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Ortega's Comeback: Charisma with an Iron Grip?

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Former Sandinista *comandante* Daniel Ortega is back, having won a first-round victory on November 5—his fourth try at the presidency of Nicaragua since free elections were instituted in 1990. His vague promises to curb poverty were enough to beat investment banker Eduardo Montealegre's concrete proposals, thanks to a split opposition, a low victory threshold, and a younger electorate with little memory of how Sandinistas once jailed opponents and stole property.

Assuming the election was honest, the United States can do nothing to change the outcome. However, wise policy choices can help sustain positive relations, press Ortega's administration to keep basic democratic promises, contain foreign adventures, and promote the rule of law and liberal market reforms in the face of possible inclinations to restore a dictatorial grip.

A Fragile Democracy

Since the end of the Somoza family dynasty in 1979, Nicaraguans have been struggling to end oligarchic rule. Yet the Sandinista revolutionaries who overthrew Anastasio Somoza became a new ruling class that plundered the economy to finance a huge military build-up, aligned the country with Cuba and the Soviet Union, and sent arms to overthrow the government of El Salvador. Pressured by U.S.-supported counter-revolutionaries, the Sandinistas allowed free elections in 1990 and lost.

Nicaragua's first freely elected president, Violeta Chamorro of the Liberal Party, formed a reconciliation government that ended the armed conflict,

reduced the military from 90,000 to 12,000 troops, and plugged the country's isolated economy back into the global market. Her successor, Arnaldo Alemán, promised further progress but stumbled trying to enrich himself in office. Accused of embezzling government funds, he conspired with Sandinista Party leader Ortega to stack Nicaragua's courts and commissions with friendly cronies and change the constitution to obtain immunity from criminal prosecution. Facing charges of sexually abusing his stepdaughter, Ortega agreed to the pact.

Once out of office, Alemán got the worst of the deal. Prosecutors went after him, and Sandinistas in the National Assembly voted to strip his immunity. Tried and convicted, he received a 20-year jail sentence for corruption. Adding salt to the wound, coveted judgeships and commission memberships fell to Sandinistas, as Alemán loyalists traded away positions to get their boss released to house arrest.

Ortega Then

During the 1980s, *comandante* Daniel Ortega ruled with an iron fist. Aided by Cuban and East German advisers, his regime built a penitentiary system that held between 6,000 to 10,000 political prisoners. The Interior Ministry encouraged

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violent street gangs called “divine mobs” that regularly attacked opposition leaders. Sandinista officials heavily censored the independent newspaper *La Prensa* and closed it in 1986. Soldiers destroyed numerous Miskito Indian villages in a relocation campaign that forced a third of the Indians into Honduras as refugees. Nicaragua became a base for smuggling arms to Salvadoran guerrillas. Meanwhile, the government handed ration cards to loyalists as inflation rose to more than 20,000 percent.

Voted out in 1990, Ortega and other high ranking Sandinistas reportedly took tens of millions of dollars from the central bank and enacted laws protecting property seizures worth hundreds of millions. To keep peace, incoming President Violeta Chamorro approved amnesties that allowed Ortega and others to keep their prizes.

Ortega Now

Although rank and file Sandinistas have transformed their movement from a Marxist front in the 1980s to a moderate leftist party, Daniel Ortega seems stuck in the past. Ortega has remained the party’s leader and appointed himself its presidential candidate in every succeeding election. In February 2005, former Managua mayor Herty Lewites challenged Ortega to a primary contest for the Sandinista candidacy. Ortega reportedly labeled him a “Judas” and threw him out of the party.

Unless Ortega has had a change of heart, Nicaraguans can expect a president who acts with impunity, justifies corruption among friends, deals ruthlessly with adversaries, and scares off investors. And if Ortega tries to strangle private enterprise as he did in the 1980s, Nicaragua may find that foreign assistance from the United States and the European Union is not so forthcoming, leaving only Venezuela to come to its aid.

Fortunately, outgoing president Enrique Bolaños has left the economy in better shape than he found it. Growth has risen from 1 percent to 4 percent a year, government deficits have been reduced, and Nicaragua ratified the U.S.- Dominican Republic and Central American Free Trade Agreement (DR-CAFTA), opening up trade opportunities. But a reversal in policy could end Nicaragua’s fragile

recovery from the disaster years of Sandinista rule, when a milk carton cost a half-day’s wages.

In fact, Nicaragua still has a long way to go. It is a nation of 5.5 million with a gross domestic product (GDP) of \$4.2 billion, which is comparable to the economy of Lebanon, Pennsylvania, a city of 125,000. Some 46 percent of its inhabitants live under the poverty line and two-thirds of its students never make it beyond elementary school. Remittances account for about 12 percent of GDP, while imports, at \$2.1 billion, loom over exports of \$1.1 billion.

What the United States Can Do

General Hugo Banzer governed Bolivia once as a dictator and then as an elected democrat. Perhaps Ortega can effect a similar transformation. He will need to establish priorities that rub against his grain. To make Nicaragua prosperous, he must strengthen property rights so ordinary citizens can buy, keep, and collateralize real estate. He will need to bolster the rule of law so both rich and poor receive equal treatment in business transactions. Trade openings under DR-CAFTA must be maintained. Nicaragua’s secondary education system must reach more students. And energy needs should be met with local inputs, from the sugarcane harvest and geothermal sources, to avoid a build-up of foreign debt.

The United States should congratulate Ortega on his victory and offer to support such goals with judicious assistance. But Washington should also make clear that a positive relationship rests on principles, not personalities. In return for \$41 million in aid and a \$175 million Millennium Challenge grant, America should expect Nicaragua’s new leaders to avoid backsliding into corruption, political polarization, and threats to neighbors, such as supporting groups that aim to unseat other elected governments as fellow leftist Hugo Chávez of Venezuela has done.

Conclusion

With free elections, there was always the possibility that the Sandinistas could return to power via the ballot box. Now that they have, Nicaraguans and neighboring leaders should encourage them to play by democratic rules. At the end of the day, Nic-

aragua is may still be struggling to choose a free and prosperous future. If Sandinistas can set aside ideological baggage to move the country in that direction, so much the better.

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