[Global: Jurnal Politik Internasional](https://scholarhub.ui.ac.id/global)

Volume 22 | Number 2 Article 8

12-31-2020

The Moderation of Frente Farabundo Martí Para La Liberación Nacional's Economic Orientation in El Salvador, 2009-2019

Petrus Putut Pradhopo Wening
Department of International Relations, University of Indonesia, petrusputut2005@gmail.com

Recommended Citation

Wening, Petrus Putut Pradhopo (2020) "The Moderation of Frente Farabundo Martí Para La Liberación Nacional's Economic Orientation in El Salvador, 2009-2019," *Global: Jurnal Politik Internasional*: Vol. 22 : No. 2 , Article 8.
DOI: 10.7454/global.v22i2.516
Available at: https://scholarhub.ui.ac.id/global/vol22/iss2/8

Global: Jurnal Politik Internasional Vol. 22 No. 2. Page 338-365. DOI: 10.7454/global.v22i2.516

E-ISSN: 2579-8251

THE MODERATION OF FRENTE FARABUNDO MARTÍ PARA LA LIBERACIÓN NACIONAL'S ECONOMIC ORIENTATION IN EL SALVADOR, 2009-2019

Petrus Putut Pradhopo Wening

Department of International Relations
Universitas Indonesia

Email: petrusputut2005@gmail.com
Submitted: 25 September 2020; accepted: 15 December 2020

Abstrak

Frente Farabundo Martí Para la Liberación Nacional (FMLN) merupakan kelompok gerilyawan Marxis pada dekade 80-90an yang berusaha menguasai Pemerintahan El Salvador dengan jalan perang. Pasca-perjanjian damai, FMLN bertransformasi menjadi partai politik elektoral dan berhasil menguasai Pemerintahan El Salvador periode 2009-2019 dengan jalan elektoral, tetapi FMLN justru menerapkan kebijakan ekonomi yang kompromis dengan neoliberalisme saat berkuasa. Artikel ini menjelaskan penyebab penerapan kebijakan ekonomi-politik yang kompromis dari FMLN saat memerintah El Salvador periode 2009-2019 dengan kerangka teori kekuatan kapital langsung dan struktural yang digagas oleh Gill dan Law. Temuan dalam artikel ini adalah dinamika sejarah sosial dan ekonomi-politik El Salvador yang dikuasai oleh kelas borjuasi sejak penjajahan Spanyol telah menyebabkan kuatnya kapitalis transnasional, sehingga memiliki kemampuan penetrasi langsung yang ditempuh dengan pembentukan dan intervensi partai politik serta dipeliharanya hubungan ilegal dengan pemerintah dan penguasaan lembaga pemerintah. Kombinasi keduanya menyebabkan kapitalis transnasional mampu mendorong reformasi neoliberal yang memunculkan faktor-faktor yang memperkuat kekuatan struktural seperti: fenomena deindustrialisasi, deagrarianisasi, dan dekapitalisasi, ketergantungan ekonomi El Salvador, dollarisasi mata uang, dan hegemoni wacana neoliberalisme. Artikel berargumen bahwa kebijakan FMLN yang kompromis dengan neoliberalisme saat memerintah El Salvador disebabkan oleh semakin kuatnya kelas borjuasi El Salvador pasca-reformasi neoliberal, sehingga mampu memengaruhi kebijakan FMLN melalui kekuatan langsung dan struktural yang dimilikinya.

Kata kunci:

FMLN, kapitalis transnasional, neoliberalisme, hegemoni, El Salvador

Abstract

Frente Farabundo Martí Para la Liberación Nacional (FMLN) was a Marxist guerrilla group, known for its activities in the 1980s and 1990s to seize El Salvador's government through war. Post-peace accords, FMLN transformed into an electoral political party and successfully won to lead the government of El Salvador in 2009-2019, but then they compromised their economic policies to suit neoliberalism. This article uses Gill and Law's conceptualisation of the theory of direct and structural power of capital to explain the causes of FMLN's neoliberalism-compromising economic policy adjustment in 2009-2019. This article finds that El Salvador's social and political-economy historical dynamics, which were dominated by the bourgeoisie class since Spain's colonisation, strengthened transnational capitalists and enabled them to directly penetrate El Salvador's economy by forming and intervening in political parties, along with dominating the bureaucracy. The combination of these factors caused transnational capitalists to encourage neoliberal reforms which supported the development of the structural power: deindustrialisation, deagrarianisation, and decapitalisation; El Salvador's economic dependency; dollarisation; and the hegemony of neoliberalism discourses. This article argues that FMLN regime's economic moderation is caused by the El Salvador bourgeoisies' strengthened position after neoliberal reforms, allowing them to determine FMLN's policies through their direct and structural power.

Keywords:

FMLN, transnational capitalist, neoliberalism, hegemony, El Salvador

INTRODUCTION

The *Frente Farabundo Martí para la Liberación Nacional* (FMLN) emerged out of an effort to unify five labour organisations in 1980. The five organisations are *Fuerzas Populares de Liberación Farabundo Martí*, *Ejército Revolucionario del Pueblo, Resistencia Nacional*, *Partido Comunista Salvadoreño,* and *Partido Revolucionario de los Trabajadores Centroamericanos*. FMLN's viewpoints on the society, economy, and politics departed from Marxism and it opted for guerrilla warfare as a mechanism to ensure social justice, democracy, and socialism. FMLN rejected social democracy, reform movements, and election as they were deemed as unfit in realising FMLN's aims (Bejar, 1996 in Allison & Alvarez, 2012).

Neoliberalism has dominated the global economic system since the 1980s. The paradigm's domination covers not only state policy but also supranational institutions, such as the International Monetary Fund (IMF), the World Trade Organisation (WTO), the World Bank, and many others (Birch & Mykhnenko, 2010). According to Birch and Mykhnenko (2010), neoliberalism is based upon five basic principles, namely privatisation, economic liberalisation, monetarism, deregulation, and commodification. Since the 1980s, almost all nation-states commenced neoliberal-nuanced reforms. In this case, states which were qualified to receive aids were required to apply said principles.

Neoliberal reform in El Salvador started to take place in 1989 under the leadership of the *Alianza Republicana Nacionalista* (ARENA). The reform was encapsulated in an agreement with multiple financial institutions (Wade, 2008). In 1992, FMLN and the government of El Salvador reached a peace agreement under the Chapultepec Peace Accords. The accords contained agreements on democratisation, demilitarisation, and FMLN's transformation into an electoral party. However, the accords omitted details on El Salvador's economic transformations (Borgh, 2000). Thus, privatisation, tariff reduction, regressive tax, dollarisation, and liberalisation were not halted (Wade, 2008).

In the 2009 and 2014 presidential elections, FMLN won the presidential election. Under FMLN, pro-welfare policies were applied, such as providing food and free school supplies for students, fertiliser distribution and purchasing programmes from small farmers and unions, as well as expanding access to healthcare. FMLN also managed to drastically raise the minimum wage, initiate the 'Women City' programme to improve public services for women, and prohibit metal mining in El Salvador. These policies led to their success in reducing the poverty rate from 40% in 2008 to 29% in 2018, along with reducing the extreme poverty rate from 12% to 6% (Young, 2019).

Despite those successes, FLMN's policies represented FMLN's ideological moderation. FMLN's policies did not involve attempts to establish radical social transformations, such as agrarian reform, collectivist mechanisms on the distribution of means of production, and nationalising corporations (Ramos et al., 2015), while investment-friendly policies were still upheld. The FMLN-led government did not nullify the 1999 law on investment, which allowed transnational capitalists to extract unlimited profits and capitals without having to conduct transfer of technology. Additionally, in 2014, FMLN still provided incentives for investment, along with the National Growth Council's decision to establish a law on public-private partnership to facilitate privatisation of the public sector (Young, 2019). On the foreign policy front, FMLN did not pull out of the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) with the United States (US) in order to join the *Alianza Bolivariana para los Pueblos de Nuestra América Tratado de Comercio de los Pueblos* (ALBA-TCP), as the alternative economic alliance which brought together socialist and social-democratic economies. Moreover, the FMLN leadership maintained a good relationship with the US (Allison & Alvarez, 2012). If the FMLN had not conducted an ideological moderation, they would have established anti-investment policies, as when they previously conducted guerrilla warfare, FMLN rejected social democracy, which welcomed private investments, although a high tax rate would be applied to ensure wealth redistribution with labours. Furthermore, FMLN would have revoked the implementations of integration with the global free trade and the law on investment due to FMLN's stance against neoliberalism (Wade, 2008).

Such dynamics demonstrated that FMLN experienced a moderation in its ideological and economic orientations while assuming leadership in the government of El Salvador from 2009 to 2019. FMLN portrayed itself as a social-democratic party as it did not avoid the hegemony of neoliberalism (Soriano, 2015 in Young, 2019). Henceforth, FMLN experienced a moderation by shifting its radical Marxist stance to a social-democratic one with its policies.

Previous studies on FMLN and El Salvador focused on FMLN's ideological moderation when it was transformed into an electoral party, neoliberalism in El Salvador, and the rise of leftist parties or movements in Latin America. Ralph Sprenkels (2018) and M. E. Allison and A. M. Alvarez (2012) unpacked FMLN's ideological moderation post-guerrilla warfare. Sprenkels delved into FMLN's manoeuvre in moderating its Marxist stance, which he found was a form of political reform and a means to participate in electoral politics. Meanwhile, Allison and Alvarez explained why FMLN ideological moderation occurred, in which the dominance of moderate organisations and figures within FMLN was found as an important factor.

However, both studies did not consider neoliberalism, a factor which the following four studies considered to fulfil such gap. The first study was conducted by Philip G. Cerny (2008), which unravelled the process of how global neoliberalism rose to hegemony. Cerny stated that the ever-developing neoliberal narratives and practices, such as economic liberalisation and transnational capital, production, and networks of markets, allowed neoliberalism to become a hegemonic concept. In other words, globalisation is a 'neoliberal globalisation.' Then, Chris van den Borgh (2002) and Christine J. Wade (2008) specifically scrutinised neoliberalism in El Salvador. Van den Borgh discussed the dynamics of neoliberalist policies in El Salvador after the post-war era to the end of the 1990s and their societal impacts. Meanwhile, Wade focused on how the Chapultepec Peace Accords between FMLN and Salvadoran government contributed as a factor to the establishment of neoliberalist practices. Wade (2008) argued that the Chapultepec Peace Accords did not lead to a sustainable peace as it did not incorporate clauses on options for redistribution of resources, leading to the increase of violence and social gap after neoliberalism was established. Then, Lufti Anggara (2007) highlighted the reasons leading to the success of leftist parties and movements in Latin America in acquiring leadership within their respective governments by employing counterhegemony as his conceptual basis. Anggara noted that the failures of neoliberal policies contributed to the rise of leftist movements.

The previous six studies still left an analytical gap, as they did not examine how FMLN's economic moderation while governing El Salvador in 2009 to 2019 was linked with neoliberalism's global hegemony, which then 'forced' the FMLN-led government to apply several neoliberal policies. Noting such gap, this article inquires, "why did FMLN compromise with neoliberalism while leading El Salvador in 2009-2019?"

ANALYTICAL FRAMEWORK

The theory of capital power and how it takes shape in both its direct and structural forms are based upon the Marxist paradigm. Such paradigm is adequate in assisting the analysis carried out in this research. Firstly, Marxism posits that relations in the society are determined by the dominant modes of production in said society. Second, the current behaviour of people is influenced by the dialectical history of the formation of political economy. Third, the dynamics of how the current social-political-economy conditions are formed is determined by the class conflict, which is antagonistic in nature and points to who will assume control over modes of production and authority (Halliday, 1994 in Alvian, 2016). Marxism is a complex approach as it attempts to comprehensively elaborates social-political-economy conflicts and combines analyses at the local, national, and global levels. These features of Marxism led to the usage of the paradigm in this article.

The capital power theory departs from a Gramscian take on the theory of hegemony, which integrates domestic and international analyses on the contradictive relations between the power of state and capital. The theory of hegemony argues that hegemony involves structural dimension and behaviours in social relations between the state and/or the capital (Gill & Law, 2008). Gramsci posits that the internationalisation of capital and advanced capitalism cannot be separated from the historical bloc, which is influenced by the social reproductions of the society, the ruling social class, and the hegemonic ideology (Gill & Law, 2008). At the international level, the historical bloc is influenced by the global/regional influence which the US emitted in the developments of economy, security, and political structures within non-communist, pro-West states during the Cold War to ensure that the central capitalistic state remained conducive (Gill and Law, 2008).

In essence, the state and the market are mutually dependent on each other. The state relies on the market for development, while the market relies on the state for protection. Market fundamentalism will always demand the existence of the state which holds the authority to establish regulations and uphold the political institution which ensures the existence of free market. However, the role of the government/state is not within the domain of market intervention but revolves around the state's capability in conducting intervention when the free-market mechanism is threatened (Gill and Law, 2008; Polimpung, 2013). To create and maintain a conducive business climate, the state must commit public resources to safeguard the survivability of the free market (Hiariej, 2008). The dominance of market fundamentalism drives the state to be more inclined towards adjusting itself with the market, a phenomenon which has occurred since 1980s, as the wave of neoliberalism strengthen the capability of capital, in direct and structural forms, to be penetrated. Although the state does hold the authority in forming regulations and political institutions, it does not always acquire a more lucrative bargaining position against transnational capitalists. Both the direct and structural forms of transnational capital cannot be detached from neoliberal reforms which takes place in a particular state (Gill & Law, 2008).

The ability of capital to conduct direct penetration enhances the transnational capitalists' positions. The basis of the direct capital's power to penetrate a particular state is the transnational capitalist network which persuades the society, politicians, and decision-makers to support the penetration of the capital. Moreover, transnational capitalists are capable of lobbying and pressuring national governments and regional financial institutions to abide to policies which benefit transnational capital (Gill & Law, 1989).

The structural power of transnational capitalists revolves around their ability to form policies and control transnational capital, as well as to dominate narratives on the economy. Its transnational character allows them to not rely on the condition of a particular state, granting them the ability to survive from political crises or state policies which might hinder capital expansion. Transnational capitalists will relocate their capitals to other states, following where the investment climate will benefit them the most in their attempts to accumulate capital (Gill & Law, 2008). Transnational capitalists are also able to dominate economic narratives shared among politicians, bureaucrats, and international/regional institutions, pushing these three components to collectively promote neoliberal reforms which will benefit transnational capitalists. On the other hand, while the state assumes the authority to establish policies, it needs capital and access to market to facilitate social and economic development from transnational capitalists and financial institutions at multiple levels (Gill & Law, 2008).

The structural power of transnational capitalists leads to their ability to leverage from their relationship with the state. Such position enables them to determine how states in different regions sustain investment-friendly environments, which further stimulates states to continuously commence liberalisation and deregulation which, in return, benefit transnational capitalists' quests to accumulate capital. If certain states fail to create an investment-friendly environment, transnational capitalists will relocate capital to other areas, which might trigger inflation, rising unemployment, and crises in balance of payments and exchange rates in those states (Gill & Law, 1989). In effect, state's ability to form economic policies is limited, as it is 'forced' to uphold the free-market logic. Additionally, demands from labours to enhance welfare might not be met as the government is ‘forced’ to adhere to policies which run contradictory with the labours’ welfare (Gill & Law, 2008).

RESEARCH METHOD

This research employs qualitative method by conducting a case study on FMLN’s changing economic orientation while governing El Salvador from 2009 to 2019. Qualitative method is chosen as it allows for a dynamic development throughout the course of the research. Moreover, such method can read through the context of a certain phenomenon, enabling more detailed analyses (Cresswell, 2010). Data in this research are generated from literature study from both primary sources, such as documents and reports from international/regional institutions, and secondary sources, such as books and journals. These data are framed within the analytical framework elaborated in the previous section (Cresswell, 2010).

DISCUSSION

Findings in this article are elaborated in three sub-sections. First, a discussion on El Salvador’s historical blocs will be delivered, which is intended to explain the context behind the limitations which hindered FMLN’s policies. The discussion investigates the social power which reproduced the social and political economic power in El Salvador. Second, the direct penetration of transnational capitalists towards Salvadoran political elites and governmental institutions will be discussed, which will explain FMLN’s limited ability in upholding its policies resulting from the obstacles presented by the transnational capitalist network’s ability to lobby political and bureaucratic elites in El Salvador. Third, an analysis on the structural power of transnational capitalists will be offered, which unpacks their ability to determine how governance is conducted in El Salvador due to their leverage against the government of El Salvador.

El Salvador’s Historical Blocs

The Dynamics of El Salvador’s Social and Political Economic Classes

Spanish colonisation and its devastating effects towards the indigenous populations in what is known today as El Salvador cannot be removed from explanations on the formation of El Salvador’s social structure. The Spanish enslaved Native Americans in plantations owned by Spanish landlords, who were dubbed as ‘*hacienda*’, who had previously taken away lands from indigenous people. Additionally, the Spanish colonies shipped slaves from Africa. They were forced to plant and look after profitable commodities in the global market, such as wheat, olive, coffee, and several kinds of livestock. Enslavement occurred while the Catholic Church established dominion within the society, pointing to their involvement in land seizures towards indigenous people, enslavement in church-owned lands, and forcing indigenous people to convert out of their native religions (White, 2009).

The situation began to change in the middle of the sixteenth century. In 1542, slavery against indigenous people was abolished, although indigenous and African peoples' status as labours under landlords remained unchanged. In the eighteenth century, the Church's Reformation led to the handover of authority and capital from churches in Latin America, including El Salvador, to the ruling monarchs. Not long after the Reformation, the Spanish colonial government in El Salvador, which heavily depended on exporting indigo, experienced a decline during the Anglo-Spanish War, devastating the indigo trade. Spain's economy plummeted even further after India and Venezuela emerged as competing indigo producers (White, 2009).

El Salvador's economic downfall prompted a conflict between the feudal classes from the Spanish colony and the local people in Central America. The alliance between liberal merchants and elite landlords represented the local feudal class. Meanwhile, the pro-monarchy, elite landlords represented the colonial feudal class. The conflict was won by the local feudal class, propelling struggles for independence in the Central America region from Spanish colonies after the Mexican feudal class declared independence for Central America and Mexico, which was succeeded by the establishment of the Empire of Mexico in 1822. However, identity conflicts among different Central American nations (Nicaragua, Guatemala, El Salvador, and Costa Rica), drove these nations to declare independence on their own (White, 2009).

El Salvador's independence from colonialism did not ensure the welfare of farmers, who made up the majority of indigenous people. On the contrary, its independence incited more sufferings for indigenous people as the Salvadoran government abolished their communal lands in the 1850s. Meanwhile, landlords were given rights to land-grab those lands. Additionally, El Salvador's military increased their presence, inflicting massive repression and resulting in the elites' dominance in El Salvador's politics and economy. Increase in social gap, land-grabbing, and marginalisation of indigenous people provoked resistances from indigenous tribes in 1870, 1885, 1894, and 1898 (the most massive resistance took place in this year)

(White, 2009). Despite repeated occurrences of resistance, El Salvador's government upheld policies which allowed for monopoly over lands by forcing small landlords to sell their lands to large-scale landlords from 1880 to 1912. Such policies were accompanied by violence from the military and the police (White 2009).

Resistance from the labouring class peaked in the 1930s during the Great Depression. A combination of poverty and marginalisation, caused by land-grabbing, fuelled their anger. In 1931, Salvadoran leftists, which were comprised of indigenous people, the Regional Federation of Workers of El Salvador, and farmers, revolted. Yet, the revolution did not meet any success and ended with a massacre, a phenomenon known as '*La Matanza*'. The failure of the revolution strengthened the landlord-military alliance's encroachment within the society, facilitating the existence of state militarism in El Salvador for dozens of years (White, 2009).

Dominance over El Salvador's economy was interwoven with dominance of landlords over its political system. As the landlord-military alliance took control over El Salvador's politics, the alliance succeeded to exert their authority on all economic institutions. El Salvador's economy was controlled by no more than forty families who claimed ownership over almost all lands for fifty years. The alliance obtained control through land-grabbing, dominating strategic sectors, and exercising patrimonialism (Carrillo, 2018).

The military-landlord engagement was also rather dynamic. After the Washington Treaty was signed in 1907, which resulted in the elimination of external threats, the landlord class started to subdue the military, enabling the oligarchic landlords to rival the military's authority and force them to be assigned with civilian leadership, pointing to their subordinate position to landlords. In 1912, a national guard was formed to protect the landlord class-owned enterprises. Meanwhile, Salvadoran military was mandated with three tasks: to protect plantations and properties owned by landlords from potential sabotages; to serve as the landlords' personal guards; and to ensure the security of the state, including countering farmers' and labours' unions which were deemed as threats by landlords (Juhn, 1998).

However, the military succeeded to strengthen their relative position to the landlords after the Great Depression and the farmers-led revolution in the 1930s occurred, as their presence became increasingly prominent in protecting the state from internal threats, allowing them to gain more autonomy, strengthening their position against the civilian government, and granting them access to capital. Since the 1930s, the military intensified their presence in rural areas in which the landlords-owned coffee plantations were located. The military provided those areas with military trainings and assigned military duties to them. Populations in rural areas, however, were more inclined to stay loyal with the landlords (Rittermann, 2015).

The military's presence in rural areas was enhanced after the success of the Cuban Revolution. Both the landlords and the military commenced more vicious arrests, killings, and crackdowns towards farmers' and labours' unions. The landlords-military alliance also formed groups of assassins to counter internal threats from communist movements (Rittermann, 2015). The long-lasting alliance between landlords and the military was sustained by El Salvador's reliance on exporting coffee. In 1931, El Salvador's coffee export accounted for 95% of El Salvador's revenue (Wilsman, 2014). In the 1950s, industrialisation and economic modernisation took place, yet, until 1970s, El Salvador still depended on their coffee export (Alvarez, 2010).

In the 1970s, the landlords-military alliance's control started to wane as the price of coffee began to drop. As the power of hard-line military members started to diminish, they were toppled by a coalition between civilians and reformist military members in 1979, leading El Salvador to transition to a 'limited democratic' system (Carrillo, 2018). In the political front, the civil-military regime attempted to end terrors by the state and began democratisation, which resulted in their success in commencing a general election in 1984 (Alvarez, 2010; Carrillo, 2018). The civil-military regime also implemented policies to nationalise El Salvador's banking system and coffee and sugar exporting corporations, as well as redistributed lands (Carrillo, 2018). Yet, these policies met with failure due to resistance from an alliance between hard-line members of the military and the landlord class. Although economic transformations succeeded to weaken the oligarchy of landlords, nationalisation of corporations and banks, along with redistribution of lands, were not fully successful due to corruption and inefficiencies (Carrillo, 2018). Scrutinising its political dynamics, the civil-military government failed to put an end to the hard-line military-landlords alliance who continued to dispatch 'death squads' to repress citizens with violence, while abductions still occurred at a massive scale (Alvarez, 2010), which drove the formation of FLMN which started to embark on its guerrilla warfare since the 1980s.

Despite their weakening position, the oligarchy of landlords managed to survive and transform. Important moments which represented the rise of old oligarchs and new business elites were the Chapultepec Peace Accords and the neoliberal reforms in 1989.

There were two factors which contributed to how the Chapultepec Peace Accords facilitated the rise of old oligarchs and new business elites. Firstly, the accords removed the biggest hindrance to the bourgeoisie class's interest to accumulate capital, since FMLN's guerrilla warfare had been their most significant obstacle in exercising pro-bourgeoisie class policies (Carrillo, 2018).[1] Second, the Chapultepec Peace Accords only focused on political reconciliation, without incorporating options for economic transformation, which still enabled neoliberal reforms to take place (Borgh, 2000; Carrillo, 2018).

Since 1989, the Salvadoran government had conducted neoliberal reforms which restored the dominance of landlord oligarchs and strengthened the position of new business elites. Three important pillars for the bourgeoisie class' enhanced position were privatisation of the banking system, privatisation of the trading system, and reorientation of El Salvador as an import-oriented country, as these three policies provided the bourgeoisie class with opportunities to diversify their businesses (Bull, Castellacci, & Kasahara, 2014; Carrillo, 2018). Privatisation of the banking system was a key measure for the bourgeoisie to revive their position as it became a means to their attempt in creating a financial oligopoly, encompassing six major private banks which were connected with seven dominant economic groups in El Salvador's economy. Privatising international trade involved commercialising important commodities, namely coffee and sugar, which resulted in substantial profit for the landlords. Meanwhile, El Salvador's import-oriented economy benefited the bourgeoisie due to the bourgeoisies' domination over importing companies (Carrillo, 2018).

Neoliberal reforms led to a more open economy, which prompted El Salvador's economic transnationalisation. Such phenomenon occurred in two phases. Firstly, transnational capitalists' endeavours in El Salvador began in mid-1990s through investments and purchases of local corporations. In 2005, a South African beverage company bought El Salvador's biggest beer and beverage factory. The first phase peaked when El Salvador's banks were purchased by transnational corporations. In 2006, almost all El Salvador's main banks and industries were sold to transnational capitalists (Bull, Castellacci, & Kasahara, 2014; Carrillo, 2018). Second, El Salvador's bourgeoisie class expanded their business across the American continent by forming franchises, joint ventures, or strategic alliances with multiple transnational capitalists. Kriete Group, an aviation company, along with TACA, a Salvadoran airline company, cooperated with multiple aviation corporations in Central and South America, and succeeded to enter the North American and European markets (Bull, Castellacci, & Kasahara, 2014; Carrillo, 2018).

El Salvador's Entry into the Global Market and the US's Imperialism

El Salvador's entry into the global market was influenced by the hegemony of more powerful counterparts in their economy. El Salvador's market had been integrated with the global market when the Spanish colony traded slaves and exported indigo. Meanwhile, the US's interference began in the 1870s when they assisted the government of El Salvador with suppressing rebellions from indigenous people in Izalco who fought for their rights over lands. The US provided with weapons and assistance in repressing Salvadoran people. The US was also involved in the formation of the military-landlords alliance who controlled El Salvador's politics and economy for dozens of years (White, 2009).

The US's imperialism in Latin America could not be separated from its desire to maintain its influence. The US aspired to be a 'world leader' by campaigning its 'free world' narratives through democracy and capitalism. Such aspiration was interlinked with efforts to counter communism in the US's 'backyard', along with ensuring its political and economic dominance in Latin America to ensure its access to raw materials and investment opportunities (Petras & Veltmeyer, 2016). Petras & Veltmeyer (2016) argued that the US's imperialism acquired different characteristics before and after neoliberalism rose to prominence. From 1945 to 1979, when state-led capitalism was upheld, the US's intervention was materialised through aids for land reforms, which were deemed as a counterstrategy against land reforms by the leftists, development in rural areas through financial aids and distributing farming tools, as well as repressions. Repressions were commenced by the US to overthrow regimes which were perceived to disrupt its interests, such as socialist and/or nationalist regimes, which presented threats to the US's investments. The US would replace these regimes with pro-US authoritarian governments and maintained close engagements with them. Additionally, the US would also provide aids to local landlords or bourgeoisies to involve them in crippling and deterring leftist groups (Petras & Veltmeyer, 2016). The US's imperialism was channelled through the *Alianza para el Progreso* (Alliance for Progress). The alliance supported the US in distributing development aids for land reforms, investments in extractive businesses, and forming joint ventures with the US, which were accompanied by facilitating foreign investments in new areas (Petras & Veltmeyer, 2016; Wilsman, 2014).

In the 1960s, El Salvador joined the *Alianza para el Progreso*. The government of El Salvador encouraged foreign investments to enter El Salvador. From 1962 to 1972, El Salvador's industrial sector grew to become light industry. Such development led to the increase of urbanisation, as the urban population of El Salvador rose from 18% to 44%. At the same time, the growth of industrial workforce pushed the government of El Salvador to loosen its restrictions on freedom of association. The government of El Salvador prohibited labour unions which aligned themselves with Marxism, while supporting the establishment of anti-communist labour unions with the American Institute for Free Labour Development, a US-funded organisation (Wilsman, 2014). Although the *Alianza para el Progreso* had been disbanded by the 1980s, the US's aids to El Salvador adopted the same measures it previously employed in its engagements with the *Alianza para el Progreso*. Through programmes initiated by the United States Agency for International Development (USAID), the US assisted El Salvador to conduct agrarian reforms, nationalising banks, and nationalising coffee, sugar, and cotton exports (Borgh, 2000). Yet, as previously noted, these measures did not lead to maximum results, as they were rejected by the alliance between hard-line military members and landlords (Carrillo, 2018).

In the 1980s, the US's imperialism adopted a new pattern after neoliberalism became more prominent. During this phase, the US began to reduce its use of military force and shifted to 'utilising' the World Bank and IMF to impose its structural adjustment measures on Latin American states. Structural adjustment programmes were based upon neoliberalism to allow for free market, freedom for foreign investments, and integration into the global and regional markets (Petras & Veltmeyer, 2016). Petras and Veltmeyer (2016) explained that the US's imperialism had been supported by six pillars since the 1980s: the consolidation of a capitalistic world order which relied on market fundamentalism; the placement of military bases; the implementation of neoliberal agendas (privatisation, liberalisation, and deregulation); the promotion of integration with regional free trade agreements; and globalisation to open its economy to the world. By promoting these measures, investments from the US to Latin America would be facilitated by deregulation and economic liberalisation which were applied in Latin America.

The US's neoliberal imperialism in El Salvador began in 1989. The US encouraged the private sector to enhance and the state to lessen its presence through privatisation and economic liberalisation (Borgh, 2000). As elaborated in the previous sub-section, the US pushed for privatisation in the banking and trading system, commercialising coffee and sugar commodities, as well as transforming El Salvador to become an import-oriented economy to strengthen the positions of old oligarchs and the new bourgeoisie class in El Salvador (Bull, Castellacci, & Kasahara, 2014; Carrillo, 2018). Moreover, the US influenced El Salvador to join the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), which compelled the government of El Salvador to welcome foreign investments (Young, 2019).

Notwithstanding economic interventions, El Salvador was a priority for political interventions by the US in the 1980s to counter communism after the Sandinista Revolution in Nicaragua. The US provided aids amounting to US$4.35 billion for the Salvadoran government. An approximate amount of US$1.035 billion was allocated for military assistance, which was delivered in the forms of weapons, helicopters, and military trainings for El Salvador's soldiers to fight against FMLN (Beri, 1982; Carrillo, 2018; Wade, 2016). To support anti-communist campaigns, the US pressured the World Bank and IMF to provide aids to El Salvador, who had previously been included in their blacklist, which pushed both institutions to deliver economic assistance to El Salvador (Beri, 1982).

Aids from the US were pivotal as they became a source of income and foreign exchange for El Salvador which was suffering from decline in income during the civil war. USAID has provided the fund to develop service and financial sectors in El Salvador since 1990 (Carrillo, 2018). El Salvador's dependence on the US still persists until today.

Analysis on El Salvador's Historical Blocs

The explanation above demonstrated that El Salvador has a long experience of dominance from the bourgeoisie class, which employed authoritarianism, and imperialism from a more powerful economy. Such historical blocs hindered Salvadoran people to detach themselves from the dominance of the bourgeoisie class (landlords, local bourgeoisies, and transnational capitalists) and the US's imperialism. This condition facilitated transnational capitalists to acquire the ability in directly penetrating and ‘limiting’ FMLN’s manoeuvre to uphold its economic and political policies during their leadership in El Salvador from 2009 to 2019 with their structural power.

Direct Penetration of Transnational Capitalists into the Government of El Salvador

El Salvador’s historical blocs were dominated by the bourgeoisie class, enabling them to gain leverage to conduct direct penetrations. Transnational capitalists undertook direct penetrations in two ways: forming a bourgeois party and intervening political parties, as well as illegally engaging with governmental institutions. The following are explanations on the ability of transnational capitalists to directly influence the Salvadoran government.

The Formation of Bourgeois Party and Interventions against Political Parties

To preserve their economic and political dominances in El Salvador, the bourgeoisie class formed a party to participate in the general election. The party was named ‘ARENA’, which was committed to nationalism, anti-communism, free trade, and Christianism. Its members consisted of business groups, actors in the agroindustry sector, conservative professionals, military members, and local bourgeoisie networks which transformed into transnational capitalists, such as the owners of Grupo Poma and the AGRISAL Group (Carrillo, 2018). One member of the National Executive Committee (*Comité Ejecutivo Nacionalista* or COENA), who had a substantial influence towards decisions taken by ARENA, was Ricardo Poma from the Poma Group, a telecommunication corporation which had expanded to the international market (Bull, Castellacci, & Kasahara, 2014).

ARENA succeeded to dominate the government from 1989 to 2009 and commenced neoliberal reforms which immensely benefited the bourgeoisie class. In the span of twenty years, ARENA’s leadership enacted privatisations towards many important corporations, such as banks, oil importers, pension fund providers, telecommunication corporations, electricity distributors, airports, and many others. The party also liberalised pricings for basic needs, abolished subsidies, deduced taxes for exports-imports and interest rates, signed into the CAFTA-DR, shifted El Salvador’s economy into an import-oriented one, and dollarised its currency (Carrillo, 2018).

Despite ARENA’s downfall in 2009, transnational capitalists were still able to hinder FMLN from exercising its progressive policies. FMLN failed to pass many important laws on income redistribution. In 2018, a progressive tax law, which was meant to be administered towards luxurious houses, financial transactions, and billionaires' assets, was nullified by the Salvadoran court, hampering social programmes and violence preventions which FMLN initiated. FMLN was forced to cut off budgets for public investments to cover for the lack of budget for those programmes (Young, 2019). FMLN also did not manage to pass a regulation on pension reform and failed to repeal investment laws which did not obligate transnational capitalists to conduct transfers of technology and involve local investments (Young, 2019).

On the other hand, FMLN's transformation from a revolutionary guerrilla group to a political party required them to 'respect' democratic institutions (general election, representation, etc.), pushing them to change their strategy to take control of the government. In a democracy, all actors are 'obligated to respect' democratic mechanisms and required to renounce non-democratic means of acquiring power (Soetjipto & Yuliestiana, 2020), including revolution (guerrilla warfare). Henceforth, a new strategy must be adopted to enable FMLN to acquire power within the government through the general election by expanding its constituents to gain votes in the election. One of their strategies was to compromise with business networks, which were initially adversaries to FMLN as a representative of the labours (Allison & Alvarez, 2012).

In the 2009 presidential election, FMLN was represented by Mauricio Funes, a journalist, who was not a member of FMLN. Funes was a popular candidate, who managed to attract supports from business actors, such as Miguel Menendez, Luis Lagos, General David Mungui Payes, and Alex Segovia, who were also involved within the transnational capitalists' network (Allison & Alvarez, 2012). To increase their chance of winning, FMLN accommodated supports from business actors who were dissatisfied with ARENA (Clark, 2015). In the local election, FMLN claimed their victory in San Salvador, the capital city of El Salvador, by endorsing Nasyib Bukele, a comprador capitalist who worked as a distributor for Yamaha in El Salvador (Allison & Alvarez, 2012). These phenomena pointed to FMLN's attempts, who were initially an adamant representative of the labours, to allow for participations from the bourgeoisie class within the party's structure in order to win electoral contestations to take over the government.

Notwithstanding their victory, such strategy was followed by repercussions for FMLN, as they were forced to moderate their economic and political orientations, resulting in compromises in their economic policies. Funes often fell out of FMLN's control and provided support for pro-bourgeoisie policies. He did not pull El Salvador out of CAFTA-DR and refused to join ALBA-TCP, an economic alliance for socialist states (Allison & Alvarez, 2012). Funes also passed many laws which provided ‘protections’ for foreign investments in multiple sectors, as well as joining a developmental partnership with the US to propel investments (Carrillo, 2018). Thus, FMLN was ‘obligated’ to accommodate the bourgeoisie’s interests as a political cost for the bourgeoisie’s support for candidates from FMLN (Sprenkels, 2018).

Illegal Engagements and Control Over Governmental Institutions

The bourgeoisie class’s dominance was also attributed to their ability to exploit illegal pathways to engage with the government. Bull, Castellacci, and Kasahara (2014) argued that Central American (including Salvadoran) corporations were characterised by low levels of managerial skills, technological capability, and product diversifications, while their ability to transform into transnational capitalists was largely a contribution from the bourgeoisies’ ability to exploit corruptions within the bureaucracy, weak law enforcement, and proximity with the government. Thus, Central American bourgeoisies were sustained by ‘corrupt bureaucracies’ to ‘eliminate’ competitors. In retrospect, Salvadoran bourgeoisies were parasites to the national economy (Bull, Castellacci, & Kasahara, 2014).

Such tendencies were reflected in the processes of privatisation and domination of the justice system. Albeit regulations on anti-monopoly and anti-illegal-engagement had been passed, the privatisation process were accompanied by chaos and corruptions by old oligarchs, as demonstrated by the appointment of board of directors for major banks of El Salvador, such as Banco Cuscatlán and Banco Agrícola Comercial, by collaborators who were associated with the oligarchs (Segovia & Sorto 1992 in Carrillo, 2018). The bourgeoisies also took control over El Salvador’s court as they had previously plotted to encroach the bureaucracy in court during ARENA’s twenty years-long reign. The bourgeoisies’ control was evident when right-wing parties, which included ARENA, PDC, PCN, and GANA, attempted to revise the Judicial Organisation Law after four independent judges ousted a corrupt judge who were controlled by the bourgeoisie party networks, curbed position purchases, and renounced funding transfers among ministries (Bull, Castellacci, & Kasahara, 2014).

Transnational Capitalists' Structural Power over the Government of El Salvador

The structural power of transnational capitalists over FMLN was attributed to El Salvador's historical blocs and the transnational capitalists' success in directly penetrating the political spaces in El Salvador. These two factors enabled the bourgeoisies to acquire a structural power over the Salvadoran government. The main factor which nurtured transnational capitalists' structural power was neoliberal reforms. Neoliberal reforms led to four derivative factors which enhanced transnational capitalists' structural power, namely deindustrialisation, El Salvador's economic dependency, "dollarisation" of currency, as well as the hegemony of neoliberalist narratives and the formation of a think-tank. The first to third factors were domino effects of neoliberal reforms which were launched in 1989. Meanwhile, the last factor was not caused by, but nevertheless was related to, neoliberal reforms.

Deindustrialisation in El Salvador

Deindustrialisation in El Salvador was influenced by neoliberal reforms. Cáceres (2017) contended that neoliberal economic reforms were the roots of deindustrialisation as economic liberalisation stagnated the economy. The drop in the import tax rate, which drastically declined to 5.8% in 2009 from 22.68% in 1986, enabled products from abroad to take the lead in El Salvador's economy and impeded their domestic industry, showcasing how liberalisation failed to push for export expansion in El Salvador. As the domestic industry suffered from liberalisation, El Salvador's unemployment rate rose and led to a high emigration rate (Cáceres, 2018). Furthermore, its high unemployment rate, along with dependency on the informal economy, contributed to the increase of crime rate, as more of El Salvador's populations relied on criminal businesses, which were interwoven with other acts of violence, such as drug trade, smuggling, 'security services', and many others. These phenomena presented risks for investments which further enhanced deindustrialisation and decapitalisation (Cáceres, 2018).

Deindustrialisation was evident in El Salvador's economic performance. Firstly, the manufacture sector's contribution to the GDP was reduced to 20% in 2013 from 25% in 2001. Then, within the same timeframe, value added in the agriculture sector declined from 14.6% to 10.84% (Cáceres, 2018). The decline in these sectors was accompanied by an increase in imports of nondurable consumer goods, which accounted for 6% of its GDP in 1990, to 12% in 2013, along with a downturn in the national manufacture output. Deindustrialisation could also be inferred from El Salvador's shrinking domestic investment values in the 1990s in comparison to its initial values in the decades of 1960s and 1970s. El Salvador's domestic investment in 2009 only amounted to 14.6% of its GDP–a comparatively devastating achievement in comparison to Costa Rica, Panama, and the Central American Common Market (CACM) which achieved rates ranging from 21.7% to 24.1% of their respective GDPs (UNCTAD, 2010). Cáceres (2017) concluded that decapitalisation was caused by El Salvador's sinking national savings, leading to contractions in private investments and stagnation in production of goods.

Deindustrialisation created major setbacks for the national economy, albeit benefitting El Salvador's bourgeoisie class. Such phenomenon improved El Salvador's trade deficit (Cáceres, 2017) and led to economic dependency. From 2007 to 2010, El Salvador's fiscal balances were always negative, ranging from -0.2 to -3.7 (ECLAC, 2011), prompting a decrease in the national savings and investments, hence its high needs of external funding from debts and remittances to cover for its trade deficit (Cáceres, 2017). El Salvador's trade deficit ran parallel with its high debt. In 2006-2010, The average rate of public debt in El Salvador, accounting for 38.5% of its GDP, was higher than the average public debt rate in Latin America, which amounted to 32.68% (ECLAC, 2011).

El Salvador's Economic Dependency

El Salvador's economic dependency was evident in three aspects, namely dependencies on imports of basic needs for civilians, loans/aids, and transnational capitalists. The first and second aspects were rooted from deindustrialisation and deagrarianisation. In 2018, 32.1% and 53.2% of El Salvador's imports came from imports of consumer goods and semi-finished products, respectively (ECLAC, 2020). Meanwhile, reliance on loans or aids was evident in El Salvador's engagements with donors from Taiwan, Japan, Italy, and the US, along with international/regional financial institutions, namely the Inter-American Development Bank (IaDB), IMF, the World Bank, and the Central American Bank for Economic Integration (CABEI). The US contributed the highest amount of loans through bilateral mechanisms (ECLAC, 2011; Clark, 2015).

Loans and aids were utilised to offset trade deficit and cover for socio-economic development initiatives which experienced deagrarianisation and deindustrialisation. The Millenium Challange Corporation (MCC), which was signed in 2012 by the FMLN-led government, was allocated for developing technical infrastructures, such as constructions of infrastructure, financial recovery to cover deficits, development of the banking system, and credits for businesses in rural areas. MCC is a loan scheme with the US as the biggest contributor. The FMLN-led government also agreed to receive loans from IMF (US$790 million), the World Bank (US%600 million), and IaDB (US$450 million), as well as various loans from Italy, Taiwan, the US (through USAID), Japan, and CABEI. Most of these loans were spent on infrastructure constructions to prepare for CAFTA-DR (ECLAC, 2011; Seelke, 2013). El Salvador also received loans to build healthcare infrastructure and a universal healthcare system which had been neglected due to neoliberal reforms, which minimised the role of the state in the health sector (Clark, 2015).

El Salvador’s reliance on financial aids limited the FMLN-led government’s options for domestic and foreign economic and political policies. Firstly, the government was ‘forced’ to support pro-free trade policies, hindering FMLN from withdrawing from CAFTA-DR and pulling out investment laws which supported transnational capitalists (Young, 2019). Second, the government must maintain a close partnership with the US, which the FMLN initially perceived as an enemy in its guerrilla warfare (Seelke, 2013). Third, El Salvador was barred from joining ALBA-TCP, a socialist economic alliance, whose ideological alignment was in line with FMLN’s. ALBA-TCP was formed as an alternative to institutions which championed market fundamentalism, free trade, and the logic of comparative advantage (Muhr, 2011). Fourth, FMLN could not criticise a coup in Honduras by a right-wing figure, Porfirio Lobo, against Manuel Zelaya, a proponent of social democracy (Allison & Alvarez, 2012).

Meanwhile, decapitalisation at the domestic level prompted El Salvador to rely on foreign investments to develop its economy. El Salvador’s financial, telecommunication, manufacture, and electricity sectors were dominated by transnational capitalists. A data recorded by the United Nations Conference on Trade and Development (UNCTAD) (2010) in 2008 showed that five major commercial banks, which controlled 88.5% of El Salvador’s banking market, was dominated by transnational capitalists from the US, Colombia, Canada, and the United Kingdom (UK). Then, two public telecommunication companies, Inte and CTE, had been privatised since the end of the 1990s, in which most of their shares were acquired by transnational capitalists. The France Telecom (France) and Telefónica (Spain) acquired all shares of Inte, while América Móvil (Mexico) acquired 94.4% of CTE’s shares. El

Salvador's telecommunication sector was a favourite target for transnational capitalists. On the other hand, the electricity sector could be divided into two sub-sectors and were not fully acquired by transnational capitalists. Transnational capitalists only had control over 99.4% of the electricity distribution network, which was dominated by investments from the US. Then, transnational corporations only controlled 38.6% of sources of electric power, while the rest 61.4% were still acquired by local capitalists and public companies (UNCTAD, 2010).

Dependencies on foreign investments 'forced' El Salvador to open its economy. FMLN's failure to ensure such condition could shift transnational capitals to El Salvador's neighbouring countries (Seelke, 2013). In the meantime, other Central American countries attempted to establish investment-friendly economies to attract transnational capitals. These conditions drove FMLN to welcome tariff reductions and economic liberalisation (ECLAC, 2018), as inability to attract transnational capitals would present barriers for economic and social developments due to El Salvador's dependency on transnational capitals and foreign aids.

FMLN's efforts to maintain an investment-friendly environment worsened labour protection measures and the working condition in El Salvador. A half of healthcare workers were in danger due to extreme temperatures and noise pollution in their working spaces. Meanwhile, 6% of both male and female workers experienced sexual harassment in their working settings. Then, 52% of Salvadoran workers worked in a highly intense working environments, ranking it as the highest in Central America. Moreover, 50% of workers worked for 37 to 48 hours weekly and another 30% worked for more than 48 hours in a week (Eurofound & ILO, 2019). Henceforth, around 50% of workers had longer working hours than what was deemed adequate by the International Labour Organisation (ILO).

FMLN also failed to protect labour unions as practices of 'union busting' and labour's rights violations persisted. Business owners tended to collude with corrupt labour unions, lay off and hinder welfare protections for members of independent unions, not provide severance pays and social security for members of independent unions who had been laid off, and utilise violent groups to repress (through threats to kill and acts of violence) labour unions who commenced protests. FMLN, initially a representative of labours, did not respond to these repressive acts. Furthermore, the Ministry of Employment facilitated corporations in laying off leaders of independent unions (CGWR & WRC, 2015).

Dollarisation of El Salvador's Currency

Dollarisation of El Salvador's currency corresponded with neoliberal reforms which had been commenced since 1989, which were intended to 'mend' El Salvador's dependency. The dollarisation was supported by three factors: El Salvadors entry into the global market (Seelke, 2013 in ECLAC, 2018); the creation of a transnational capital-friendly environment to fulfil El Salvador's dependency on capitals from the US (Moran, 2016); facilitating remittances as many El Salvador populations became migrant workers due to wars, deindustrialisation, and El Salvador's rising crime rate. Most Salvadoran emigrants headed to the US. In 2000, immigrants from El Salvador in the US amounted to 817.000 people (Cáceres, 2017; Menjivar & Cervantes, 2018).

However, dollarisation benefited the bourgeoisie class, as emphasised by the incoming support from bourgeoisies in the financial and import sectors, who were affiliated with ARENA. Dollarisation was utilised to defend their economic dominance, as it allowed them to ensure business stability in their respective sectors by limiting the policy options which the governing regime could select from. Thus, undoing dollarisation would be impossible, despite whatever ideologies the ruling party upheld, which would preserve the bourgeoisies' economic and political dominances (Moran, 2016).

The Hegemony of Neoliberalism's Narratives and the Formation of a Think-Tank by the Bourgeoisie Class

The hegemony of neoliberalism's narratives resulted in the bourgeoisie class's ability to form a think-tank and advance neoliberal narratives in the global economy. The formation of think-tank corresponded with the bourgeoisies' efforts to maintain their economic dominance. Assisted by the Ronald Reagan administration, El Salvador's bourgeoisies found a think-tank named the *Fundación Salvadoreña para el Desarrollo* (FUSADES) in 1983, which served as a tool to provide academic justifications for neoliberalism. FUSADES's prominence in El Salvador's politics became apparent when they published a policy paper entitled "The Need for a New Economic Model for El Salvador" in 1985, which promoted a shift in economic orientation by recommending liberalisation, privatisation, and deregulation. The policy paper harshly criticised the then PDC-led government's liberalist take on Keynesian economic policies. With

ARENA's acquisition of executive power in 1989-2009, FUSADES became a pillar of neoliberalism in El Salvador (Carrillo, 2018).

FUSADES's neoliberal underpinning was emphasised by their academic products in the form of economic recommendations. FUSADES planned for El Salvador's shift from state-led to market-led development by promoting the supremacy of market and private sector in 'guiding' El Salvador's economy. FUSADES also recommended a change in El Salvador's exporting activities from agricultural to non-traditional products. To diversify its economic sector, El Salvador did not industrialise its import substitutes, but still relied on its export-oriented economy by making use of the labours' low wages (Carrillo, 2012). To materialise these targets, FUSADES put forward three recommendations: abolishing trade barriers by eliminating prerequisites and reducing tariffs for exports-imports, as well as eliminating barriers for investments in certain sectors; providing incentives for export potentials; and repealing all regulations which distorted the market to push for industrial projects, which demanded the state's active participation. These policies succeeded to transform El Salvador's bourgeoisies into transnational capitalists (Carrillo, 2012; Carrillo, 2018).

Meanwhile, the dominance of neoliberal narratives in El Salvador's economy had influenced FMLN's members. Despite FMLN's Marxist standpoint and past as a guerrilla organisation, their members defended the private sector's presence in El Salvador to avoid economic crisis like what occurred in Venezuela after limiting its private sector. Moreover, the FMLN-led government justified privatisation practices, trade liberalisation, and reduction for corporate taxes, which deemed that these policies were 'obligatory' to avoid tax violation and corruption (Wade, 2016).

Analysis on the Structural Power of Transnational Capitalists

Transnational capitalists' structural power limited the FMLN-led government's ability to execute its economic and political policies. As posited by Gill and Law (2008), transnational capitalists' structural power enabled the capitalists to gain relative leverage, as portrayed by the four factors which sustained transnational capitalists' structural power, enabling them to leverage on their position against the FMLN-led government and limiting their options for (domestic and foreign) economic and political policies. FMLN, initially a leftist party representing the labours, was forced to compromise with neoliberal policies and apply exploitative employment policies. Findings in this section pointed to transnational capitalists' ability to not depend on economic and political conditions in a particular state, as they could relocate their capitals and pressure the state with their structural power to create a conducive economy for their interests. Therefore, El Salvador's case shows that states, rather than exercising dominance on transnational capitalists, tend to depend on them amidst the dominance of neoliberalism, despite both having mutual interests on each other.

CONCLUSION

FMLN's compromises with neoliberal policies during their leadership in El Salvador could be attributed to three factors. First, El Salvador's historical blocs, which stemmed from the bourgeoisie class's long history of dominance in the forms of landlords to transnational capitalists, enabling the bourgeoisie class to have a wide array of strategies to defend its means of capital reproduction in El Salvador. Second, the bourgeoisies' encroachment into economic development and intervention to political parties, along with illegal engagements and dominance over governmental institutions, contributed to hindering capital redistribution agenda to labours which FMLN put forward and nurtured transnational capitalists' structural power. Third, transnational capitalists' structural power, which emerged out of the four factors attributed to neoliberal reforms in 1989, enabled transnational capitalists to leverage on El Salvador's government, enabling transnational capitalists to impede the FMLN-led government.

The direct and structural power of capital has several shortcomings which have been unfolded in the discussion section. The theory does not account for structural and direct powers of transnational capitalists which took their roots from El Salvador's historical blocs. Second, the theory cannot explain neoliberal reforms as the origin of transnational capitalists' structural power. Third, the theory does not consider economic dependency which results from a state's decision to transform into an import-oriented economy as a factor which enabled transnational capitalists to leverage on the state.

Several topics could be pursued to enhance studies on the relationship between FMLN's moderation and neoliberalism. First is FMLN's internal relations with transnational capitalist. Second, the process of how neoliberal narratives are adopted by members of leftist parties in general, and specifically in FMLN, which cause ideological moderation. Lastly, FMLN's struggle against El Salvador's bourgeoisies to exercise specific policies.

ACKNOWLEDGEMENTS

I am grateful for the reviews from the anonymous reviewers which have guided me to improve my article. Specifically, I want to thank my lecturer, Evi Fitriani, Ph.D. from the Department of International Relations at the University of Indonesia, for her lectures on how to create a journal-standardised article when I took her class in my first semester of my magister degree, as well as for providing me with some advices for this article.

BIBLIOGRAPHY

Allison, M. E., & Alvarez, A. M. (2012). Unity and Disunity in the FMLN. *Latin American Politics and Society, 54*(4), 89–118. https://doi.org/10.1111/j.1548-2456.2012.00174.x

Alvarez, A. M. (2010). *From Revolutionary War to Democratic Revolution: The Farabundo Marti National Liberation Front (FMLN) in El Salvador*. Berghof Conflict Research.

Alvian, R. A. (2016). Teori Imperialisme Baru dan Debat Marxisme-Realisme dalam Ilmu Hubungan Internasional. *Global: Jurnal Politik Internasional, 18*(1), 1-17. https://doi.org/10.7454/global.v18i1.47

Anggara, L. (2007). Fenomena Anti-Liberalisme di Amerika Latin pada Awal Abad-21. *Global: Jurnal Politik Internasional, 9*(1), 86-102. https://doi.org/10.7454/global.v9i1.261

Beri, H. M. L. (1982). U.S. Involvement in El Salvador. *Strategic Analysis, 5*(12), 694-701. https://doi.org/10.1080/09700168209427576

Birch, K., & Mykhnenko, V. (2010). *The Rise and Fall of Neoliberalism: The Collapse of an Economic Order?* Zed Books.

Borgh, C. van den. (2000). The Politics of Neoliberalism in Postwar El Salvador. *International Journal of Political Economy*, *30*, 36–54. https://doi.org/10.1080/08911916.2000.11644005

Bull, B., Castellacci, F., & Kasahara, Y. (2014). *Business Groups and Transnational Capitalism in Central America: Economic and Political Strategies*. Palgrave Macmillan.

Cáceres, L. R. (2017). Deindustrialization and Economic Stagnation in El Salvador. *CEPAL Review, 122*, 58-77. http://repositorio.cepal.org/bitstream/handle/11362/42659/1/RVI122_Caceres.pdf

Cáceres, L. R. (2018). Deindustrialization, Labour and Violence in El Salvador. *CEPAL Review*, *125*, 180-210. http://repositorio.cepal.org/bitstream/handle/11362/44324/1/RVI125_Caceres.pdf

Carrillo, C. V. (2012). *The Persistence of Oligarchic Rule in El Salvador: Neoliberal Transformation, and the Retrenchment of Privilege and Inequality in the Post-Civil War Period* [Doctoral dissertation, York University]. Library and Archives Canada.

Carrillo, C. V. (2018). The Reconsolidation of Oligarchic Rule in El Salvador: The Contours of Neo-liberal Transformation. In L. L. North & T. D. Clark (Eds.), *Dominant Elites in Latin America: From Neo-Liberalism to the 'Pink Tide'* (pp. 149–180). Palgrave Macmillan.

Cerny, P. G. (2008). Embedding Neoliberalism: The Evolution of A Hegemonic Paradigm. *The Journal of International Trade and Diplomacy, 2*(1), 1-46.

CGWR & WRC. (2015). *Unholy Alliances: How Employers in El Salvador's Garment Industry Collude with a Corrupt Labor Federation, Company Unions and Violent Gangs to Suppress Workers' Rights*. https://www.workersrights.org/wp-content/uploads/2016/02/Unholy-Alliances-January-2015-1.pdf

Clark, M. A. (2015). The New Left and Health Care Reform in El Salvador. *Latin American Politics and Society, 57(4)*, 97-118. https://doi.org/10.1111/j.1548-2456.2015.00291.x

Creswell, J. W. (2010). *Research Design: Pendekatan Kualitatif, Kuantitatif, dan Mixed*. Pustaka Pelajar.

ECLAC. (2011). *2010-2011: International Integration and Macroeconomic Policy Challenges Amid Global Economic Turmoil*. United Nations.

ECLAC. (2018). *Economic Survey of Latin America and the Caribbean, 2018*. http://repositorio.cepal.org/bitstream/handle/11362/43965/131/S1800836_en.pdf

ECLAC. (2020). *El Salvador: National Economic Profile*. Retrieved August 31, 2020, from https://estadisticas.cepal.org/cepalstat/Perfil_Nacional_Economico.html?pais=SLV&idioma=english

Eurofound & ILO. (2019). *Working Conditions in a Global Perspective*. https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef18066en.pdf

Gill, S., & Law, D. (2008). The Power of Capital: Direct and Structural. In S. Gill, *Power and Resistance in the New World Order: 2nd Edition, Fully Revised and Updated* (pp. 100–122). Palgrave Macmillan.

Hiariej, E. (2008). Pemulihan Kekuasaan Kelas Dominan dan Politik Neoliberalisme. *Global: Jurnal Politik Internasional, 9*(2), 119-137. https://doi.org/10.7454/global.v9i2.263

Juhn, T. (1998). Negotiating Peace in El Salvador: Civil-Military Relations and the Conspiracy to End the War. London: Macmillan Press LTD.

Ramos, C. G., López, R. O., & Quinteros, A. C. (2015). The FMLN and Post-War Politics in El Salvador: From Included to Inclusive Actor? I*nclusive Political Settlements Papers, 14*. Berghof Foundation.

Menjivar, C & Cervantes, A. G. (2018). *El Salvador: Civil War, Natural Disasters, and Gang Violence Drive Migration.* Migration Policy Institute. Retrieved October 1, 2019, from https://www.migrationpolicy.org/article/el-salvador-civil-war-natural-disasters-and-gang-violence-drive-migration

Moran, B. P. (2016). *Dollarization in El Salvador and Ecuador: A Model Worth Following?* [Master's thesis, Naval Postgraduate School]. Calhoun: The NPS Institutional Archive & DSpace Repository.

Petras, J., & Veltmeyer, H. (2016). *Power and Resistance: UD Imperialism in Latin America*. Brill.

Polimpung, H. Y. (2013). Kapitalisme dalam Kerlingan Negara-Berdaulat: Ulasan Historis Singkat dari Era Imperium Romawi Agung sampai Era Neoliberal. *Global: Jurnal Politik Internasional, 15*(2), 115-136. https://doi.org/10.7454/global.v15i2.32

Rittermann, S. D. (2015). *Civil-Military Relations and militarization in El Salvador* [Master's thesis, Naval Postgraduate School]. Calhoun: The NPS Institutional Archive.

Seelke, C. R. (2013). *El Salvador: Political and Economic Conditions and U.S. Relations.* CRS Report No. RS21655. https://fas.org/sgp/crs/row/RS21655.pdf

Soetjipto, A. W. & Yuliestiana, A. T. D. (2020). Transnational Relations and Activism in International Relations: Debates and Consensus in Literature. *Global: Jurnal Politik Internasional, 22*(1), 142-162. https://doi.org/10.7454/global.v22i1.479

Sprenkels, R. (2018). *Ambivalent Moderation: The FMLN's Ideological Accommodation to Post-War Politics in El Salvador*. Government and Opposition Limited, *54*(3), 536-558. https://doi.org/10.1017/gov.2018.37

UNCTAD. (2010). *Investment Policy Review: El Salvador*. United Nations.

Wade, C. J. (2008). El Salvador: Contradictions of Neoliberalism and Building Sustainable Peace. *International Journal of Peace Studies*, *13*, 15–32. https://www.jstor.org/stable/41852975

Wade, C. J. (2016). *Captured Peace: Elites and Peacebuilding in El Salvador*. Ohio University Press.

White, C. M. (2019). *The History of El Salvador*. Greenwood Publishing Group.

Wilsman, A. R. (2014). *Our Enemy's Enemy: Human Rights and the U.S. Intervention in El Salvador, 1977-1992* [Doctoral dissertation, Vanderbilt University]. Vanderbilt University Institutional Repository.

Young, K. A. (2019). El Salvador's FMLN and the Constraints on Leftist Government. *Oxford Encyclopedia of Latin American Politics*, 1–19. https://doi.org/10.1093/acrefore/9780190228637.013.1768

Note:

[1] The bourgeoisie class, in general, refers to owners of means of production, such as landlords, new business elites, transnational capitalists, and local bourgeoisies.