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NICARAGUA

Debt Cancellation and Financial Aid

Nicaragua was among the 18 nations to benefit from the G8's debt forgiveness program of 11 June, an event enthusiastically recognized by Nicaraguan Minister of Trade and Industry Azucena Castilla, who claims that "a very important amount of the budget that was destined to pay the external debt now can be dedicated to social investment."

A second piece of financial relief comes to Nicaragua from Costa Rica. The Costa Rican Ambassador in Nicaragua states that "it is important to us that Nicaragua's debt with Costa Rica be an amount the country can pay. We know that Nicaragua cannot pay \$560 million and it actually becomes an obstacle for trade and investment." Details are yet to be finalized, but it "seems almost definite" that 72.8% of the debt owed will be pardoned. Not to be outdone, Honduras also jumped on the debt-cancellation trend, pardoning a \$80 million loan owed by Nicaragua. The debt relief is a part of the Heavily Indebted Poor Countries Initiative.

In addition to debt cancellation, Nicaragua will receive \$175 million in financial assistance from the George W. Bush's Millennium Challenge Account, a fund that rewards countries for enacting corporate-friendly economic policies like privatization. The money comes with some strings attached; Juan Sebastián Chamorro, the presidential public investment coordinator, assured that before the government can access the funds, it must submit its plans for the money to a detailed analysis regarding viability and justification. At the moment, it appears that the funds are destined for the construction of 152 km of new roads, reforestation, the regulation of property titles and the development of sustainable agriculture-for-export projects in two deeply impoverished areas.

Managua March Protests '00 Ortega-Alemán Pact

A survey conducted by M&R Consultores between 27 May and 2 June concluded that 72.4% of Nicaraguans in urban and semi-urban areas agree that "the country is a prisoner of the pact of '00 between the FSLN and the PLC." Though rather dramatically worded, high turnout at an anti-pact

demonstration showed that this survey is on the right track; tens of thousands hit the streets in Managua on 16 June in a demonstration vilifying this pact between ex-presidents Daniel Ortega of the Sandinista National Liberation Front (FSLN) and Arnoldo Alemán of the Constitutional Liberal Party (PLC) that has led to a monopoly of the National Assembly by these two party bosses.

Though demonstrators shared their distaste for the pact, they were split on support and rejection for current President Enrique Bolaños and other politicians. Herty Lewites, the popular ex-FSLN member, former mayor of Managua and presidential hopeful, was in attendance as was Eduardo Montealegre, formerly of the PLC, who has similar political aspirations (Vol. 24, No. 6). Ana Quiróz, the coordinator of the group that organized the march, declared the event “a step forward, saying to political leaders that this town does not want that pact, authoritarianism or any form of oppression.” The march also sent the message that the Jan '05 constitutional amendments that gave more power to the legislature regarding public utility regulation must be revoked, so do the resulting new congressional appointees to the Superintendency of Public Services (SISEP), the National Assembly's regulatory board that undermined Bolaños' preferred Telecommunications and Postal Service (TELCOR) (Vol. 24, No. 6).

A Visit from the OAS

Executive-legislative branch squabbling is constant; the most recent flare-up began when the National Assembly, dominated by the united FSLN and PLC, amended the Constitution in Jan '05 to increase the power of the legislature by forming SISEP to overrule Bolaños' TELCOR. When the National Assembly sent its new appointees to replace those appointed by Bolaños, he sent out guards to ensure that his system remained intact.

FSLN protesters arrived bringing with them moderate violence (Vol. 24, No. 6). Both the National Assembly and Bolaños have appealed to higher court authorities regarding the issue, but without results. This problem spurred Bolaños to make good on his earlier threat to call in the Organization of American States (OAS) to help mediate. Secretary General of the OAS, Chilean José Miguel Insulza, responded immediately to Bolaños' plea and visited Nicaragua from 16-19 June.

Despite his original optimism, Insulza announced on 20 June that the three main powers in the nation—Bolaños' administration, PLC and FSLN—“are all fully functional powers, but they do not communicate between themselves; and everyone knows that the worst crises come when the principal powers do not understand one another.” He added that “dialogue requires concessions; it means that one cedes something to get something else.” “If I believe that I have the absolute truth and the other side is in absolute error, it is very difficult to establish dialogue.” The OAS plans to keep monitoring Nicaraguan politics, in case further intervention is called for. A second mediation session with OAS representative Dante Caputo is already beginning.

Politics as Usual: Inconclusive Threats to Expel Bolaños, Move Up Elections and Rewrite the Constitution

On 15 June, the General Controller's Office asked for the removal of 77-year-old President Bolaños for the second time this year, in response to the fact that Bolaños refused to recognise the infamous Jan '05 constitutional amendment that gives the National Assembly the power to control utilities with SISEP.

The controllers cited a court decision that declared unconstitutional the president's refusal to acknowledge the amendments, which they said was reason enough to have him removed (Vol. 24, No. 1).

In the president's defense, Minister to the President Ernesto Leal cited the very same Constitution, which is "very clear" when it states that "the removal of the president is only for the incapacity of the leader," thus the controllers' request also violates the Constitution.

Then, on 20 June, Bolaños seemed to warm up to the alternative idea of moving up the presidential election from Nov '06 to Nov '05, if doing so could resolve the political divisions of the nation, and if it was accompanied by certain terms. These were the formation of a mandatory primary election law, removal of all current members of the legislative and executive branch elected in '01, and a referendum on the controversial Jan '05 constitutional amendment. He also suggested that this newly elected National Assembly ought to make rewriting the Constitution its first order of business.

On 23 June, FSLN leader Ortega declared himself in favor of Bolaños' new Constitution idea, adding that laws should be included to ensure that police and military forces are "controlled by laws, so that they cannot be used against the people," calling presidential control of these forces "highly dangerous." A constitutional assembly proposed on 25 June, tied to early elections, was definitively supported (with different focuses) by Bolaños and the FSLN.

Herty Lewites, formerly of the FSLN, discussed the themes in a recent interview. According to Lewites, a new Constitution is necessary because: "the same thing that happened to Bolaños cannot happen to the new government, that he entered his presidential regime, and in the middle of his course, they changed the rules on him, so that now it is the National Legislative Assembly that can name public posts. In what nation is that seen? Only in Nicaragua." He does share, in part, the fears of former legislator and dissident FSLN member Mónica Baltodano who said: "I believe that this [constitutional rewrite] would not be a true solution to the problems; it leaves the same system of power division still in the hands of dominant forces."

Lewites also urged electoral reform to break the hegemony maintained by Ortega and Alemán but opposed pushing up elections, because he believes that would only increase the pactists' power. The PLC has not stated its official position and several other parties are clearly opposed. The elections would require an investment of at least \$20 million, which is not budgeted; meanwhile the nation confronts serious problems of poverty, unemployment and production that is hindered by a crippled economy.

Then, on 26 June, as quickly as he had supported the idea, Bolaños made a 180-degree turn on the early elections, stating, "We should wait until Nov '06 to elect the new Nicaraguan president." This change of heart came after Ortega made several radical suggestions including immediate removal of the president and vice president (evidently "to avoid a complicated legislative process" while elections were sped along); René Nuñez (FSLN), leader of the National Assembly, would take over for 72 hours until a new president and vice president were appointed by the National Assembly. Bolaños and his vice president assured the nation that they would not be stepping down and, in Bolaños' words, "God help is should the presidency of the Republic fall into the hands of René Nuñez."

The National Assembly has not given up its quest to remove the president, but is now trying alternative tactics. A commission has been formed to study the possibility of removing Bolaños' immunity to

prosecution in order to try him for irregularities in campaign funds and for denying auditors access to campaign and TELCOR accounts. The commission must complete its study in 20 days and 61 of the 91 legislators must vote to suspend presidential immunity. United, FSLN and PLC legislators comprise 81 seats, suggesting that the vote could pass easily.

—*Sara R. Roberts*