

The Pace of Neoliberal Globalization: A Comparison of Three Popular Movement Campaigns in Central America

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Introduction

IN THE LATE 1990S AND EARLY 2000S, THE POPULAR SECTORS IN CENTRAL AMERICA were embroiled in the largest acts of mass defiance since the national liberal liberation struggles of the late 1970s and early 1980s. In Panama, El Salvador, Nicaragua, Costa Rica, Guatemala, and Honduras, a series of battles over government austerity and neoliberal restructuring are contributing to ongoing, heightened social conflict. The political turmoil derives from a new round of the region's integration into the capitalist world economy along free-market lines (Robinson, 2003). As the countries of the isthmus entered a foreign debt crisis in the 1980s, their respective governments initiated phase one structural adjustment policies such as currency devaluations, subsidy cuts to basic consumption goods and services, and economic deregulation (Stahler-Sholk, 1994). As these policies curbed inflation and led to short-term spurts in economic growth, the republics of Central America continued to accrue foreign debts in the billions of U.S. dollars through the 1990s, while maintaining sizable internal budget deficits. In the mid-1990s, in response to this ongoing fiscal crisis, international financial institutes (IFIs) encouraged a second phase of structural reforms that involved the privatization of publicly administered services and infrastructure, deeper reductions in the state sector, and the implementation of regressive sales taxes to overcome budget shortages and secure loan repayments (Green, 2003). Since the late 1990s, these second-stage reforms appear to be shaping some of the key mass struggles in the region.

Indeed, in 2005, Costa Rica, Guatemala, Honduras, and El Salvador experienced national days of protest against the signing of the Central American Free Trade Agreement (CAFTA)—a key measure seeking to further integrate the region in a neoliberal fashion. The anti-CAFTA mobilizations in Guatemala in March 2005 alone brought Mayan peasant associations into coalition with university students, schoolteachers, state-sector unions, and a variety of nongovernmental organizations (NGOs) in a month-long series of nationally coordinated demonstrations and

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roadblocks. In Panama, between May and July of 2005, in another type of neoliberal policy conflict, construction workers, state employees, schoolteachers, university students, health care employees, and social security workers coalesced into an oppositional coalition that demanded the repeal of a newly imposed national pension law that increased the age of retirement by five years. In the end, the anti-CAFTA forces failed to prevent their respective governments from signing free-trade accords, while the campaign in Panama forced the Torrijos government to postpone the pension reform and negotiate with the most affected social sectors. What accounts for the varying outcomes of popular struggles such as these that continue to contest the character and content of neoliberal reforms throughout the developing world? Below, we examine three campaigns against the implementation of second-phase neoliberal policies in Central America to better assess the kinds of situations in which movements challenging globalization-induced reforms influence the pace and character of the policy implementation process (see Table 1).

Table 1:
Three Central American Protest Campaigns Against Neoliberal Reforms

Costa Rica: In 1995, teacher pensions were threatened due to IMF austerity measures; the coalition initiating a protest campaign included teachers, students, and public-sector workers.

Nicaragua: In 1995–1997, the university budget was cut due to World Bank and IMF austerity measures; the coalition initiating the protest included university students and administrators.

Guatemala: In 2001, a new sales tax (IVA) was imposed due to IMF austerity measures; the coalition initiating the protest included the labor federation, university students, indigenous peasants, and the Chamber of Commerce.

The campaigns represent some of the larger mass mobilizations in Central American in the late 1990s and early 2000s. We specifically examine the role of public opinion, the breadth of mobilization, and alignment with oppositional political parties as key dimensions conditioning the impact of the campaigns. While several studies demonstrate an upsurge of anti-neoliberal globalization protests in Latin America in the 1980s (Walton and Shefner, 1994), 1990s (López Maya, 1999), and early 2000s (Almeida, 2002; Auyero, 2002), we know less about the relative successes (or failures) of specific campaigns to prevent unwanted economic policies (Rhodes, 2006).

Defensive Collective Action and Social Movement Outcomes

Economic restructuring in Central America since the mid-1980s has increasingly placed pressure on national governments to scale back on federal budgets and open public industries and services to market forces. The changes commenced in the face of the international debt crisis of the early 1980s. International financial institutions (IFIs) stepped in to broker the crisis for Northern banks. In the mid-1980s, IFIs such as the International Monetary Fund (IMF), World Bank, the International

Development Bank (IDB), and the U.S. Agency for International Development negotiated the first wave of structural adjustment agreements with the republics of Central America. In exchange for loan reductions, new lines of credit, and favorable credit ratings, Central American states implemented stabilization policies; this often included currency devaluations, fiscal austerity, and wage freezes. As the debt crisis dragged on into the 1990s, neoliberal state managers initiated a second wave of reforms that often involved privatization of government infrastructure and services, deeper cuts in the public sector, and increasing value added taxes (i.e., a sales tax). Both waves of structural adjustment have led to several episodes of *defensive* collective action in the region. That is, civil society groups affected by the reforms have launched protest campaigns to prevent unwanted changes that are perceived as making them worse off if the policies were to be implemented. In other words, avoidance of “collective bads” (as opposed to collective goods) provides the threat incentives that drive these mass mobilizations. Some of the earlier campaigns against first-phase reforms included mass protests by neighborhood groups in Costa Rica in 1983 against rapidly rising electricity prices (from subsidy cuts) and labor marches in El Salvador in 1986 against new fiscal reforms, including the devaluation of the national currency advised by the IMF.

In the late 1990s and early 2000s, several dozen mass protest campaigns emerged throughout Central America over new state reforms and privatization programs. Indeed, without exaggeration, some of these campaigns against economic austerity register as the largest acts of civil disobedience witnessed in the recent history of several countries on the isthmus, and are definitely the largest demonstrations in the 1990s and early 2000s. Whereas for most of the 20th century (with the possible exception of Costa Rica), popular movement struggles oscillated between reform and revolution to remove firmly entrenched dictatorships and military rulers, along with the feudal structure of agro-export economies (Paige, 1997; Robinson, 2003), in the 1990s and early 2000s, the popular classes organized the largest demonstrations against unwanted economic changes linked to the process of neoliberal globalization.

In Costa Rica, the 1995 teachers’ strike and a protest campaign in 2000 against telecommunications and electricity privatization each involved over 100,000 participants — serving as the largest protest demonstrations in the country’s recent history. The campaign against a sales tax hike in Guatemala in 2001 also mobilized tens of thousands of people nationwide and served as a precursor to larger mobilizations against another sales tax hike in 2004, as well as mobilizations against a free trade agreement in 2005. Thus, the level of popular participation alone makes these cases worthy of analysis. Our purpose, however, is not to explain the level of mobilization that these various economic reforms trigger, but rather their *outcomes*. In short, arguably the most important question in research on collective action is, under what conditions do movements succeed or fail? Here we examine the circumstances under which national governments facing popular opposition implement neoliberal

reforms and when they are obstructed or even reversed. Such a study advances our understanding of the *pace* of global economic restructuring throughout the developing world and the closely related issues of social and economic distribution. Indeed, the *rate* of neoliberal reform may be the more appropriate means to study such movement outcomes of this variety, since a victory against a particular policy at one moment may still lead to the measure's implementation at a later date. Most Central and South America countries remain on a neoliberal policymaking trajectory, so our observations of movement outcomes must be tempered by the reality that governments, for reasons of economic dependency, economic strategy, and/or ideological commitments, usually pass most neoliberal measures.¹

The Impact of Public Opinion, Mobilization Breadth, and Opposition Parties

Even into the late 1990s and early 2000s, several notable empirical and theoretical articles on movement consequences contended that research on movement impacts remains less developed than are studies focusing on movement recruitment, emergence, and ideological framing processes (Giugni, 1998, 1999; Amenta and Young, 1999; Cress and Snow, 2000; Meyer, 2002; Stearns and Almeida, 2004; Jenkins and Form, 2005). One avenue into redressing this shortcoming in the literature involves focusing on *policy outcomes* of social movement struggles. Social conflicts over *specific* neoliberal policies offer a particularly useful means to study movement outcomes because of their bounded nature and more easily identifiable properties. For example, either the privatization of a public utility passes through the legislature or it doesn't. A new sales-tax hike either goes into effect or it doesn't. Such specific outcomes are much more empirically tractable than are larger movement-related outcomes such as greater economic equity or environmental justice. Nonetheless, every austerity measure adds up to a larger trajectory of neoliberal globalization, and understanding the conditions associated with the implementation or non-implementation of each policy conflict may inform broader struggles seeking to slow the pace of such reforms and larger issues of social and economic stratification. Three core dimensions in the social movement literature that apply to neoliberal policy outcomes are *public opinion*, *breadth of mobilization*, and *alignments with opposition political parties*.

Public opinion plays a critical role in policy outcomes in democratic contexts, even in newer democracies such as most of Central America. Elected officials in the executive, judicial, and legislative branch may read public opinion as an important empirical cue on how to vote or act on a particular policy (Burstein, 1999). However, public opinion is not a fixed, freely existing social phenomenon. It is clearly shaped by social movements, mass media, and state agencies before and during policy conflicts. The general public may need experience with several types of neoliberal policies before harboring strong sentiments about a specific austerity measure. Often, economic austerity programs and other liberalization

measures pass through the political process with little public opposition or even public awareness.

In the case of privatization, state institutions, services, and enterprises that the public views as corrupt, inefficient, or simply not directly affecting them may easily be dismantled or sold off to foreign and domestic investors. Nonetheless, when austerity policies begin to make large numbers of people and multiple social sectors worse off, a subsequent round of similar measures will likely raise the level of popular indignation. Walton and Ragin's (1990) findings support this assertion with their cross-national study of austerity protest. In their research, a key covariate associated with protest intensity involved the number of negotiations and restructurings a country maintained with international financial institutions. The more "IMF pressure" for austerity programs a developing country experienced, the more likely it was to witness mass protests. In some of the most notable (and rare) cases in which a Latin American government held a plebiscite or referendum on a major austerity measure, the citizenry voted down the measure as in Ecuador in 1995 (social security privatization and other government enterprises), Uruguay in 2003 and 2004 (privatization of petroleum refining and water distribution), and Bolivia in 2004 (continued natural gas privatization). The more public opinion opposes a particular austerity policy, the more likely it is that it will accelerate the pace of mobilization. In addition, widespread public outrage against a particular neoliberal measure enhances the prospects for assembling a multisectoral coalition to actively contest the impending policy (Reese, Geidraitis, and Vega, 2005).

Breadth of mobilization indicates that it goes beyond a single social sector, presenting the impression of a large, unified movement to power-holders. Large-scale unity offers two of the four key ingredients in Tilly's (1999) WUNC (Worthiness, Unity, Numbers, and Commitment) model of movement strength. In terms of neoliberal policies such as subsidy reductions, new taxes, and privatization of services and infrastructure, wide variation exists in terms of the number of people affected by the measure. Across-the-board sales tax hikes affect the entire population and especially negatively affect the popular classes (that can barely afford basic household consumption goods). Privatization of infrastructure, utilities, and public services such as telecommunications, water, electrical power, and health care have an impact on large numbers of consumers. However, fiscal austerity applied to particular social sectors such as education may only directly affect populations within those sectors, such as students and teachers.

Public opinion against a particular neoliberal policy is more conducive to forming a multisectoral alliance. If a large cross-section of the population already disagrees with a policy, the mobilization potential increases (Klandermans, 1997), given the large and diverse pool within civil society that campaigners and activists can tap for recruits. Once a large multisectoral coalition materializes, it raises the costs enormously for policymakers and state managers to continue on their current neoliberal trajectory. For example, in March 2006, the largest indigenous organiza-

tions in Ecuador, representing the Sierra, Amazon, and Coastal regions, united with students and state-sector labor unions to impede a quietly negotiated economic liberalization accord with the United States. Without the coalition's mass actions, the trade liberalization treaty would have been signed much earlier and inside the insular world of elite policymaking circles, as opposed to an open public debate. In contrast, if only a single sector opposes an impending neoliberal policy, political and economic elites may easily isolate that sector and dismiss its concerns as simple self-interest (e.g., employees in a lone state firm facing privatization).

Opposition political parties are involved when movements engage in alliances and coalitions during a campaign. Ties forged with political parties may be the most important partnership in terms of policy outcomes (Almeida and Stearns, 1998; Stearns and Almeida, 2004). Indeed, "influential allies" form a crucial component in the structure of political opportunities available to social movements (Tarrow, 1994; McAdam, 1996). Political parties lend legitimacy to the claims of anti-austerity challengers by taking up their cause. Oppositional political parties allow indirect and direct access to the movement into policymaking circles, including hearings of legislative committees and meetings with key policymakers and legislative representatives. Opposition political parties can also bring the demands of anti-austerity movements into the legislature for full parliamentary debate. Such insider actions place the issue in question into the sphere of public opinion and force other less friendly political parties to take a more visible stand on the particular policy. Moreover, with their insider political status, sympathetic political parties may leak valuable information to social movement activists about an impending neoliberal program in the legislative pipeline. Finally, most economic liberalization policies in democratic states need congressional approval before they are enacted and written into law.² Hence, winning over a major oppositional political party that can impede the legislation inside the polity would seem to act as a major goal for social movements battling neoliberal globalization under regimes with elected parliaments.

The dominant party in power is less likely to partner with a social movement in the sense that it brought the neoliberal reform into policymaking circles in the first place and serves as the main booster of the measure (Stearns and Almeida, 2004). An oppositional movement is much more likely to form an alliance with an oppositional political party (Kriesi et al., 1995). The movement-oppositional political party partnership may be forged early in a campaign, or at a later date once the movement demonstrates its political muscle by forming a multisectoral coalition within civil society. Such large-scale mobilization further motivates oppositional political parties to act on the movement's behalf.

In summary, when public opinion, multisectoral campaigns, and alliances with opposition political parties act in concert and move in the same direction, these conditions would likely serve as the primary forces to slow down the pace of neoliberal reform and economic restructuring. At times, these critical elements

simply do not present themselves to consumer defense groups, labor unions, and civic activists, no matter how hard they may try to will them into existence. In the comparison of Central American austerity campaigns below, we highlight the way in which the varying combination of these three dimensions affect the rate of neoliberal change.

Three Central American Anti-Neoliberal Campaigns

The following protest campaigns represent some of the larger battles over neoliberal policies in Central America between the mid-1990s and early 2000s. These contentious episodes by no means offer an exhaustive list of campaigns in the region, and several other major campaigns have taken place since this time, over similar issues. We selected these campaigns because their outcomes vary and they embody the types of neoliberal policies often found in present-day Latin America. The cases symbolize ongoing battles against neoliberal globalization and some of the civil society actors likely to serve as the main protagonists in such struggles.

Costa Rican Teachers 1995: In the spring of 1995, the main Costa Rican teachers' associations (ANDE, APSE, and SEC) faced a government adjustment measure that increased the retirement age of educators from 55 to 60 years of age. The government also changed the teachers' pension system from 100% of their final salary to 80%, and exacted greater contributions from monthly paychecks to fund the retirement system. Since the early 1980s, the country had experienced several rounds of economic austerity connected to the foreign debt crisis. The central government slashed the budget for public education from 34.5% of social spending in 1982 to 24.4% in 1991 (Trejos and Valverde, 1995: 16). In the spring of 1995, the Costa Rican state continued to enact austerity measures. The government remained under outside pressure to reduce its domestic budget deficit from eight percent to 3.5%. In February 1995, the World Bank cancelled a \$100 million loan when the government failed to make sufficient reductions in the state sector (Sandoval Coto, 1995). In late April 1995, the ruling PLN party signed a pact with the opposition PUSC party—the two dominant political parties in Costa Rica, which controlled 53 of 57 parliamentary seats—to implement a series of austerity measures (known as the “Figueres-Calderón pact,” after the leaders of the two hegemonic parties). One of the first results of the pact was the rapid passage of the public teachers' pension reform (Law 7531) on July 9, 1995, with a combined 40 votes from both parties. The pension reform was specifically requested as a condition to receive a standby loan from the IMF (Calvo Coin, 1995). The measure also served as an integral component of Costa Rica's third major structural adjustment program since the early 1980s (known as PAE III) (Rodríguez Molina, 2000: 4). The parliament passed the legislation while the teachers were out on vacation.

Immediately seeing this as a major violation to their constitutional rights, the three teachers' associations, organized under the **Frente de Organizaciones Magisteriales (FOM)**, aligned with 33 other organizations (largely of state workers) in the

Comité Cívico Nacional (CCN) to fight the pension policy and other adjustment measures rumored to be in the pipeline (Herrera, 1995). The FOM was composed of teachers' associations and unions that formed during the period of state-led development between the 1940s and 1970s (Trejos and Valverde, 1995). Labor unions and worker associations in Costa Rica tend to be small, with 60% of unions maintaining 100 members or less (*Ibid.*). Hence, the three main teachers' associations represent some of the largest labor-based organizations in the country.

On July 17, in reaction to the pension reform law, some 50,000 teachers inaugurated the new school year with a national strike that affected 700,000 students. The teachers secured the support of the country's four major public universities, which joined the strike in solidarity. The president, Minister of Public Education, and Minister of Labor refused to negotiate with the teachers until they lifted the strike and clearly warned public educators that the pension law would not be discussed in any future dialogue. They also threatened to dismiss other public-sector unions in the CCN if they engaged in solidarity actions and strikes. The FOM held a 37-day strike to resist the measure. The strike peaked on August 7, when strike leaders and the state workers' national civic committee (CCN) convoked the largest street demonstration in decades (Dobles Oropeza, 1995), drawing an estimated 100,000 participants. The historic march ended at the presidential palace of President José María Figueres in El Zapote. **In the evening, riot police units cracked down on and beat protestors that remained in front of the palace.** The repression outraged the Costa Rican public, which prides itself on its nonviolent reputation.

On August 16, 1995, strike leaders signed an agreement with the Costa Rican government that allowed the measures to remain the law. This created deep divisions in the movement of public educators, which continue today. The teachers failed to form a coalition that went beyond the public-sector unions—their natural allies and the group most harmed by the Figueres-Calderón pact and the austerity measures. Though several public-sector unions, organized under the National Association of Public Employees (ANEP) and the CCN, held short sympathy strikes and joined in street demonstrations, they failed to engage in the larger general strike called for by some movement leaders. Neither the ruling social democratic PLN (with the most deputies in Congress) nor the oppositional Social Christian Union (PUSC) supported the teachers. Public opinion slightly favored the teachers, but there appeared to be limits within the state-sector unions and the larger civil society in terms of risking mass civil disobedience to salvage the pension plan for public educators. Early in the strike, in a national survey of 310 respondents, 51% stated the teachers' demands were just or very just, while only 19.4% stated they were unjustified. However, nearly 80% disagreed with the use of disruptive protest, while only 13.7% agreed.³ In the end, the restructuring of a relatively favorable pension system (by Costa Rican standards) for public school teachers did not allow for a strong and unified multisectoral coalition willing to risk a more protracted struggle.

Nicaraguan University Students, 1995–1997: After a decade of governance

following the 1979 Sandinista Revolution, the FSLN party relinquished power in 1990 after losing the presidential elections. Article 125 of the Nicaraguan Constitution under the FSLN mandated that six percent of the total government budget would be allocated to higher education. The center-right government under Violeta Barrios de Chamorro assumed power with a \$10 billion foreign debt and immediately initiated multiple structural adjustment programs that sparked several mass mobilizations throughout the early 1990s by labor unions and other sectors (e.g., peasants, civil servants, etc.) that were already organized under the Sandinista organizational umbrella (Stahler-Sholk, 1994). In this political climate of state-sector contraction and neoliberal adjustment, which was encouraged by the World Bank and IMF, the Chamorro administration began to implement fiscal austerity in the educational sector in 1991 and 1992.

The Chamorro government (1990 to 1996) consistently allocated much less than the stipulated six percent to the national university system. In mid-1992, the university community engaged in street demonstrations until the legislative assembly and Supreme Court again ratified that six percent of the national budget should be allocated to universities (Robert and Ruiz Carrión, 1997). In September 1995, Chamorro signed an accord with the IMF in which the government agreed that it would negotiate with the legislative assembly to calculate the six percent for universities out of domestically generated income and not from foreign donations or loans (Consejo Nacional de Universidades, 2004).

On October 15, 1995, as stipulated by the Nicaraguan Constitution, the Chamorro government delivered its 1996 budget proposal to the legislative assembly for ratification. The budget under-funded the universities by only offering 4.2% to higher education and failing to pay a debt of 38 million córdobas (Marengo Tercero, 1995). By late October 1995, major mobilizations occurred in the Nicaraguan university community to demand that the central government deliver the entire six percent of the budget, including calculations involving foreign aid and monies owed from previous years. An organization of university administrators from the country's leading institutes of higher education—the National Council of Universities (CNU)—and the National Union of Nicaraguan University Students (UNEN) united in a coalition based in the university sector to battle against austerity cuts in the national university system. The university population amounted to approximately 40,000 students in the mid-1990s. The protests involved dozens of street demonstrations and several disruptive actions, such as hunger strikes, occupations of the international airport and the ministries of finance and external relations, as well as several roadblocks in Managua and of the national highways.

On December 13, 1995, the riot police brutally repressed a mass march of university students to the legislative assembly during a debate on the national budget, resulting in the deaths of a student and a university worker, as well as 43 serious injuries.⁴ In the middle of this crisis, on December 15, the legislative assembly approved Chamorro's version of the budget. The passage of an educational

budget of less than six percent and the police repression led to several more mass demonstrations in December, January, and February. The university movement does not appear to have effectively moved public opinion, although no opinion polls exist. To make up for this lack of wider public support, the students and university administrators acted as the core of the movement for an increased budget. The university budget campaign at times mobilized neighborhood groups, but failed to form a larger multisectoral alliance. In addition, the government launched a major publicity campaign against the university community, characterizing the crisis as a zero-sum game whereby scarce public revenue and resources were shifted from primary education to finance an inefficient university bureaucracy.

Nonetheless, the university community enjoyed the support of the largest oppositional political party in the parliament, the **Frente Sandinista de Liberación Nacional (FSLN)**.⁵ The university movement and the FSLN placed sufficient pressure on the legislature to get a more favorable university budget approved on April 13, 1996 (*Consejo Nacional de Universidades, 2004*), but **president Chamorro vetoed the legislation (Law 218) on May 10**. The FSLN kept the budget issue in legislative debate and finally won a major concession on August 7, 1996, to increase funding to the university system. With university students surrounding the national legislature, the FSLN and legislative dissidents (from the defunct ruling UNO party) voted 56 to 17 to overturn the president's veto on the university budget and secured the full six percent funding (Alonso and Carazo, 1996). During the 1995–1996 university budget protest campaign, the FSLN maintained 38 of 90 parliamentary seats.

The issue reemerged in April 1997, when the newly elected **Arnoldo Alemán** government (from the dominant Liberal Party) vetoed six percent for higher education after the legislative assembly had approved it in March with a slim majority of 47 votes out of 93. In the 1997 campaign, the FSLN controlled 37 of 93 legislative seats. The legislative assembly then made a U-turn in late June and backed Alemán's veto (*Palazio Galo, n.d.*). **After several mass mobilizations between April and July 1997**, Alemán partially caved in and earmarked the six percent for Nicaraguan universities after intense negotiations with the CNU, although the budget allocations were not based on international aid as the university community desired. In some of the street protests, FSLN legislators were present and even were injured during riot police crackdowns.⁶

Nicaragua maintains one of the most extensive and diverse public university systems in Central America. Throughout the region since the 1980s, private universities have proliferated, including in Nicaragua. Given the country's foreign debt, the largest in Central America at the time, simply maintaining the national university intact was a major victory for the university budget movement in the 1990s, even when the university community failed to receive the total funds it requested. A major part of the mission of the public university system involves ensuring thousands of scholarships for talented students from Nicaragua's majority poor population. Privatizing higher education would have greatly increased educational inequality

in the country (First author interview with leading National Council of Universities [CNU] representative, Managua, August 8, 2002).

Sales Tax Hike in Guatemala in 2001: Increasing the national sales tax is a common neoliberal reform enacted in Latin America to increase government revenues, make up for budget deficits, and finance loan repayments (Mahon, 2004). Between May and July of 2001, the Guatemalan government debated and passed such a sales tax increase from 10 to 12%. The Guatemalan labor federation (CGTG) formed an alliance with university students, community-based organizations, the public school teachers' union (SMG), informal-sector workers, and the Guatemalan Chamber of Commerce to resist the unwanted changes. Public opinion was overwhelmingly against the sales tax hike.⁷ The oppositional coalition convoked the largest mass protests since the recent end of the low-intensity civil war in December 1996. Beginning in May, each Friday the anti-tax campaign held a rally in the plaza of the Obelisco monument in Guatemala City. Mass marches, civic strikes, and coordinated actions occurred in dozens of cities, including in the departments of Alto Verapaz, Baja Verapaz, Izabal, Quetzaltenango, Sacatepéquez, Sololá, Suchitepéquez, and Totonicapán. By late June, some 50 civic organizations formed an ad hoc alliance (called the *Asamblea de la Sociedad Civil*) to resist the tax hike.

The primary party that was sympathetic to the movement was the *Alianza Nueva Nación* (ANN), which held less than 10% of the legislative seats (nine out of 113). In addition, the *Unidad Nacional de Esperanza* (UNE) party stood against the reforms. Both parties persuaded the largest opposition party, the PAN, to abstain from voting in favor of the new tax hike.⁸ Nonetheless, the legislative assembly passed the new tax increase on July 26, 2001, by a vote of 65 to 0 (all dissenting oppositional parties abstained in protest).⁹ The dominant *Frente Republicano Guatemalteco Party* (FRG), headed in the national assembly by former military dictator Efraín Ríos Montt, passed the legislation with the assistance of the much smaller Christian Democratic Party and the Democratic Union Party (each provided one vote). Thus, the FRG controlled the presidency, under Alfonso Portillo, and the parliament (with an absolute majority of 63 seats) at the time of the tax hike. In response, the *Asamblea de la Sociedad Civil* (ASC) redoubled its efforts and coordinated mass protests in the days immediately following the passage of the sales tax. On August 1, 2001, the ASC, along with the Chamber of Commerce, held a 24-hour national strike (denominated "Day of National Dignity"), which included a mass march of between 20,000 and 50,000 people in the capital, and protest events in all 22 provinces of the country. Many protesters dressed in black as a symbol of national mourning. Newspaper correspondents on the scene reported that demonstrators chanted the rhyming grievances of, "El Alto Costo de Vida, el Pueblo Deja sin Comida" (as the cost of living rises, the people are left without food) and "La Canasta Básica Aumenta, y los Sueldos No se Incrementan" (the price of consumer goods increases, but not our wages) (Ramírez, 2001). One faction of the opposition began a hunger strike in front of the Supreme Court in the

hope that the law would be declared unconstitutional. The hunger strikers collected 50,000 signatures opposing the tax hike. By early September, the protests petered out and the new tax law went into effect.

Summary and Conclusions

Table 2 summarizes the cases examined in this study. Important patterns emerge in our comparison of three anti-neoliberal protest campaigns. At a minimum, though not necessarily a sufficient condition, it appears that a successful campaign needs to ally with a strong oppositional political party. A small or weak party may be able to help place pressure inside the parliament and leak important information to the movement. However, to prevent or overturn unfavorable neoliberal legislation, a larger oppositional political party needs to step in at some point. In Nicaragua, the FSLN played the role of a strong oppositional party supporting the university budget movement. In the less successful campaigns in Costa Rica and Guatemala, the movements failed to link with a *strong* oppositional political party. In the case of the Costa Rican schoolteachers' pension reforms, the two dominant political parties (PLN and PUSC) made a pact to jointly implement neoliberal laws, leaving few allies inside the legislature with whom public educators could align. The protest campaign by the teachers and state-sector unions failed to drive a wedge into the elite political pact. The campaign against the Guatemalan sales tax also failed to generate majority support within the legislature, despite massive protests in civil society throughout the national territory. The ruling FRG party, with its absolute majority in the legislature, remained unified in implementing the neoliberal measure emanating from the executive branch controlled by the same party.

Table 2:
Austerity Measures and Campaign Outcomes

Costa Rica: In 1995, teacher retirement laws were restructured, with mild public reaction; coalitional breadth was within the educational sector, and oppositional political parties were not present; the outcome was negative (the retirement law was implemented).

Nicaragua: In 1995 through 1997, university budget cuts were met by public indifference; coalitional breadth was within the educational sector, and oppositional political parties were strong, resulting in partial success (sustained funding).

Guatemala: In 2001, a new sales tax (IVA) was imposed, with public reaction against the policy strong; coalitional breadth was across multiple sectors in civil society, and oppositional political parties were weak; the outcome was negative (the IVA was implemented).

Public opinion does seem to be important in all three cases. Public opinion against the neoliberal measures was strongest in the case of the sales tax hike in Guatemala. This assisted in developing large multisectoral coalitions because the issues affected several groups in civil society. Nonetheless, the Guatemalan movement was unable to persuade FRG legislative members to break with the

party and stand against the sales tax increase. In the case of the Costa Rican teachers and the Nicaraguan university students, the neoliberal measures proved to be more sector-specific (largely affecting a single social sector). The Nicaraguan university community overcame this deficit by sustaining prolonged disruptive protest campaigns with high levels of student participation and commitment, while maintaining its historic alliance with the FSLN opposition party (the largest in parliament). At times, it persuaded particular legislative deputies to break with the party in power and vote in favor of the university community. Hence, strategies and tactics may be another important consideration when investigating the outcomes of neoliberal-induced policy conflicts. The Costa Rican teachers failed to overcome their sector-specific weaknesses; they did not align with groups outside the state sector or with an oppositional political party, and their campaign ended with deep internal divisions. The teachers could not generate higher levels of commitment from sympathizers and allies to commit to a longer struggle and/or may have ended their protest campaigns prematurely.

Future studies should focus on the role of public opinion in conditioning the diversity of the oppositional coalition. A study with more cases would also be useful in determining how much public opinion contributes to the final policy outcome, beyond enabling a multisectoral coalition. For example, an election year would probably be an especially risky time to enact a particularly salient neoliberal reform that much of the public is aware of and opposes. Designs incorporating a larger number of cases could inform scholarship and civil society groups about other closely related issues that are not examined in the present study. Such studies would include the scope of the population affected by the reforms, the level of disruption used by the oppositional movement, and the population's experience with earlier neoliberal reforms (e.g., did they raise prices, did they compensate the affected parties, did the public view them as legitimate and justifiable, etc.).

The above popular struggles offer important lessons for similar skirmishes occurring throughout the developing world in the context of second-phase neoliberal reforms. Movements that can benefit from public opinion support should use the favorable political climate to bring several social sectors into the struggle. In this effort, civil society activists and consumer defense groups should consider bringing in sympathetic political parties that can advocate within and outside the polity against the impending neoliberal legislation. Movements that benefit from favorable public opinion, have mobilized widely across sectors and the national territory, and are aligned with an efficacious oppositional party will probably push back reforms more quickly than campaigns that lack these properties can (or at least force a wider public debate).

NOTES

1. The recent rise of leftist and populist governments in Argentina, Bolivia, Brazil, Chile, Uruguay, and Venezuela makes the current deepening of neoliberal globalization more of an open question.
2. However, depending on a country's constitution, the executive branch may have special authority to enact laws by presidential decree. Ecuador's President Gustavo Noboa issued such a decree in May 2001, which imposed a sales tax increase after the legislature opposed the measure.
3. See "Apoyo a reclamo de educadores" (*La Nación*, July 21, 1995: 5).
4. See *La Barricada* (December 14, 1995: 1; 3). One of the deaths was Jerónimo Urbina Jarquín from the National Engineering University (UNI). The other death was a unionist and tractor driver from the International Agricultural University in Rivas—Ernesto Porfirio Ramos. See *La Barricada* (December 21, 1995: 1; 8).
5. Early in this round of university budget struggles, one student leader commented to the national press that the FSLN was "the only party that from the beginning has always supported us in protests for 6 percent of the budget" (in Sánchez Paz, 1995: 11). In May 1996, the university community, including UNEN and the CNU, sponsored a special ceremony that publicly recognized specific institutions that assisted in its struggle for a larger university budget. Along with the pro-Sandinista newspaper, *La Barricada*, and a pro-Sandinista bus cooperative, the Sandinista political party (FSLN) was honored (Meléndez, 1996).
6. For the sake of brevity and analytical clarity, we only present the university budget campaign between 1995 and 1997. The budget crisis, because of its integral relation to the annual government budget, remained a major source of social conflict through the early 2000s. Major accords were signed between the government and university administrators in 1999 and 2004, however, which dampened the level of conflict for the years immediately preceding the accords (Consejo Nacional de Universidades, 2004).
7. In a poll conducted by a Guatemalan newspaper, in which participants were invited to call in, respondents were asked if they supported the national strike on August 1 in opposition to the tax hike; 5,522 valid responses were calculated, with 93% supporting the strike and seven percent opposing it. See "Apoyo a paro nacional" (*Prensa Libre*, August 1, 2001).
8. However, the PAN's anti-neoliberal credentials proved to be weak since it was the previous party in power and initiated several privatization programs (including state telecommunications) under President Alvaro Arzú (1995–1999). Thus, the PAN and the popular movement failed to form ties, though it did act on its behalf by abstaining from the vote and calling for a popular referendum.
9. See, "Aprueban el IVA" (*Prensa Libre*, July 27, 2001).

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