering this question will require further research into the implementation of specific projects and the participation process at the Ph.D level.

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