

# Nicaragua's Sandinista Government Allies with Anti-Imperialist Forces

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More than six months have passed since the inauguration of the new “21st Century Sandinista” government of Nicaragua last January. Jubilant celebrations of that event expressed the excitement of hundreds of thousands of Sandinista supporters. New hopes for an escape from the hell of neoliberal catastrophes breezed across our country’s mountains, volcanoes, valleys, and lakes, from the large cities to the remote hinterlands and coasts.

The FSLN leadership had used the election campaign to assure the country (and Washington) that no second edition of the 1979 revolution would take place. Even so, many wanted to believe that the new government would signal a return to the inspiring days and social advances of the revolution.

What does the first six-month performance of the new government tell us about the relationship between reality and such hopes?

The Ortega government inherited a nearly “Africanized” country. Nicaragua is second only to Haiti as the poorest country in the hemisphere. Almost 80% percent of the population lives on less than US\$2 a day, and over half of them on less than US\$1 a day. The health and educational systems have been hollowed out. Over the previous 17 years a million or more Nicaraguans have gone into economic exile (mostly to Costa Rica, El Salvador, and the United States). The country now depends on family remittances and foreign aid to stay afloat.

## Lights out

The privatized national electrical system has been bled dry and brought to near collapse — especially its generating capacity. In 2006 severe power cuts were imposed across the country. The new government alleviated the problem for a time, relying on donated generator plants from Cuba and Venezuela. But more breakdowns in the system soon forced a return to long power cuts, from five to 10 hours daily in both rural and urban areas. This has created havoc in the economy, especially the retail sector, the health system, and people’s daily lives.

The collapsed electrical system can be taken as a metaphor for the condition of the republic on the eve of the elections. The Sandinistas won the presidency largely because the traditional right-wing forces assembled in the Constitutional Liberal Party (PLC) had split down the middle. The Catholic Church was also divided, with now retired Cardinal Obando y Bravo opting to back the FSLN in return for its support to a government-initiated bill that legalized therapeutic abortion. These divisions, splits, and confusion in traditional ruling class formations (the Church hierarchy included) stemmed from a mounting lack of

confidence in their own ability to keep the ship afloat, or rather, to re-float the shipwreck and pilot it away from rocky shores.

The FSLN drove through the gap opened by the split in the oligarchic parties and won a minority government in the November 2006 election with just 38% of the national vote. What followed caught the country and most political analysts, including this writer, quite by surprise.

### **Inauguration day**

The course of Ortega's new government was foreshadowed by the events surrounding its inauguration on January 10.

Presidents and high-level delegations attended from most Latin American and Caribbean countries, including the presidents of Mexico and other Central American countries. Hugo Chávez attended from Venezuela, and Evo Morales from Bolivia. Cuban vice-president José Ramón Machado stood in for Fidel Castro. Taiwan sent its president Chen Shui-bian; Iran and Libya sent high-profile representatives. Spain sent its Crown Prince. Perhaps just to be different, Canada and the United States sent low-profile delegations whose presence was not even noted in the official welcoming.

It turned out that Chávez had to delay his arrival by over three hours. Ortega kept the assembled VIPs and the Crown Prince himself waiting throughout the hot afternoon until our Venezuelan guests appeared. The event, including the long wait, was televised live. Broadcasts on rightwing TV and radio were punctuated by howls of protest from commentators about the "national disgrace" entailed in making Spanish royalty and visiting presidents wait around (and around!) for Chávez.

That was just the thin end of the wedge. After a drastically abbreviated swearing-in ritual, Ortega cut short the ceremony to join, as he explained, tens of thousands of workers, farmers, and youth waiting at a nearby lakeside plaza. They too had been celebrating for many hours under the hot sun. Off he went, accompanied by the new cabinet and his closest allies among the presidential visitors.

In the plaza, Chávez, Morales, and Ortega addressed the tired, but tumultuous crowd with strong appeals for Latin American unity, anti-imperialist struggle, national liberation, and socialism. Ortega interrupted his own speech to invite Cuba's José Ramón Machado to take the mike. The crowds greeted the Cuban *compañero* with a thundering roar of enthusiasm. The Taiwanese president shared the platform but did not speak.

The mass inaugural celebration introduced a new theme song for the FSLN, one that has accompanied both FSLN rallies and official functions ever since — *la Internacional* with its opening appeal "Arriba los pobres del mundo" (arise ye poor of the world). Our president-elect proclaimed that the new government represented a continuation of the Sandinista revolution of the eighties. He announced that his first acts as president would be to restore free education and health services, a social conquest of the revolution, reversed by the pro-U.S. government elected in 1990.

He also announced that Nicaragua would join the Bolivarian Alliance for the Americas (its Spanish acronym ALBA also means "dawn") to become fourth member after Venezuela, Cuba, and Bolivia. ALBA's mandate is to facilitate commerce and cooperation among its

members based on principles of solidarity and economic harmony, in overt opposition to the exploitative relations maintained by the world capitalist and imperialist market.

The next day the four ALBA presidents convened a public session carried live on radio and TV, where they signed a packet of agreements projecting major trade and cooperation initiatives to help lift Nicaragua out of the abyss. Venezuela forgave Nicaragua its debt.

### **Nicaragua-Iran agreements**

On the Sunday following the inauguration Iranian President Mahmoud Ahmadinejad arrived in Managua on a state visit. The two presidents announced major trade agreements and ties based on cooperation and friendship. Daniel Ortega used the visit to denounce U.S. aggression against Iraq and threats against Iran — a theme he again stressed during his state visit to Iran in June.

Recent follow-up announcements include an agreement that Iran will build a US\$350 million ocean port on the south Caribbean coast of Nicaragua and a pledge of US\$120 million to help build a massive hydroelectric project that could go a long way to solving the country's long-term electricity deficit. Iranian cooperation, reached in bilateral agreements, is coordinated through ALBA, because it often involves joint Venezuelan-Iranian initiatives such as a recently constructed tractor factory in Venezuela that is supplying Nicaraguan farmers with low-priced machines.

In March Hugo Chávez returned to Nicaragua. He went to the indigenous community of Sutiava (in León province) where he and Ortega announced that Venezuela would build a US\$3.5 billion oil refinery on the Pacific Coast near Nagarote. This refinery will process Venezuelan oil both for Nicaragua and for export to other Central American countries and to China. Chávez insists that it will be completed before Ortega's six-year term is finished, even if work has to take place 24-7. An allied petrochemical complex will also be built near the refinery, promising thousands of long-term jobs to local workers. These projects, when completed, should generate annually hundreds of millions of dollars of revenue for the country.

Chávez used the occasion to talk about his vision of the way forward for Latin American nations.

“Every day I say even more vigorously that the only way out of poverty and backwardness is to take the road of socialism, a new socialism built by ourselves....

“I believe that Christ is the first great socialist of our era, because Christ advocated equality, love among us, and the only way that we can have equality in society is through socialism. Capitalism is the kingdom of exploitation, inequality, and hate, of ambition and egoism. Socialism is the kingdom of love, fraternity, and equality. This was what Christ came to preach to the world. And so, even though some priests will get uptight, I will keep on saying, for me as the Christian that I am, my Lord is one of the greatest revolutionaries in history, one of the greatest socialist revolutionaries in history.”

### **Venezuelan aid**

Fast forward to July 19: Chávez and Morales returned to Managua to join the celebrations of the 28th anniversary of the 1979 insurrectionary defeat of the U.S.-backed Somoza dynasty.

The three presidents again united their voices to stress the urgent need for Indo-Latin American unity and vigilant anti-imperialist struggle. Chávez, never shy, once more used his formidable oratorical skills to advocate a socialist, anti-capitalist course for our Patria Grande — our term for the vast Indo-Black-Latin American nation extending from the Rio Bravo on the U.S.-Mexican border to Tierra del Fuego at the southern tip of the continent, taking in the Caribbean island countries.

Venezuelan aid and trade agreements now amount to over US\$5 billion dollars. Much of this aid will be executed over a period of several years, and the overall amount will no doubt increase significantly over that time. Projects, in addition to the refinery, include an all-season highway from Bilwi (Puerto Cabezas) on the north Caribbean coast, southwest to Rio Blanco. The highway project will require the rebuilding of the Puerto Cabezas docks and a modern hospital for road construction workers that will also serve regional communities. Other programs include agricultural inputs such as farm credits, fertilizers, and related technologies, and also educational and health projects. Venezuela has guaranteed the country's petroleum needs at fair prices, in the ALBA spirit. This involves long-term, low-interest payment agreements, including the option to pay in kind with agricultural, maritime, and mineral products — hence opening the possibility of expelling the dollar from commerce between the two Caribbean countries. All oil collaboration between the two countries is being channeled through an autonomous company — ALBANISA — responsible to the Venezuelan and Nicaraguan state oil companies.

Cuban aid mainly targets the health and educational sectors and is also channeled through ALBA. Cuban doctors and medical specialists are working mainly in the Caribbean coast autonomous regions, and in a newly opened eye clinic in Ciudad Sandino near Managua, part of ALBA's Operation Miracle (OM). To date more than 12,000 Nicaraguans have attained improved or restored vision through the OM program. Many received their operations either in Havana or Caracas, but soon it will be unnecessary for Nicaraguans to leave our country to get treatment. Two more clinics will be opened in each of the two coastal regional capitals.

Nicaragua is to become a regional center for the program, enabling people from Mexico and Central America to get attention here. Cuban specialists are training Nicaraguan doctors who will later take full responsibility for the Nicaraguan component of OM. As well, about 80 just-graduated Nicaraguan general practitioners have recently returned from medical school in Cuba and are doing their internships with Cuban doctors in remote areas of the autonomous regions.

Cuban educators play a key role in the national literacy program, set in motion by an FSLN-inspired NGO two years ago. The new Ministry of Education adopted the program, creating the National Literacy Council to press the attack on a 34% illiteracy rate. Using the Cuban Yo sí puedo technique and tens of thousands of TV monitors donated by that country, the program has now conquered illiteracy in Managua. Soon UNESCO will declare Managua the first Central American capital to free itself from illiteracy. The Literacy Council's two-year target is to help 800,000 more Nicaraguans to read and write.

### **Brazil's Lula**

Other countries beyond the ALBA alliance and Iran are also stepping up aid to Nicaragua, most importantly Brazil. Luiz Inácio Lula da Silva (most often known as Lula) visited Nicaragua in July and signed a series of agreements in various areas including tourism,

education, energy, forestry, industry, commerce, generic medicines, and agriculture. He and Ortega concurred that ethanol should not be produced from corn or other food products except sugar cane or palm oil, a compromise position that was subsequently endorsed by Venezuela.

In August Taiwan's president again visited Nicaragua, promising to increase his government's aid. Taiwanese capital employs over 30,000 Nicaraguan workers, mostly in the maquila sector. Chen Shui-bian promised that Taiwan would buy Nicaragua's entire coffee crop, hoping that this and other aid will entice Nicaragua not to follow Costa Rica's lead and break relations with Taipei in order to re-establish relations with China. In his parting words as he left for home, Chen Shui-bian suggested that Daniel Ortega would merit a Nobel Prize if he succeeds in convincing Beijing to accept Nicaraguan recognition without compelling a break with Taipei!

Days after the inauguration Ortega scuttled the former government's plan to privatize water. He appointed Ruth Herrera (longtime Sandinista and leader of the consumer protest against water privatization) to take charge of the national water utility. She immediately decreed that the wealth-burdened elite — including their plantations, breweries and bottling plants, industries, and hotels — would have to pay their water bills. They shed this obligation once their cronies took power in 1990.

The most important economic initiative of the government in the countryside is the Zero Hunger Campaign aimed at the poorest sectors of the population, especially women farm-owners. This US\$150 million project is expected to benefit 75,000 families during the next five years through programs to revive and support small-scale family farming.

Nearly two-decades of neoliberal "adjustment" devastated small farmers and traditional crops that could not compete with highly subsidized U.S. agricultural exports. During that time most of the gains of the agrarian reform of the eighties were reversed as old and new capital bought out farmers bankrupted by lack of access to affordable credit. The new program provides farmers with impregnated cows and sows, chickens, seeds, and free agronomy services. In tandem with the Zero Hunger effort, ALBA launched a low interest farm-credit program, largely financed by Venezuela's National Economic and Social Development Bank (BNDES) through its new Managua branch office.

When Hurricane Felix devastated Nicaragua's Atlantic coast in early September, the central government responded energetically and in concert with authorities of the regional autonomous government — largely an indigenous administration. Longtime Miskitu leader Brooklyn Rivera, who in the eighties led a wing of the indigenous armed struggle against the Sandinistas, lauded the government not only for its humanitarian aid but for having "reacted with sensitivity, taking into account conditions in the indigenous communities, their way of life, their organization, and their world view." (For information on reconstruction aid, see end of article.)

### **Economic policy**

The most puzzling feature of the first six months of the government has been the relative lack of discussion of basic economic policy, including a new agreement being negotiated with the International Monetary Fund (IMF). Daniel Ortega's February budget was a remake of the previous government's numbers, with the exception of a significant increase of spending on education and health, and allocations to the new Zero Hunger program. A

reprieve from some large foreign debts made this spending possible.

The budget failed to include more progressive taxation measures, despite widespread clamor that the rich — especially bankers and financial sharks — should begin to pay taxes. The budget included commitments to continue to pay off the internal debt, a large part of which is owed to speculators who snapped up a government bond issue used to rescue deposits holders following major bank collapses in 2000-2001. Later, official entities such as the Auditor General and the State Prosecutor declared that this “debt” is illegal.

Nevertheless, the previous and current governments and the National Assembly have argued alike that failure to honor this “debt” would unleash “panic in financial markets” and “ruin Nicaragua’s international credit status.” The debt payments are crushing, and dwarf the entire fund being devoted to the campaign against hunger. This provokes deep resentment among poor and middle-class sectors who question why their taxes, and foreign aid, should be converted into handouts to parasites — the bankers, finance companies, and coupon clippers.

The FSLN leadership’s economic strategy is to lift the country out of the pit of neoliberal devastation through market-oriented, capitalist measures coupled with social and budgetary policies to cushion the poorest and most vulnerable sectors from the worst impacts of free trade and capital accumulation. They believe this will only succeed if more foreign investment comes in, and if a “good investor climate” is assured. Hence, the reluctance to repudiate what is clearly an illegal internal debt.

### **Secret talks**

The negotiations with the IMF have largely been held in private. To date not much is known about them, except that macroeconomic policy will remain largely unaltered. Both right- and left-wing critics of the government have complained about the secret nature of these talks, although the previous three governments were never known for openness in their dealings with imperial masters. Details of the finalized IMF agreement should become clear with the discussion of the 2008 budget that will have to take into account the impact of last year’s entry into a “free trade” agreement with the United States.

### **The U.S. cries foul**

The grand scheme is to cobble together a two-pronged economic course that relies both on U.S.-sponsored “free trade” and the ALBA alliance, in addition to trade and aid with Iran, Brazil, and Taiwan. But imperialism can hardly be expected to accept this combination without protest. The inherent conflict was laid bare by Nicaragua’s recent (and still unresolved) conflict with Esso, the giant U.S.-based oil concern.

In mid-August Esso arrogantly refused to allow Petronic (Nicaragua’s public petroleum corporation) to offload and store Venezuelan oil in its tanks at the port of Corinto on the north Pacific coast. The government responded by sending Esso a bill for millions of dollars in unpaid taxes and custom charges, and a Corinto judge impounded the oil storage tanks pending resolution of the dispute. The Esso tanks were filled with Venezuelan crude.

Esso and the U.S. ambassador Trivelli cried foul, denouncing the alleged violation of property rights. The big-business association COSEP parroted this line, as did ALN head and banker Eduardo Montealegre, and other right-wing politicians. Vice-president Jaime Morales

shot them down. “No private interests,” he insisted, “can be allowed to trump national interests.” He stressed that the oil was desperately needed to cope with constant electricity cuts.

Esso is refusing to negotiate unless and until the court restores full and uncontested control of the tanks to their foreign owners. Morales warned Esso that it was making a grave error, resorting to a popular expression: “No sólo se le fue la mano sino también los pieds.” His image here is unmistakable — such errors can cost an arm and a leg! Strong words from our vice-president, a former Contra leader.

Meanwhile the city of Managua has also moved against Esso for unpaid local taxes, and the Ministry of the Environment has re-opened an investigation of a recent perilous oil spill just outside Managua. Esso says vandals caused the spill. As one skeptic put it, “Some spill! Some vandals!”

### **Contesting ‘hegemonic values’**

Esso’s provocation in Corinto this August recalls the initial skirmishes between Cuba and the U.S. government and oil monopolies in 1960 that sparked Cuba’s showdown with imperialism. The Nicaraguan government’s alignment with anti-imperialist forces and its initial, limited measures to alleviate popular suffering invite U.S. retaliation, combined with increasing class conflict and polarization.

Frente leaders are well aware of the dilemmas and risks involved in the Sandinistas’ economic policy, but see no viable alternative. Sociologist Orlando Nuñez, perhaps the main theoretician and ideological defender of the FSLN government, and head of the Zero Hunger campaign, put it this way:

“For a party with a socialist mission like the Sandinista Front, our situation is very complex and contradictory. The party holds the presidency and has the most political sympathizers in Nicaragua. However, it is still a minority in other state powers, and faces an opposition that is trying to unite and jointly oppose it. This party, now in power, has to administer a country where capitalist economy dominates and must govern a society whose hegemonic values are liberal and neo-liberal. Its strategy implies defending revolutionary measures of the government and acting as a party opposed to the capitalist system now in force.”

But how can we Sandinistas contest capitalist “hegemonic values”? In Venezuela, repeated popular mobilizations turned back the right-wing assault. Can Nicaragua follow a similar path?

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