

# MESOAMERICA

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## NICARAGUA

### Dany Plays Nice

The private sector continues to breath easier with President-elect Daniel Ortega, who, since being elected 5 Nov, has shown consistent signs of wanting to play nice with foreign investors, international lending institutions, the financial sector and the US government.

In his first several weeks as President-elect, Ortega has met with leading investors, heads of banking institutions, representatives of the International Monetary Fund (IMF) and other Central American presidents, to ensure everyone that they have nothing to fear from a return of the Sandinista government, which previously ruled Nicaragua during a decade-long counterinsurgency war funded by the US government in the '80s.

But times have changed, Ortega insists. And so too has his former revolutionary Sandinista National Liberation Front (FSLN), which appears to have abandoned its earlier Marxist leanings for a more moderate capitalist system with a focus on social spending and poverty relief—or at least that is how it is being advertised now.

Ortega has assured the private sector that he will continue with Nicaragua's current economic model based on macroeconomic stability and structural adjustment. He has said his government will work to renegotiate an aid program with the IMF (the current three-year program expired 7 Dec). Ortega, as head opposition leader two years ago, boldly told the IMF to take a hike when the lending institution tried to cap budgetary spending.

But President-elect Ortega sings a different tune than candidate Ortega.

The Sandinista leader has even met with the a high-ranking *yanqui*, Thomas Shannon, the US State Department's surprisingly level-headed Under Secretary of State for the Western Hemisphere, who traveled to Managua 28 Nov to meet with Ortega's transition team and lay the foundation for a future dialogue between governments.

Shannon, a polished and gracious diplomat, beamed as he shook Ortega's hand and qualified the meeting as "fruitful."

Standing nearby and looking uncomfortable, with perhaps a bit of egg still in his beard, was the unpolished and polemic US Ambassador Paul Trivelli, who openly campaigned against Ortega during the months prior, calling him in one interview “a tiger who hadn’t changed his stripes.”

Ortega’s old stripes do appear to be faded a bit, however. The head of his economic transition team, Vice President-elect Jaime Morales Carazo, a former banker and negotiator for the *contra*, said that he is in talks with several select candidates for key economic positions in the new government, and that none of them are members of the Sandinista Front.

One of the men Morales is in talks with is reportedly Mario Arana, the current Central Bank president, and a key architect of the Bolaños’ administration’s economic and financial policies during the last five years. Arana, who headed Nicaragua’s negotiating team in the free trade talks with the US three years ago, also played a key role in bringing the IMF back to Nicaragua, after the lending institution pulled out during the previous administration of President Arnoldo Alemán.

Arana is also a trusted figure in the US, and could play into Ortega’s strategy of aggressively courting the confidence of Uncle Sam right off the bat.

“The US will have no better friend in Central America than Daniel Ortega,” predicts political analyst Cirilo Otero, who claims Ortega could end up putting too much on the table to prove that he can be a friend of the gringos.

Absent from Ortega’s post-electoral discourse is talk about Venezuela, Cuba or promises of a renewed socialism in Latin America. Though Ortega has spoken about the importance of Latin American integration, he has done so in a less fiery, less political tone than that used by Venezuelan President Hugo Chavez.

Ortega has even said he wants to include the US in an American integration, rather than a Latin American integration to counter the US.

Ortega, who takes office on 10 Jan, is also expected to have a considerable amount of power in the National Assembly, in which the FSLN has won a plurality of the 90 seats. Though no party will have a majority of seats, the deepening rift on the political right between Alemán’s Liberal Constitutional Party (PLC) and former presidential candidate Eduardo Montealegre’s Nicaraguan Liberal Alliance (ALN) could favor Ortega, which whom the others may try to form an alliance to squeeze out the opposition, analysts predict.

### **Still in the Dark**

After a brief—and pleasant—month of 24-hour electricity service to get through the elections and to put on a good face while the world was looking to Nicaragua, the looming energy crisis has shown signs of returning, with four to six hour blackouts starting 28 Nov.

Nicaragua, which is currently running nearly a 30-megawatt deficit, was contemplating several short-term energy solutions that would have provided an additional 80 megawatts of thermal energy, which would have come on line early next year. Instead, one bidding processes was terminated due to a lack of competitive interest, and the other was suspended until Jan, raising fears that the blackouts could worsen soon.

As the dry season approaches, and the water level drops in Lake Apanas, home to Nicaragua's main state-owned hydroelectric plant, the energy deficit could reach 100 megawatts, resulting in daily blackouts of up to 10 hours.

There are several larger energy-generation projects that are being contemplated, including building a megaproject called Copalar Hydroelectric, which could produce up to 900 megawatts of energy—or twice Nicaragua's total energy demands.

That project, which is years in the future (if at all) would require the flooding of an agricultural sector in the South Atlantic Autonomous Region (RAAN), displacing thousands of residents from the area of Piawas. Needless to say, no one from the Piawas is in favor of the project, and some residents have warned that the government would have a war on its hands if it tried to move forward with the project.

Interestingly enough, the Nicaraguan Army is one of the major national investors in the Copalar project, which is 70% foreign capital and 30% national. The ambitious energy project is still in the very early stages, with the National Assembly just now studying a proposal to create the conditions to open up an exploratory phase. In other words, nothing will happen for a long time.

In the meantime, the energy crisis looms. And following the collapsed negotiations for a short-term thermal solution, the long-term problem looks increasingly grim.

### **Illiteracy Growing**

More than 20% of Nicaraguans are illiterate, up from when the Sandinistas were in office two decades ago, according to the recently released results of the '05 Census by the Nicaraguan Institute of Statistics (INEC).

According to the results, 20.7% of men, and 20.3% of women are illiterate, up from around 13% when the Sandinistas launched their massive literacy campaign in the early '80s, increasing the literacy rate from around 45% to 85% in a few short years.

The Sandinistas have said that reducing literacy again will be an important objective for their government. The FSLN, through its 83 municipal governments, has already started literacy campaigns with the help of educational material provided by Venezuela.

Nicaragua's official population, according to the census, is 5.14 million people, and the birth rate is decreasing.

—*Tim Rogers*