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ARTICLE



## Peace-building and business elites in Guatemala and El Salvador: explaining the discursive 'institutional turn'

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### ABSTRACT

The local business elites of El Salvador were generally in favour of the peace agreement and supported its negotiation and implementation in 1992, while in Guatemala the private sector reluctantly supported the peace process and, after the peace agreements were signed in 1996, the private sector sought to obstruct parts of its implementation. In the aftermath of the peace accords, business elites united around an ideology espousing a minimal state and a focus on market solutions to social problems. Although welcoming the security-related measures in the peace accords, business elites have often obstructed transformations towards more inclusive and democratic societies. However, in recent years there has been a change in discourse among influential business associations towards recognition of the need for strong state institutions and the need for institutionalised mechanisms for dialogue to find solutions to social problems. In this article, we seek to shed light on the significance of this discursive turn for continued peace-building.

### KEYWORDS

Peace-building; business elites; discourse; El Salvador; Guatemala; institutions

## Introduction

In El Salvador and Guatemala, local business elites played important, although different, roles in the peace processes leading to the peace accords ending the respective civil wars in 1992 and 1996. The El Salvadorian business elites were generally in favour of the agreement and supported its negotiation and implementation, while their Guatemalan counterparts supported it only reluctantly and sought in the aftermath to obstruct parts of its implementation.<sup>1</sup> In the aftermath of the peace accords, business elites united around an ideology espousing a minimal state and a focus on market solutions to social problems, strongly influenced by libertarian ideas.<sup>2</sup> Although being supportive of the security-related measures in the peace accords, business elites have often obstructed rather than supported transformations towards more inclusive and democratic societies by, for example, opposing social reform and tax reform and keeping privileges to the detriment of large groups of the poor.<sup>3</sup> However, in recent years there has been a distinct change in discourse among influential business associations and individuals towards recognition of the need for credible and strong state institutions and the need for institutionalised mechanisms for dialogue to find solutions to social problems.

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What is the significance of this discursive turn and what may it mean for continued peace-building? In this article, we will first elaborate what we mean by an ‘institutional’ discursive turn and show how it has occurred in El Salvador and Guatemala through an analysis of reports and op-eds published by business elites. In the following part, we place the discursive shift in the context of three major social changes: (1) a generational shift within elite groups, (2) intra-elite fractures and disputes; and (3) the strengthening of civil society and the justice system. While the first two are partly a result of the internationalisation of Salvadorian and Guatemalan business groups and the related emergence of new actors who dispute the control of the state, the third factor is linked to the peace processes.

The paper is based on qualitative research in Guatemala and El Salvador over a number of years. This has included the study of documents published by private sector entities (think tanks, business organisations, political parties aligned with business-elites), the study of op-eds written by business leaders, observation of political activities by business actors, as well as interviews with business leaders.

### **The private sector and the long-term transformations towards peace**

The literature on business for peace may be divided between contributions that focus on how to manage risk in conflict situations, how business may contribute to capacity-building in conflict resolutions and business contributions in transitions from war towards peace.<sup>4</sup> The literature focuses increasingly on potential contributions from individual companies, emphasising, among other issues, the pivotal role of CEOs.<sup>5</sup> El Salvador and Guatemala present some particular challenges to the scholarship on business for peace. Peace agreements in the 1990s put a formal end to civil wars in both countries but the countries remain highly violent and unstable. Many of the root causes of the conflicts, such as extreme inequalities, poverty, systematic discrimination against indigenous peoples, conflicts over the use of land and social violence, are still prevalent. In both countries, a lack of institutionalisation of mechanisms of dialogue, rule of law and democratic governance have also impeded in various ways the achievement of agreements on measures to address the core reasons for the wars.<sup>6</sup>

Business plays a number of roles in both the achievements and impediments of reaching those goals. It does so in part through individual companies. However, in El Salvador and Guatemala business elites have been major political actors, through informal groupings, business associations, think tanks and political parties. The distinction between their private roles as business leaders and public roles as political advocates is often blurred, and business leaders not only act individually but also form parts of powerful families and business groups. Indeed, in most of the social science literature originating in El Salvador or Guatemala, they are conceptualised as collectives such as ‘oligarchies’,<sup>7</sup> ‘elite families’,<sup>8</sup> ‘power groups’,<sup>9</sup> or ‘hegemonic blocks’.<sup>10</sup> However, we will use the term ‘business elites’, but also refer to the organised business elites as ‘private sector’ as this concept is most used in the public debate, also by business leaders themselves.

As is now well recognised in the literature on business for peace, peace has not necessarily been achieved at the moment when a peace accord has been signed. In the aftermath, the dividing line between peace processes and development strategies become blurred,<sup>11</sup> as peace-building involves the transformation of the structural causes of armed conflict and support for domestic capacities for conflict management and

resolution.<sup>12</sup> In this sense, peace-building efforts require a process of *transformative justice* that involves broad social changes ranging from the promotion of democracy, transparent governance, poverty eradication, sustainable development and the rule of law. The establishment of institutions and arenas for dialogue that allow the inclusion of all social actors is a minimum requirement to ensure this.<sup>13</sup>

This encompasses strengthening of representation (through, for example, the formation of organisations, political parties or social movements), strengthening of institutions for deliberation and negotiation, as well as strengthening of institutions with the ability to implement agreements and decisions, and to handle disagreement and conflict. Ceding power to such institutions signals a level of confidence in institutions, but also importantly an acknowledgement of the legitimacy of other societal actors.

A basic hypothesis in the literature is that elites 'invest' in democratic and state institutions when they believe the costs are lower than the benefits.<sup>14</sup> This in turn depends on a variety of factors including their own unity and organisation, the relative strength of their adversaries and their relative losses related to status quo. All of these factors were found to be of importance in the explanation of why the El Salvadorian elite initially was more supportive of the peace negotiations than the Guatemalan.<sup>15</sup> Yet, being supportive of peace negotiations is not the same as being supportive of outcomes that express a real recognition of the legitimacy of adversaries or institutions allowing for deliberation, negotiation and institutional strengthening. As argued by Christine Wade, it is 'not only the preferences of elites during the peace-building processes that influence outcomes, but the cumulative effect of past preferences that have shaped structures within which peace-building occurs'.<sup>16</sup> In both El Salvador and Guatemala, these structures, and particularly the state institutions, had to some extent been 'captured' by elites, meaning that they were controlled and manipulated by elites to ensure that policy outcomes preserved and advanced their own interests.<sup>17</sup>

In order to study the business elites' willingness to invest in institutions and processes of deliberation, it is not enough to only study rational calculations; we must also study ideas and ideologies that justify and mobilise joint action with possible lasting and tangible impacts. We suggest studying business discourse to analyse how business groups explain/understand the country's development and how they articulate their own role in such development.

By discourse, we mean structures of signification that allow us to understand the world and give it meaning. Discourses are fields of power and under constant dispute. They are a product of power struggles through which one naturalises and internalises hegemonic interpretations but also where these are resisted and contested.<sup>18</sup> Thus, while the business discourse we study does not necessarily reflect a deeper change in attitudes and preferences, discourses may nevertheless influence the future paths of actions through contributing to forming or contesting dominating frameworks for interpreting realities. While it does not necessarily signify a shift in business thinking or strategies, we argue that the discursive institutional turn nevertheless is a significant development that merits an interpretation. Discourses constitute a cognitive unity that contributes to forming identities. Discourse theory suggests that the way in which something is communicated does not necessarily represent reality in a neutral manner, but can create, change and reconfigure reality.<sup>19</sup> This, of course, does not mean that reality does not exist beyond the discourse but as Laclau and Mouffe explain:

*An earthquake or the falling of a brick is an event that certainly exists, in the sense that it occurs here and now, independently of my will. But whether their specificity as objects is constructed in terms of 'natural phenomena' or 'expressions of the wrath of God', depends upon the structuring of a discursive field.<sup>20</sup>*

Which discourses become dominant and hegemonic depends on the access that different actors have to various resources and power so that discourses can be comprehended within a cultural and historical context. This power includes the access that different actors might have to the means by which narratives and discourses are distributed and the networks accessible to different actors. Discourses do not necessarily reflect a cause-effect relationship but as long as they create an apparent consistency of ideas they can prevail. Discourses contribute to establishing 'common sense' (in a Gramscian sense) at certain points in time inasmuch as a discourse is accepted as a frame of reference without major dispute and in such a way discourses contribute to establishing conditions of possibility.

In focusing on the discursive changes of the business groups of Guatemala and El Salvador, we reject the idea that they are just a misleading representation of reality that business groups use to advance their interests, as their adversaries often suggest. We aim to identify continuities and ruptures, the links to other discourses and actors and in such a way reveal the multiplicity of – and often conflicting – ideas within business groups.

### **Peace and (the lack of) transformative justice: the role of the private sector**

The two decades following the peace agreements in El Salvador were characterised by the contradictory realities of, on the one hand, a successful end to armed hostilities, transformation of the former guerrilla FMLN into a political party and establishment of new institutions of law and order and, on the other, the evolution of a profound social crisis, with high levels of unemployment, migration and violence. This occurred in a context of the deepening of the neo-liberal model, allowing the modernising elites to transform into diversified, yet family based, transnational business groups, while still maintaining a stronghold on politics.<sup>21</sup> The modernising factions of the elite that had been the main proponents of the peace accords were more tolerant towards democratic norms than the old coffee elite,<sup>22</sup> but advocated a market-oriented development model with limited social reforms. They managed to hold governmental power between 1989 and 1990, through the elite-party ARENA and supported by a number of think tanks and business associations. Thus, to many observers, the elites had captured the peace and prevented a profound social transformation.<sup>23</sup>

In 2009, Mauricio Funes won the elections with support from the FMLN, and thus broke a 20-year line of consecutive ARENA presidents. The new government promised to regenerate an economy in crisis, and create a model based on social inclusion and environmental sustainability.<sup>24</sup> It counted on support from a broad social movement as well as emerging business sectors and the United States, which saw economic regeneration and improved security as necessary to stop migration.<sup>25</sup> Yet, the Funes Government faced business elites that, while placing high priority on a reduction of the soaring violence and crime as well as economic growth, was unwilling to invest much in institutions of dialogue and joint decision-making.<sup>26</sup> Thus, only a few years into the first FMLN-backed government, dialogue attempts broke down.

Although initially boycotting peace dialogues, members of the powerful private sector in Guatemala, represented by the *Comité de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* (CACIF), over time became reluctant participants, as well as defenders of democracy.<sup>27</sup> This was due to the emergence of a modernising faction that recognised peace and democracy as the only way to avoid being isolated in the global economic order of the twenty-first century.<sup>28</sup> After the signing of the accords however, the private sector boycotted a range of transformations included in the accords. One of the most disputed accords was the one related to socio-economic and agrarian issues. The accord recognises poverty as a problem for Guatemala and the responsibility of the state in the well-being of the population, and as such is a real step forward in Guatemala, and yet, few of the provisions of this accord, particularly those addressing the concentration of land, have been fulfilled. As a result, the material life of most Guatemalans has not improved 20 years after the signing of the peace accords, and many of the most pressing contemporary conflicts in which grave violations of human rights have occurred are agrarian or agrarian-related conflicts.<sup>29</sup>

The modernising segment of the elite, consisting of a younger generation of businessmen active in commerce, finance and agro-industry,<sup>30</sup> benefitted the most from the peace negotiations, and ascended to direct presidential power in the governments of Alvaro Arzú (1996–2000) and Oscar Berger (2004–2008). However, they remained liable to the veto of the hard-liners and this explains in part the slow implementation of the peace accords.

As in El Salvador, the peace negotiations facilitated the transformation towards neo-liberalism. Yet, the Guatemalan state continued to operate under a system that was both extremely elite-dominated, but also characterised by institutionalised corruption and exclusion.<sup>31</sup> The loss of monopoly of coercive power was associated with a high degree of the use of force by the state.<sup>32</sup> Violence and the control of it became a strategic resource disputed by different groups with links to both traditional and emerging elites including criminal networks.<sup>33</sup> Congress, characterised by weak, short-lived parties and rampant ‘transfugismo’ (party shifting) became a ‘market place’ for the purchase and sale of political favours.<sup>34</sup> Although the URNG transformed into a political party, it has been an electoral failure. Moreover, attempts at establishing ‘private sector parties’ on the model of El Salvador’s ARENA have failed.

In sum, although neither of the countries has returned to civil war the advances towards a more just society are limited. Both show specific successes, such as the end to a general acceptance of human rights abuses by the state, the transformation of FMLN into a political party in El Salvador and the strengthening of social organisations representing marginalised indigenous groups in Guatemala.<sup>35</sup> However, major redistributive reforms, including tax increases were rejected (particularly in Guatemala).<sup>36</sup> There has also been a reluctance to enter into real dialogue with non-elite groups, including social movements. Business elites have rather argued that state apparatuses have been too inefficient and corrupt to merit increased tax income and responsibility. Social movements are considered particularly untrustworthy as the local issues that they are advocating are considered easily subsumed into business-unfriendly, left-wing agendas. However, there has been a significant change in discourse among influential business elites in recent years, to which we turn in the following.

## The institutional turn

In this section, we offer a reading of key documents produced by major private sector think tanks and associations. A main focus has been the documents produced relating to the annual meetings of the business elites, in both countries called ENADE (Encuentro Nacional de la Empresa Privada), but also various documents from think tanks associated with business elites, including FUNDESA and FUSADES.

In both countries, the first joint documents and proposals from the organised business sector were elaborated in the late 1990s. In Guatemala, CACIF published its 'Yellow Books' with proposals for reform, focusing on privatisation and the reduction of state expenses.<sup>37</sup> In El Salvador, ANEP published a manifesto to lay out long-term plans.<sup>38</sup> At this point, the key theme was to remove obstacles against the free evolution of the market, which were thought to allow individuals and societies to prosper. Although the plan considers an alliance with workers,<sup>39</sup> there is a clear influence from libertarian thinking, and the main protagonist for peace and development is the businessman, and the individual entrepreneur, considered to be the 'backbone' of the national identity. The state is considered primarily an obstacle.

*The entrepreneurial spirit is alive and strong. The dream of our people is to be an entrepreneur. We Salvadorians prefer to live from our own efforts, not the supposed benefits than an enlarged state offers.*<sup>40</sup>

Soon after, FUSADES published its development plan, equally neo-liberal, with a strong focus on privatisation and reduction in governmental spending.<sup>41</sup>

Yet, over the years, there is a noticeable tendency towards emphasising the importance of institutions and dialogue between different actors to achieve it, what we call a discursive institutional turn. In El Salvador, the change in discourse begins around 2002, when the first reports deeming market reform insufficient appear.<sup>42</sup> Arguments are made for the creation of:

*a state with the capacity to take on problems of social and territorial inequalities and the socioeconomic fragmentation, to contribute to the generation of equality of opportunities for all [...] and improve the tax-collection through and expansion of the tax base and improved tax administration.*<sup>43</sup>

This still falls short of advocating for increased taxes among those who have more, yet also democratic governance gains prevalence in the documents. At the same time, institutions also slowly appear in the ENADES in Guatemala from 2003.

However, the major shift does not happen until around 2008. In El Salvador in the face of a possible electoral victory of Mauricio Funes and the FMLN, the business elites propose a Salvadorian 'third way': the social economy of the market which does not reject the role of the state but sees it as limited to correct market and institutional failures.<sup>44</sup> The intellectual guiding lights are no longer Ludwig von Mises and Friedrich Hayek, but Douglas North, Dani Rodrik and Joe Stiglitz. This focus is strengthened in the years to come in both countries. In Guatemala in 2012 a long-term development plan called 'Mejoremos Guate' (Lets improve Guatemala) was commissioned by FUNDESA to the international consulting firm Dalberg Global Development Advisors and the Centre for International Development of Harvard University.<sup>45</sup> It is inspired by the Millennium Development Goals, CEPAL and authors associated with



IDB. Dialogue is here portrayed as the path to build consensus about development, but it should be based on a concept of development as a technical issue.

*This is a citizens' proposal, open and inclusive, to promote dialogue and to achieve a consensus with other actors and sectors on a country's plan. The initiative is promoted by a united business sector, it includes technical projects and initiatives and it will set the path that allows us to walk together towards a more prosperous, solidary, safe and transparent nation.*<sup>46</sup>

While the idea is to promote development as a technical issue, businesses are portrayed both as the best suppliers of technical knowledge and as the promoters of a national consensus.<sup>47</sup> This is eventually also merged with a new discourse on Corporate Social Responsibility (CSR), argued to be the path to create a new relationship between businesses and the community.<sup>48</sup> The CSR discourse fits well the business elites' dominant conception of themselves as important social protagonists, much beyond their role as suppliers of jobs, goods and services. This has been present in all documents from some of the earliest. As argued in 2000 in El Salvador:

*This proposal is fundamentally a part of the recognition that the businessman is a determinant actor in the economic, social and political process, not simply an organizer of production and services, and as a consequence, he should participate actively in the achievement of common goods.*<sup>49</sup>

Over the course of the years, references are frequently made to the international literature on CSR, but also increasingly to authors focused on state-building and bureaucratic capacity as paths towards development.<sup>50</sup> It is argued that the key issue for development is 'not economic, but juridical'.<sup>51</sup> The key protagonist is still the entrepreneur, but the 'enemy' is no longer the state as such, but the corrupt and criminal institutions that undermines the state's natural functions.<sup>52</sup> The business sector sees itself as a part of a civic movement, and as the promoter of citizen's consensus and strong institutions. Apparently, the business elites do not see themselves as among the powerful actors who maintain the system. Referring to Acemoglu and Robinson, ANEP argues:

*The transition from extractive to democratic and inclusive institutions is difficult, because those that are in power will not let go of it, nor will those that benefit from the system. But in spite of this, the authors suggest that it is up to civic movements that defend democracy to demand a change in the norms, laws and institutions of a country to make them work to the benefit of the people.*<sup>53</sup>

The institutions in both countries are considered to have gone through a deep process of deterioration (from an alleged more glorious past). Even illegal campaign finance from the private sector, as was discovered in the presidential campaign of Jimmy Morales in Guatemala, was argued to be a result of the country's deteriorating institutions.<sup>54</sup>

*Over the last years, we have experienced a weakening of institutions in Guatemala. It has eroded the trust among the citizens in the organizations that represent them, at all levels. Awareness of this has motivated us to assume an active role in the development of the country, and in strengthening its democratic governance.*<sup>55</sup>



In the midst of a cascade of corruption revelations in both countries the business elites, in other words, have moved from portraying themselves, the entrepreneurs, as embodying the spirit of the nation that may be revealed as state hindrances have been removed, to being the main protagonists of social dialogue, democracy and state institutions based on the rule of law and technical capacity. How should we understand this discursive change towards an emphasis on institutional solutions, dialogue and inclusion?

### **The institutional turn in context**

When seeking to understand this discursive change, it is important to be careful not to take this as an expression of a general change in attitude, practice or strategy. We know for example that while social dialogue has been emphasised, a series of dialogue attempts have failed. In El Salvador, this started with the failure of the Forum for Economic and Social Consultation in the immediate post war era, and ended with the failed Social and Economic Council in the Funes administration;<sup>56</sup> in Guatemala, it begun with the business elites' rejection of the participation the Civil Society Assembly during the peace negotiations.<sup>57</sup> Thus, what we should seek to understand is why the business elites have considered it so pressing to emphasise institutions in their discourse. In the following, we point to three factors of importance to understand this.

### **Internationalisation and the generational shift**

In both countries, the shift in discourse is associated with the change in attitudes among parts of the business community. In Guatemala, younger cohorts of the old 'elites' consisting of descendants of the landed elites, and the industrial oligarchy emerging from the 1950s,<sup>58</sup> have contributed to the internationalisation of the main business groups and some of them have become powerful power-brokers in international arenas, including as lobbyists in the USA and Europe.<sup>59</sup>

With investments abroad, international exports and open home markets, business elites were also increasingly exposed to international competition, and a modernising segment was increasingly concerned with the bad 'country image' resulting from publicity on Maras, violence, organised crime and human rights abuses.<sup>60</sup> At the same time, certification as a demand to access international markets, and principles established by international organisations, required the local elites to adhere to higher standards. While some private companies implemented the minimum required to continue with business as usual, some groups started to consider the need for a profound transformation of their own practices as a premise for a transformation of the countries. As argued by one informant from Guatemala:

*Some ways in which the company has operated do not really represent the values of my family [...] I want to change that, I want that they [managers and high range employees] also understand that to be a better company manager they cannot act as if they were in the army. I want to bring in ideas of sustainability and ethical business to my family's company. One big problem has been, I think, that the owners lost touch with the day to day running of the companies. Things grow so big [...] the problem is that the managers want to keep us afraid. They want us to be afraid, that we fear everything. Then they have more power over us.*<sup>61</sup>

In part, this change was the result of a generational shift. Many young members of the elite have studied in the USA or Europe. Many of this younger generation have also grown up in a situation in which their families' investments are not restricted to their countries and have a different experience in various contexts. A younger member of a historically powerful family among the business elites in El Salvador expressed it as this:

*I lived in the United States for many years, and perhaps my vision of the country is connected to what I saw there: the democracy, the facility of having dialogue across different actors, actors that have different opinions. That is something that is difficult in El Salvador. There is a lot of distrust here, and we have to find ways and bridges to create that trust. To do that, we as companies, have to ensure that our economic sustainability is matched by social and environmental sustainability.<sup>62</sup>*

While the business elites were concerned with the 'image of the country', they saw that as dependent on the rule of law, business friendly legislation and a constrained government – visions that they considered incompatible with those espoused by the government.<sup>63</sup> In El Salvador, the government was seen as lacking the ability to provide both physical and legal security, in an 'institutionally immature' country. As expressed by one business group owner:

*The idea is that we don't have capacity to sit down from day to day. It is because it is not a part of your success as a minister, a permanent dialogue with all the sectors. This should be the perspective of the government in order to facilitate that we all participate in resolving the problems of the country.<sup>64</sup>*

In sum, in Guatemala as well as El Salvador, in great part due to increased internationalisation, a segment of the business elite has come to value the importance of improved business standards as well as the 'rule of law' and strengthening of institutions as a key to both peace and prosperity. However, while according to most attempts at measuring the quality of institutions, El Salvador scores better than Guatemala,<sup>65</sup> the perception of the business community towards state institutions and their ability to broker a dialogue of reconciliation and prosperity appeared as even more pessimistic in El Salvador. While the crystallisation of the main socio-economic forces of the war into two strong political parties – FMLN and ARENA – for a long time upheld democracy, although strongly dominated by the juxtaposition between the two parties,<sup>66</sup> by 2017 it had descended into rather irreconcilable polarisation.

### **Elite divisions and the old elite's loss of hegemony**

A further factor that has contributed to the change in discourse is increased elite divisions and the elite's loss of hegemony. The discursive institutional turn, we argue, has been a part of an internal 'power struggle' among the elites over who are the legitimate protagonists of national development.

This shift has had at least three roots. The first is a shift in the balance of power between groups representing different sectors. In El Salvador, the shift from agro-exporters to agro-industrialists diversified into finance and commerce, was accommodated into ARENA and ANEP under the leadership of Alfredo Cristiani, from the early 1990s. However, as of the early 2000s, changes within the business sector started to produce a division within ARENA. The maquila-industry and various

service sectors gave rise to new powerful groups, many of which were of Arab origin.<sup>67</sup> ARENA also depended more and more on support from new groups of managers working for the increasingly present transnational companies, as well as public faces.<sup>68</sup>

While having multiple expressions, the differences came to the surface under the presidency of Antonio Saca (2004–2009) whose success was strongly related to the ownership and operation of radio stations. Whereas later revelations showed that corruption had been endemic to ARENA since 1989,<sup>69</sup> the ‘old modernisers’ saw Saca’s more populist style as a sign of decay. After a long struggle between the newcomers and old leaders of ARENA, 12 representatives to the Legislative Assembly left the party in 2009 and formed its own, named the Gran Alianza por la Unidad Nacional (GANA), that came to be led by Saca. The same elite division was seen in the media. Most media remained in control of a handful of magnates, but they belonged to different elite networks.<sup>70</sup>

In Guatemala, the sector division has been less pronounced as old agro-export and agri-businesses have remained more powerful, and entered into new sectors such as energy, mining and non-traditional agricultural products, rather than leaving those open to competitors.<sup>71</sup> Exceptions include groups related to non-traditional exports, tourism and media. In the latter, alternative media as well as Mexican media mogul Angel González have challenged the power of the traditional groups.<sup>72</sup> Telecommunications is another sector where new elites deriving their fortunes from public office share control with transnational companies.<sup>73</sup> Yet, what has been even more important in Guatemala is the rise of groups associated with illicit money.

Although our interviewees considered drug traffickers and organised crime to be a threat to their business and the general economy, legal and illegal activities often converge. For instance, African Palm and sugarcane producers operate in the same areas as drug traffickers, often with some tacit if not explicit understanding.<sup>74</sup> Drug money has both contributed to the emergence of a rural middle class, fuelling local economies, and in some cases replaced the state’s social and security presence, and penetrated financial and business capital.

*Some 10 years ago, or even some five years ago [before the anti-money laundry legislation was on place] [...] I don’t really know where the money came from, but you know they [those who manage the bank] have told me stories about people who came to the bank with a suitcase full of money to buy a house.*<sup>75</sup>

While in the past the traditional elite (CACIF) financed electoral campaigns in Guatemala, currently it has been estimated that the traditional business sector provides ca. 25 per cent of funding, emerging groups contribute 50 per cent of the funding and the rest comes from criminal groups, mainly drug traffickers.<sup>76</sup>

A third split has occurred in El Salvador related to the entering of companies associated with the Venezuelan-led Bolivarian Alternative for the peoples of the Americas (ALBA). The two subsidiaries ALBA Petróleos and ALBA Alimentos signified real competition to old elites, and gave rise to an emerging business elite with close links to the FMLN and investments in a number of companies.<sup>77</sup>

To some, these new ruptures made it urgent to re-establish the rules of the game. Only when the loss of control over institutions was clearly evident, institutions emerged as indispensable. As argued by CACIF in its 2012 document called ‘A New Start’,

referring to the Maya cycle restarting in 2012: ‘The Guatemalan businessmen are convinced that 2012 can be a new start if we want it to be. It is a start of a renewed awareness that move us towards peace and prosperity’.<sup>78</sup> Institutions, it is argued should be an expression of this new awareness and consensus.

### ***Non-elites, control over the justice system and the fight against corruption***

The challenge to the business elites through non-elites’ control of the justice system can be considered a direct outcome of the peace accords. In both countries, the peace accords entailed a strengthening of the justice system, and particularly the public prosecutor’s office. In Guatemala in particular, it resulted from the strengthening of social movements as political actors to represent excluded groups who fought to bring justice for war crimes.<sup>79</sup> In both countries, it eventually led to a challenge to the business elites’ control over the state. The business elites’ change in discourse can be related to a desire to establish a new, dominating discourse in which legal progress such as anti-corruption trials are among the business community’s goals, not a threat to it.

In Guatemala, the revelations of parallel power networks associated with an office directly under the president (the EMP) that worked to maintain impunity for the military’s crimes<sup>80</sup> evidenced already in the post-war truth commissions the extent of corruption. These networks were found to consist mostly of members of the intelligence units of the military who can best be described as criminal facilitators: contractors for organised crime that guaranteed their impunity.<sup>81</sup> Military personnel, both active and retired, used their government posts to facilitate criminal activities, such as moving contraband or illegal drugs, provided illegal weapons, intelligence or security services to criminal groups.<sup>82</sup>

After a long struggle by civil society groups and the international community a new international body that could deal with such criminal networks, the UN backed International Commission Against Impunity in Guatemala (CICIG), was created in 2007 to support the Attorney General’s Office (MP). This happened during the presidency of Oscar Berger, himself a member of the elite. CICIG had previously been opposed by the private sector and the military. But, a series of assassinations of high-ranking politicians and drug dealers in 2007 turned the tables.

In 2015, CICIG and the MP revealed a series of corruption cases reaching the highest political levels. It suggested that corruption is not limited to public institutions like the police and the judiciary, but that it extends to the private sector as well. In parallel, the tax collection office in Guatemala (Superintendencia de Administración Tributaria-SAT) increased its efficiency and, sometimes jointly with the MP and the CICIG, revealed serious cases of tax evasion. This has had an effect on the public perception of the private sector.<sup>83</sup> Alternative media documented several cases in which the private sector was involved in illicit financing of political campaigns, corruption in the health system, corruption in the toll administration authority, construction, etc. In addition, CICIG revealed the name of a member of the business elite with links to one of the most powerful families in Guatemala who had acted as collaborator.<sup>84</sup> His confession of having participated in a corruption ring in which a former Minister of Foreign Affairs, acting on behalf of another member of the elite, illegally funded political campaigns

contributed to the changing perception among Guatemalans of the role of the private sector in corruption.

The main effect of the revelations on corruption has been on the public perception of the elite, and a concern among the business elites' themselves to reverse this as well as increase the trust in institutions.<sup>85</sup> On the surface there is a consensus within the private sector in Guatemala that corruption and weak institutions are serious problems. Yet, deep divisions within the organised private sector have become evident. Among many, it has increased the fear of being publicly accused. This has led to increased willingness to pay taxes, as evidenced in the 2016 increase in tax collection,<sup>86</sup> and later in 2018 by their fierce opposition to CICIG.

Also, in El Salvador, corruption and how to deal with it has been a pivotal issue with broad implications for the evolution of social peace and the search for institutional solutions to problems of central importance to social peace. The Supreme Court in El Salvador has historically been loyal to the elite, often echoing the most conservative forces within them.<sup>87</sup> However, the peace accords mandated both a reorganisation of the Supreme Court and an overhaul of the judicial appointment system. It created a National Judiciary Council (CNJ) as the first level authority to select candidates for the tri-annual election of five new judges. As the Court is made up of 15 justices, electing five every three years could alter the internal correlation of forces. This had until 2009 not altered significantly ARENA's control over the judiciary. However, after the election of Funes in 2009, four of the five judges of the Constitutional Bench of the Supreme Court started to act independently in a previously unknown manner and issued a series of court rulings that upset the elite. The rulings dismissed corrupt judges, hit down on the purchase of positions and rejected the government's transfer of funds between different ministries. On 2 June 2012, all the right-wing parties joined forces to fast-track a reform to the Judicial Organisation Law, requiring all Constitutional Bench rulings to be unanimous, with a clear intention of stopping the court's activism. A main motivation was the fear that the Constitutional Bench would repeal the Amnesty Law established after the peace accords, by elites defined as the 'cornerstone of our democracy',<sup>88</sup> and that allowed many prominent members of the business and political elite to avoid persecution for war crimes. This constitutional crisis created hitherto unseen cleavages and alliances: ARENA and ANEP (who opposed the initiative) were for the first time in an open conflict. Yet, elite control over the judicial institutions was re-established.

Conflict continued when, in October 2013, President Funes alleged that former President Francisco Flores (1999–2004) had misappropriated at least US\$ 15 million in Taiwanese aid for earthquake victims. Flores was put under house arrest in 2014, but died in 2016 before being sentenced. In 2016, Saca was arrested along with several members of his administration for embezzlement, illicit association and money laundering.<sup>89</sup> Finally, also Funes was charged. On 28 November 2017, he was convicted for corruption and ordered to return US\$ 400,000 to state coffers, equivalent to a third of the funds that the courts indicated he had illicitly acquired.<sup>90</sup>

As corruption allegations started to involve elites directly (although business elites to a lesser extent in El Salvador than in Guatemala), at the same time as the control over the judicial system was lost, both the discourse and positions on some issues changed. While initially sceptical, ARENA, ANEP and FUSADES started to support the idea of

establishing a CICLES in El Salvador on the model of CICIG, while the FMLN was against it. However, the issue created new divisions in the private sector, and in 2017, after a leadership change, ANEP changed position and argued that CICLES was a threat to the sovereignty of El Salvador.<sup>91</sup>

By that point the struggle against corruption and in favour of stronger institutions, respecting the spirit of the peace accords, had become enmeshed in two competing discourses, reflecting El Salvador's polarised politics. On the one hand, FUSADES, ANEP and ARENA, along with a series of semi-independent ad hoc social movements, used anti-corruption as a framework to criticise how institutions had evolved since the peace accords. For example, in the annual document of analysis and political proposals published by ANEP, referring to the framework by Acemoglu and Robinson, laws and decisions made during the FMLN Government were systematically characterised as 'exclusionist' while the institutional evolution appearing before the shift of government was characterised as 'inclusive'.<sup>92</sup>

The following quote illustrates how corruption and weak governance is discursively associated with FMLN rule. It was stated after the informant revealed a FMLN official's offering of construction permissions in return for a political favour:

*A big part of the problems is due to the fact that El Salvador has not been able to put its house in order. The state has a role in that. In its state of institutional immaturity, is still very susceptible to being instrumentalised politically.*<sup>93</sup>

On the other hand, social movements joined to create the Social Alliance for Governability and Justice (La Alianza Social por la Gobernabilidad y Justicia (ASGOJU)) arguably against the destabilising actions of the 'oligarchy', and to defend the progress obtained towards more inclusive societies over the 23 years after the signing of the peace accords that the El Salvadorean people achieved with great suffering and sacrifice in January 1992. ASGOJU accused the Attorney General of failing to investigate a number of cases of corruption against officials of the ARENA government, but also accused ANEP President Luis Cardenal of illicit enrichment.<sup>94</sup> Thus, although the business elites attempted to appropriate the institutionalist discourse, they did not completely succeed.

## Conclusions

The experiences from El Salvador and Guatemala illustrate the complexities in the role of business elites in long-term peace-building. It is evident that support for a peace agreement does not mean support for a social transformation that may alter the structural constraints that have given rise to the conflict. More important, such a social transformation includes difficult contradictions and trade-offs that require solid institutions of deliberation, decision-making and implementation. Business plays an important role in building or hindering the emergence of platforms of social dialogue and, in turn, consensus-building processes, that are key to the long-term building of peaceful societies.

The business discourse in El Salvador and Guatemala, two deeply divided and unequal societies, did until recently not recognise this to be an important element in development and peace-building. Rather, this was considered dependent on the roll



back of the state and the freeing of markets. However, gradually a stronger focus on institutions and social dialogue has evolved in the discourse of the elite. This shift must be understood in the context of three inter-related processes. First, economic changes have transformed the domestic and the international context in which Guatemalan and Salvadorian business groups operate. Particularly the younger generation of the business elites have been educated in the USA and Europe and brought with them new ideas and visions of the country, and of their role in the country's development. This combines with new demands from international markets regarding ethical and environmental standards which exert a normative influence on the discourse of the elite. Second, new business sectors have emerged related to the privatised state enterprises, non-traditional exports, tourism, the media as well as illegal and criminal networks. The emergence of these new actors has signified a different form of competition over the control of the state and the elite's loss of hegemony. Third, elite control over the state apparatus has been challenged by the ascent of non-elites to power. In El Salvador, this is much clearer than in Guatemala, but even in Guatemala reforms and demands from non-elite groups have contributed to transformations, particularly of the justice sector. To some extent, at least in the justice sector, the elite has lost control.

The question remains what impact this discursive change will have on future peace-building. A change in discourse is not in itself enough to secure the transformation of practices, visions and values. In Guatemala, it is evident that even when think tanks and business meetings emphasise the role of institutions and the rule of law in development, the practices of the most powerful members of the elite have changed little. Just a few weeks after President Otto Pérez Molina was arrested in Guatemala, the private sector was involved in illegal financing of the political campaign of the next (allegedly) corrupt president. The killings of human rights defenders, and environmental and indigenous rights activists, have increased, and the military has strengthened its position with the new president. The intra-elite division, marked among other things by a generational shift, has not been so far resolved. This could open windows of opportunities to build alliances with other sectors and actors who want to promote stronger institutions and the rule of law, but the stakes are high for securing success in such an alliance. Mistrust in the elite is prevalent and even more marked after the revelation of their involvement in corruption. Mechanisms for dialogue are weak or non-existent and the power of the hardliners cannot be underestimated. Yet, no alternative political project would be feasible without some form of involvement of and alliance with the private sector. Whether and how other political actors may capitalise on the discursive shift within the elite remains to be seen.

## Notes

1. Aguilar-Støen and Bull, 'Las contribuciones clave'; Rettberg, 'Private Sector and Peace'.
2. Bull, *Aid, Power and Privatization*; Paige, *Coffee and Power*; Wade, 'El Salvador: Contradictions of Neoliberalism'.
3. Fuentes Knight, *Rendición de cuentas*; Palencia Prado, *El Estado para el capital*; Sanchez, 'Tax Reform Paralysis in Post-Conflict Guatemala'; Wade, *Captured Peace*; Wolf, 'Subverting Democracy'.
4. Bernice, 'Business Leadership for Peace'; Miklian and Rettberg, 'Business Strategies in Transition'.



5. Miklian, 'Contextualizing Local Development'.
6. Aguilar-Støen and Bull, 'Las contribuciones clave'; Booth and Seligson, 'Institutional Legitimacy in Central America'; Cabrera and Schneider, 'Instituciones, Impuestos, y Desigualdad'.
7. Casaús Arzú, 'La metamorfosis de las oligarquías centroamericanas'; Dosal, *Power in Transition*.
8. Casaús Arzú, 'La metamorfosis de las oligarquías centroamericanas'; Martínez-Peñate, 'Familia, poder económico y política'.
9. Palencia Prado, 'Elites y lógicas de acumulación'; Segovia, 'Integración real y grupos centroamericanos'.
10. Paniagua, 'El bloque empresarial hegemónico salvadoreño'.
11. David, 'Does Peacebuilding Build Peace?'.
12. Jenkins, *Peacebuilding. From Concept to Commission*; Mac Ginty, *Routledge Handbook of Peacebuilding*.
13. Lambourne, 'Transitional Justice and Peacebuilding'.
14. Etzioni-Halevy, 'Introduction'; Higley and Gunther, *Elites and Democratic Consolidation*.
15. Rettberg, 'Private Sector and Peace'.
16. Wade, *Captured Peace*, 9.
17. Bull, *Aid, Power and Privatization*; Palencia Prado, 'Elites y lógicas de acumulación'; Wade, *Captured Peace*.
18. Dunn and Neumann, *Undertaking Discourse Analysis*.
19. Phillips and Jørgensen, *Discourse Analysis as Theory and Method*.
20. Laclau and Mouffe, *Hegemony and Socialist Strategy*, 108.
21. Bull, 'Diversified Business Groups'; Martínez-Peñate, 'Familia, poder económico y política'; Paniagua, 'El bloque empresarial hegemónico salvadoreño'.
22. Paige, *Coffee and Power*; Wood, 'An Insurgent Path to Democracy'.
23. Wade, 'El Salvador: Contradictions of Neoliberalism'; Wade, *Captured Peace*; Wolf, 'Subverting Democracy'.
24. Gobierno de El Salvador, 'Plan quinquenal de desarrollo'.
25. USG-GOES, 'Pacto por el Crecimiento'.
26. Bull et al., 'El Salvador: The Challenge to Entrenched Elites'.
27. McCleary, *Dictating Democracy*.
28. Jonas, 'Democratization Through Peace'.
29. Aguilar-Støen and Bull, 'Las contribuciones clave'.
30. Segovia, *Modernización empresarial en Guatemala*.
31. Fuentes Knight, *Rendición de cuentas*; Palencia Prado, 'El Estado para el capital'.
32. Gutierrez, 'Guatemalan Elites and Organized Crime'.
33. Bull, 'Towards a Political Economy of Weak Institutions'.
34. Briscoe and Rodríguez Pellecer, 'A State Under Siege'.
35. Aguilar-Støen and Bull, 'Las contribuciones claves'.
36. ICEFI, *Política fiscal: expresión del poder*; Schneider, *State-Building and Tax Regimes*.
37. Valdez, *El gobierno de Las élites globales*, 25.
38. ANEP, 'El Manifiesto Salvadoreño'.
39. Wade, *Captured Peace*, 127.
40. ANEP, 'El Manifiesto Salvadoreño'.
41. FUSADES, 'Crecimiento con participación'.
42. ANEP, 'Libre comercio, democracia y desarrollo'; 'Gobernabilidad democrática'; 'El salvador solidario: el compromiso de todos'.
43. ANEP, 'Libre comercio, democracia y desarrollo'.
44. ANEP, 'Institucionalidad, economía libre y mercado'.
45. FUNDESA y CACIF, 'La puerta al cambio'.
46. CACIF, 'Mejoremos Guate'.
47. ANEP, 'El salvador solidario: el compromiso de todos'; 'El Salvador 2024: El país que todos queremos'; 'Institucionalidad, economía libre y mercado'; Fundesa y CACIF, 'La puerta al cambio'.

48. ANEP, 'Mejorando empresas, transformando vidas'.
49. ANEP, 'Libre comercio, democracia y desarrollo'.
50. ANEP, 'El Salvador Sí tiene futuro'; FUSADES, 'El Salvador. Año político: junio 2014–mayo 2015'.
51. ANEP, 'Empleo, Productividad y Desarrollo'.
52. ANEP, 'Empleo y desarrollo Seguridad y predictibilidad'.
53. Ibid.
54. Cumes, 'Pedimos disculpas'.
55. Ibid.
56. Bull et al., 'El Salvador: The Challenge to Entrenched Elites'; Wade, *Captured Peace*.
57. Krznaric, 'Civil and Uncivil Actors'.
58. Dosal, *Power in Transition*.
59. Bull, 'Diversified Business Groups'; Valdéz, *El gobierno de Las élites globales*.
60. Interviews, business consultant, San Salvador, April 2014; business group owner, San Salvador, April 2016.
61. Interview, leader of a business group charity organisation, Guatemala, November 2016.
62. Interview, business leader, San Salvador, October 2016.
63. FUSADES, 'El Salvador. Año político: junio 2014–mayo 2015'; FUSADES, 'El Salvador. Año político: junio 2015–mayo 2016'.
64. Interview, business group owner (2), San Salvador, September 2016.
65. Estado de la Región, 'Estadísticas de Centroamérica'; Latinobarómetro, 'Informe 2017'.
66. Wade, *Captured Peace*, 86.
67. Bull, *Business Groups and Transnational Capitalism*.
68. Gonzales, 'De la ideología al pragmatismo'.
69. Goodfriend, 'El Salvador's New Anti-Corruption Crusaders'.
70. Robles Rivera, 'Poder e Influencia'.
71. Palencia Prado, 'Elites y lógicas de acumulación'.
72. Alternative media includes Plaza Publica, Nomada, Soy502, Centro de Medios Independientes and Prensa Comunitaria. See Hernández, 'Desplazar para no ser desplazados', for account of Angel González' empire.
73. This includes Guatemala's richest man Mario López Estrada, former vice-minister of telecommunications, now controlling Trigo.
74. Dudley, 'Cómo el narcotráfico opera'; Hernández, 'Desplazar para no ser desplazados'; McSweeney et al., 'Drug Policy as Conservation Policy'.
75. Interview, family member of a business group with interests in the financial sector, Guatemala, December 2018.
76. CIGIG, 'Informe: el financiamiento de la política'.
77. Robles Rivera, 'Media Captured: Elites'.
78. CACIF, '2012 Nuevo Principio'.
79. Aguilar-Støen and Bull, 'Las contribuciones clave'.
80. ODHA, 'Guatemala: Nunca más'.
81. Briscoe et al., 'Illicit Networks and Politics'.
82. Dudley, 'Cómo el narcotráfico opera y genera corrupción en Centroamérica'.
83. Transparency International, 'People and Corruption'.
84. Prensa Libre, 'Julio Carlos Porras Zadik reveló la estrategia'.
85. Interview, business group owner, September 2016.
86. Gamarro, 'SAT llegó a la meta'.
87. Freedman, 'What's Behind Decree 743'.
88. Ibid.
89. Arauz and Rauda Zablah, 'El uso arbitrario de la partida secreta'.
90. Silva Ávalos, 'El Salvador Ex-President's Conviction'.
91. Romero, 'La ANEP se olvida de una CICIES'.
92. Acemoglu and Robinson, *Why Nations Fail*; ANEP, 'Empleo y desarrollo'.

93. Interview, business group owner (1), September 2016.
94. <http://www.transparenciaactiva.gob.sv/denuncian-por-enriquecimiento-ilicito-a-exfuncionarios-de-gobierno-y-actual-presidenta-de-la-anep>.

## Disclosure statement

No potential conflict of interest was reported by the authors.

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