

# *MESOAMERICA*

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## **NICARAGUA**

### **Eduardo Looks for KO in 2<sup>nd</sup> Round**

A voter-intention poll published 4 Aug by Costa Rican-based polling firm Borge and Associates shows that if the presidential elections were to be held today, candidate Eduardo Montealegre of the upstart Nicaraguan Liberal Alliance (ALN) would most likely beat Sandinista National Liberation Front (FSLN) candidate Daniel Ortega in the second round by some 10 percentage points.

The poll, the first major one to be published since the unexpected 2 July death of popular Sandinista Renovation Movement (MRS) candidate Herty Lewites, suggests that both Montealegre and Ortega may have picked up a couple of votes orphaned by the candidate's death. MRS replacement candidate, little-known economist Edmundo Jarquin, is polling third, tied with Liberal Constitutional Party (PLC) candidate and former Vice President José Rizo.

The poll, which claims a 95% confidence level, shows Ortega in a technical tie with Montealegre, with around 30% of the intended vote.

Jarquín and Rizo each registered 15%. Former guerrilla leader Eden Pastora, running on the ticket of the Alternative for Change (AC), is polling at less than 2% heading into the 5 Nov elections.

Under Nicaragua's Electoral Code, a candidate needs a minimum of 35% plus a five-percentage point advantage over the second runner-up to claim victory in the first round. If no candidate wins the minimally required percentage in the first round, a runoff would be held between the two top vote-getters.

The poll also shows that Ortega could beat either Jarquin or Rizo in a runoff—a statistic that flies in the face of pundits who predict that Ortega would be an automatic loser in a runoff vote against a reunified anti-Sandinista alliance.

Nicaragua's presidential elections have never gone to a runoff before, but the elections have usually been between two candidates.

The poll also suggests that the FSLN will win a plurality of the 90 seats in the legislative National Assembly.

In the legislative elections, according to the Borge and Associates poll, the FSLN leads with 32.1%, followed by the ALN, 22.3%, the PLC 16.2% and the MRS, 14%.

A separate poll released 26 July by the University of Central America (UCA), in Managua, revealed that a staggering 73% of potential voters polled in the capital do not know who their party's candidates are for the National Assembly, and that only 23% could identify some of the lawmaker-hopefuls by name.

The UCA poll also found that 31% of voters intend to employ a "crossed vote" to elect legislators from a party other than that of their presidential candidate. The poll did not indicate how the voters intended to cross their vote, but the fact that they intend to do so suggests a new trend in voting here, where most citizens traditionally vote in a "cascade" along party lines.

### **Dany on Top**

After 16 years of "governing from below," as former revolutionary president Daniel Ortega promised he would do when he was voted out of government in Feb '90, the Sandinistas appear to be confident that they will soon return to governing from above.

On 4 Aug, a group of Sandinista lawmakers proposed a law to eliminate the polemic constitutional reforms that they themselves authored the year before to transfer increased power from the Executive branch to the legislature.

The reforms, passed in Jan '05, transformed Nicaragua's political system into a quasi parliamentary system and set off one of the worst governability crises in Nicaragua's recent history; the US referred to the reforms as a "creeping coup." Ortega eventually agreed to suspend the reforms until the next government takes office in Jan '07, to avoid further crisis with the Bolaños administration.

When the reforms were originally passed many criticized them as a way for Ortega to consolidate his power from below; a Plan B of sorts, or acceptance that he would never return to the presidency.

However, the Sandinista's surprise announcement in Aug that they are willing to repeal the reforms is being interpreted as a confident gamble that Ortega will return to the presidency and will not want to contend with an empowered legislature from below.

"If Ortega thought he was going to lose, the Sandinista Front will continue to support the constitutional reforms and attempt to strengthen them even further," said fellow presidential candidate Eden Pastora. "Now Daniel wants to govern with all the powers of a president in a presidential system."

Though the constitutional reforms have been heavily criticized, other political and civic groups are arguing that what Nicaragua really needs is a new Constitution.

The argument for drafting a new magna carta is that the current Constitution has been reformed and amended so many times that it has created a tangle of overlapping and contradictory legislation.

Civic-activist group "Por Nicaragua" is currently in the process of fine-tuning their proposal for a new Constitution. The civic movement's proposal will call for the elimination of presidential reelection; a two-term limit for legislators; a new electoral system where lawmakers are selected by

departments and the citizenry, not party bosses; and reductions in the numbers of Supreme Court magistrates, members of the Supreme Electoral Council, and Comptroller Generals.

### **Montealegre Called on Carpet for Bank Fraud**

Eduardo Montealegre, presidential candidate for the ALN, went before a special congressional commission on 7 Aug (or 31 July) to answer questions about his alleged involvement in a complicated \$500 million bank fraud that has been called “the biggest fraud in Nicaragua’s history.”

The presidential frontrunner and former Finance Minister told the lawmakers chairing the Commission of Probity and Transparency that he had nothing to do with the scandal involving the state intervention of four private banks between 2000-’01. He argued that the investigation was part of a dirty electoral-campaign to trick voters and smear his name.

Commission president Donald Lacayo, a loyalist to incarcerated Liberal Constitutional Party (PLC) boss Arnoldo Alemán, denied that the investigation was a political witch hunt. He insisted that the commission was acting independently to investigate a matter of “interest to all Nicaraguans.”

The banking scandal involves a series of Negotiable Investment Certificates (or CENIs) that were issued by the Central Bank to cover the collapse of the private banks during the end of the Alemán government. The bond certificates were issued at a high interest rate for total amounts that allegedly exceeded the collapsed banks’ portfolios.

Montealegre argued that he was not involved in any of it. He said that when fist bank was intervened in Aug ’00, he was serving as Foreign Minister, and when the other three banks fell he was already out of government.

However, according to economist Adolfo Acevedo, who has been investigating the CENIs scandal for five years, Montealegre later became intimately involved in the case as Finance Minister in ’02, when he negotiated with the International Monetary Fund (IMF) to make payment on the CENIs, a priority for the government.

To service the debt, the Central Bank auctioned off property holdings from the collapsed banks, and allegedly sold the properties for a fraction of their real value, Acevedo said.

“Prime properties valued at a total of \$380 million were auctioned off by the Central Bank for \$28 million,” Acevedo said. “Montealgre was a member of the Central Bank board of directors at the time.”

—*Tim Rogers*