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Nicaragua's Search for Democratic Consensus

A Conference Report

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With an Introduction by
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Latin American Program
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ACKNOWLEDGMENTS

This report was prepared by Cynthia J. Arnson, Joseph S. Tulchin, and Bernice Romero of the Woodrow Wilson Center's Latin American Program. Arnson is Senior Program Associate, Tulchin is Program Director, and Romero is former Program Associate of the Latin American Program. The report is based on a conference held at the Wilson Center in June 1993. The conference was organized by Joseph S. Tulchin and Gary Bland, former Senior Program Associate of the Latin American Program.

David R. Dye, a U.S. journalist and consultant who has lived and worked in Nicaragua since 1987, wrote the introductory essay. The introduction draws on and updates the trends, themes, and issues discussed at the 1993 conference. It also provides a comprehensive analysis of the periods of crisis and accommodation during the five-year tenure of President Violeta Barrios de Chamorro, identifying the major issues and dynamics of post-war conflict and reconciliation.

We gratefully acknowledge the assistance of Program Assistant Michelle McCallum, interns Meraiah Foley and Angela Acosta, and copy-editor Leah Florence in producing this document. The Conference was made possible by a generous grant from the Mellon Foundation.

In preparing the rapporteur's portion of this report, every effort was made to remain true to the text of the transcribed presentations. Despite our best efforts, however, difficulties involved in interpreting, transcribing, and translating the presentations leave ample room for inadvertent error. The Latin American Program regrets and is solely responsible for any errors of fact or interpretation that may be contained in this document.

INTRODUCTION

The central mission of the Woodrow Wilson International Center for Scholars is to bring together the worlds of scholarship and public policy. Rarely, if ever, has the Latin American Program succeeded so completely in merging these two worlds and perspectives as in the conference, "Nicaragua's Search for Democratic Consensus," held in the Wilson Center library on Tuesday, May 11, 1993. Indeed, at some point it seemed as if the Wilson Center had become one more actor in the daily drama of Nicaraguan politics. Even the effort to organize the conference pitched the Latin American Program into the middle of Nicaragua's tormented factional politics - who would attend, who would sit next to whom - and the conference itself appears to have become a significant milestone in the struggle to achieve political stability and democratic consensus in Nicaragua. This struggle continues to this day.

Politics in Nicaragua often has seemed like a family squabble, with ideology and party labels of less importance than personal loyalties or geographical location. And, since the first intervention in 1909, the United States government has been caught up in the squabbling, sometimes unwittingly and sometimes with great gusto. Within the framework of the Cold War struggle, the United States became deeply involved in Nicaraguan politics in the 1980s (although certainly not for the first time), to the extent of funding an insurgency against the constitutional government on the grounds that that government was a threat to the United States, that it was aiding insurgencies elsewhere in Central America, and that it was repressing the rights of its citizens.

The end of the Cold War, the stalemate in the armed struggle, and other domestic factors such as the Iran-contra scandal forced changes in the policy of the United States government and changes in the posture of the Sandinista government. These led to elections in 1990 in which the Sandinistas were defeated by a broad coalition led by Doña Violeta Barrios de Chamorro. But the elections did not end Nicaragua's political difficulties; in many respects, they made them more complicated. The armed struggle had forced people to take sides. Now, sides split and split again and leaders accustomed to violent struggle with outside intervention seemed ill suited to compromise and political give and take.

After a brief honeymoon, the Chamorro government became bogged down in factional politics. Both the executive and the legislative branches of government slowly ground to a halt. Members of the Assembly and

government officials began to lose patience with one another and, seemingly, with the democratic process. Factions once again turned to the United States for support and for solutions to their problems.

It was in that context that the Wilson Center attempted to put together a conference. The critical issues were whether or not senior members of the government would sit down at the same table with members of the opposition and whether enough representatives of the opposition factions would participate to make the effort worthwhile. We had tried to put together a similar conference in 1992, but had failed miserably, given the depth of distrust and division in Nicaragua. In early 1993 we proceeded with caution, receiving initial and critical support from Minister of the Presidency Antonio Lacayo and former Sandinista Vice President Sergio Ramírez. With them on board, representatives of other factions quite literally clamored to join in the proceedings. By the time we made the final preparations for the conference, we were forced to reserve seats in the room for critical political actors for whom there was no room on the panels. We realize it could just as easily have gone the other way and that the conference could have fallen apart, as had the one in 1992. We were very relieved as well as pleased that the conference went off as planned. And we were amazed as well as pleased that the very act of coming together in public to talk about consensus seems to have had the effect of advancing the cause of peace and stability in Nicaragua.

According to a wide array of political actors in Nicaragua and in Washington, there is no doubt that the conference at the Wilson Center played a significant, positive role in the process of seeking democratic consensus in Nicaragua. While it did not - and could not - put an end to factional strife in that country, it did establish ground rules for debate and demonstrate to an international audience that the current leadership was capable of sitting down together to settle their differences. It would be left for another day to see if they could realize the promises made at the Wilson Center conference.

Political discourse in Nicaragua is still highly rhetorical, and a willingness to compromise does not yet come easily to any of the many political factions. Ironically, perhaps the most significant change in the conditions affecting the political struggle since the conference at the Wilson Center is that Nicaraguan politics and Nicaraguan problems have all but disappeared from the radar scopes of officials in Washington. The Clinton administration does not appear to devote much attention to Nicaragua, and the State Department's leaders are preoccupied with events elsewhere. Fortunately for both countries, Ambassador John Maisto has proved to be a capable professional, playing his role with consummate tact and acumen. The U.S. Congress also seems largely to have forgotten Nicaragua, except for small pockets of intense interest and concern. Since January 1995, when the Republicans took over as the majority in both houses, a small number of

members, particularly in the Senate, has been able to guide the flow of aid funds to Nicaragua and to determine the nature of conditionalities that shape U.S. policy.

The waning of U.S. interest, and the explicit decision of the Clinton administration to withdraw from the micro-management of internal Nicaraguan politics means, in effect, that Nicaraguans must settle their own differences and solve their own problems. Indeed, that was one of the conclusions drawn by the participants in the Wilson Center conference several years before it became the official policy of the U.S. executive branch. At the time of the conference, however, that conclusion appeared to some of us as rather quixotic or wishful, but today it is both desirable and unavoidable.

We hope that by making the discussion at the conference available to an audience in the United States and in Nicaragua we will support those working toward peace and stability in Nicaragua. The introduction by David R. Dye puts many of the issues discussed at the conference in bold relief, updating the course of the struggles over such issues as the nature of democratic institutions, the status of private property, and constitutional reform.

We are pleased to have played a role in the process of consensus-building in Nicaragua. And we believe that this document is powerful evidence that, in the right environment, Nicaraguan leaders of many different political persuasions can put their differences into civil discourse and compromise those differences for the benefit of a wider consensus that in the long run will improve the quality of life of all Nicaraguans. That continues to be our fervent hope and that hope lies behind this publication.

Joseph S. Tulchin
Program Director

NOTES ON THE NICARAGUAN TRANSITION

by David R. Dye

As the participants in the Conference on "Nicaragua's Search for Democratic Consensus" gathered at the Woodrow Wilson Center in June 1993, three incidents of political violence were about to cause the wave of instability in postwar Nicaragua to crest. On July 20, rearmed Sandinista officers known as *recompas* demanding redress of economic grievances seized the northern city of Estelí, setting off a blood bath as the Sandinista army retaliated, retaking the town with excessive force. A month later, a pair of back-to-back kidnappings by rearmed *contra* rebels (known as *recontras*) and former Sandinista army officers held the country in thrall for a week before the hostage situations were resolved through negotiation. In September, a violent strike by transport workers backed by Sandinista leader Daniel Ortega left two dead, including a popular police commandant, and the Sandinista National Liberation Front (FSLN) itself on the road to schism.

The three episodes added to an already long list of instances of political violence which had occurred in Nicaragua since the 1990 elections. In addition to disruptive labor conflict, the country had witnessed assassinations of well-known political figures, the blocking of roads in protests, bomb blasts in radio stations, the torching of the offices of Managua's mayor, and much more. In the countryside, the depredations of ex-soldiers cast adrift by the end of the contra war had become notorious, while hundreds of former contra combatants and a less determinate number of Sandinistas had died violent deaths, many of them unnoticed in the national media.

Unraveling the reasons for this mosaic of violence has not been an easy task. As shown by the analyses, opinions, and position statements expressed in the conference -- and captured in the rapporteur's report that follows -- the underlying causes of Nicaragua's political instability are complex, and interpretations of those causes vary widely. Yet as wide-ranging as the discussion was at times, the report reveals that the conference-goers were keenly aware of the overriding determinants of the crisis approaching flashpoint: post-revolutionary struggles over property rights and over distributing the costs and benefits of wrenching change in the economy; battles over institutional and personal quotas of power; and the incapacity of political institutions or makeshift bargaining arrangements to resolve conflicts. They also evinced consciousness that, in the absence of a domestic capacity to resolve disputes, Nicaragua was vulnerable to having solutions to its problems dictated from without, albeit with the connivance of interested domestic parties.

In addition to probing the causes of the crisis, Nicaraguan participants in the conference broached possible, if at times contrasting solutions. Many expressed a conviction that if sufficient political consensus were achieved, Nicaragua's legal framework and institutions could be fortified via a reform of the Constitution and a redistribution of power among the branches of government. In turn, many saw a

strengthening of law and institutions as a necessary underpinning for the economic reactivation that had failed to transpire since 1990. Conversely, some argued that changes in economic policies designed to halt Nicaragua's slide into impoverishment were a precondition for stability and political consensus. Differences of opinion as to solutions mirrored those concerning the causes of conflict, underscoring the complex interaction of political, economic, and social variables involved in Nicaragua's crisis.

In the two years since the conference, much in Nicaragua has changed. The peaking of violence in August-September 1993 sparked serious efforts on the part of moderate political leaders to grapple with and find consensual solutions for the country's uncontrolled political conflicts. In the legal realm, those efforts have borne fruit in a series of constitutional amendments approved in November 1994 and again in February 1995. Party schisms and subsequent realignments are in the process of redrawing Nicaragua's political map in ways that overcome the crude polarization between Sandinistas and anti-Sandinistas that characterized the early 1990s. Though many of the underlying causes of conflict persist, levels of political violence have fallen sharply. Under the Clinton administration, U.S. policy toward Nicaragua has undergone positive changes which have contributed to the solution of Nicaragua's problems by Nicaraguans. Progress toward resolving the thorny property problem is palpable. Finally, economic decline appears to have bottomed out, and the glimmers of a modest recovery through the 1996 elections are discernible on the horizon.

Yet as these lines are being written in June 1995, Nicaragua again appears on the brink of a potential crisis. A standoff between the executive and legislative branches of government over constitutional reforms that rewrite the rules for political candidacies and alter the balance among the powers of state threatens to plunge the country into another round of instability just as the 1996 election campaign approaches. In the wake of the Republican victory in the 1994 U.S. congressional elections, conflict over property and other issues once again threatens to provoke foreign interference in Nicaragua's domestic affairs. Finally, dissensus over how to handle the socio-economic roots of crisis continues. While the Chamorro government unilaterally committed the nation in April 1994 to deepen structural adjustment, sectors of society disadvantaged by that adjustment clamor for relief and redress.

This pattern of change and continuity provides signposts for understanding the point at which the Nicaraguan transition finds itself. In the political realm, it indicates that while substantial consensus has been obtained on property and on a redrawing of Nicaragua's political institutions to make them more legitimate and effective, the consensus is far from complete. In the economic realm, although progress in adjusting the economy has undeniably been made, it is not yet clear that economic change has laid, or will lay, the basis for sustained development that would provide broad-based opportunities or address Nicaragua's multiple social deficits. In the absence of greater consensus over the nation's economic course, the

socio-economic roots of instability remain solidly entrenched. As a result, the end of postwar political instability, though conceivable, cannot be safely predicted.

A brief tour through the stages traversed by the transition so far will assist in understanding the diverse concerns of conference participants about political, economic, and social trends in Nicaragua as well how subsequent developments have responded or failed to respond to those concerns. In addition, it will set the stage for a deeper examination of the problems impeding achievement of a goal professed by all the Nicaraguans present: the consolidation of a democratic institutional framework through which their country can move forward in peace, development, and social equity.

Nicaragua's Transition in Brief

Phase 1: Generating the Transition Crisis -- The Setting

The Wilson Center panelists had behind them three years' experience with one of the most complicated political and economic transitions witnessed during the world's post-communist wave of democratization, which began in 1989. Since 1990, Nicaragua has undergone a transition from war to peace, from an authoritarian revolutionary government to a fragile liberal democracy, and from quasi-socialism in the economy to a system of *laissez-faire* capitalism. The simultaneity of these three processes distinguishes the Nicaraguan case from that of the Eastern European countries. Complicating matters was the short life span of the Sandinista revolution, which meant that many of those whom it had defeated eleven years earlier were still around to try to extract revenge.

The government of Violeta Barrios de Chamorro entered office determined to bring peace to a war-torn country and to effectuate a deep restructuring of the economic system, a partial return of confiscated properties to former owners, and an overhaul of education, all within the democratic framework. The government met its first goal rapidly, securing the demobilization of the 22,000 members of the Nicaraguan contras in June 1990. But its domestic political resources were far from adequate for the rest of its agenda. Although it enjoyed an electoral majority, the government began life with the shakiest of political bases in the form of a multiparty coalition, the National Opposition Union (UNO), whose *raison d'être* was shared anti-Sandinista sentiment and a desire to occupy power, rather than commitment to the government's program. Unsurprisingly, the alliance quickly came apart.

Adding to the complexity of Nicaragua's transition, the quasi-socialist system constructed by the Sandinista Front had not been roundly repudiated in the 1990 election. Indeed, the political component of that system had served as the framework for the electoral process, accepted by all contenders, with the result that Sandinista forces retained control over the army and the police and exercised important influence in the National Assembly, the courts, and the media. This

meant that the incoming Chamorro administration would have to negotiate significant aspects of its program with the Sandinista opposition, if it wanted to see its overall project of neoliberal economic transformation and a conservative reform of education stick; the Transition Protocol referred to by conference participants contains the outlines of some of those compromises.[1]

The economic setting of the transition added another dimension of complexity. Emerging from the Sandinista revolution and contra war, Nicaragua embarked upon its post-1990 course in a climate of economic prostration, raging inflation, and effective national bankruptcy. Over this period, extreme external dependence -- the country has been one of the world's highest per capita recipients of foreign aid for the last five years -- has set narrow parameters for economic change and policy management. This has turned a set of external financial actors -- the International Monetary Fund (IMF), World Bank, Inter-American Development Bank (IDB), Agency for International Development (AID) etc. -- into major players behind the domestic political scene. This has occurred at the same time that, due to the collapse of the Soviet Union, those institutions have become the arbiters of economic change the world over.

In addition, the historical dominance of the United States in Nicaragua, truncated during the Sandinista period, reasserted itself after 1990 through heavy doses of aid to the Chamorro administration. Total U.S. assistance to Nicaragua through September 1994 amounted to $862 million, not counting another $260 million in debt forgiveness. If powerful external actors reinforced the government's political position with their copious resources, they also infringed the country's sovereignty, seriously constraining national political and economic decision-making, conditioning assistance on pursuit of rigid policies of stabilization and adjustment.

The actors of the transition, then, have been variegated and possessed of various degrees of visibility and responsibility. If international actors followed standard patterns, designing programs for economic reform and "democratic initiatives," domestic parties were grappling with new and unfamiliar roles, leading

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[1] The "Transition Protocol" was a political agreement between the Sandinistas and the incoming Chamorro administration, negotiated between Chamorro's electoral victory in February 1990 and her inauguration in April of that year. In it, the Chamorro administration adopted an initial posture on several crucial issues of the transition. With regard to the military, it pledged to respect the "integrity and professionalism of the EPS [Sandinista Popular Army] and the forces of public order, as well as their ranks, hierarchy and command structure..." In return, the armed forces agreed to withdraw from party politics. Active duty officers could not be party officials, and political proselytizing among members of the armed forces was banned except at election time. Likewise, the new government committed itself to "provide tranquility and juridical security" to Nicaraguans who had benefitted from property transfers under the Sandinista government prior to the 1990 elections, "harmonizing these" with the rights of Nicaraguans affected by confiscations, for whom "adequate forms of compensation" would be established. Text in Emilio Alvarez Montalván, *Las Fuerzas Armadas de Nicaragua: Sinópsis Histórica 1821-1994* (Managua: 1994), pp. 117-21.

their actions and interactions to take unexpected turns. Caught between the realities of Sandinista power and the pressures of the international financial institutions (IFIs) for a neoliberal restructuring of Nicaragua's economic system, the Chamorro government quickly retreated into technocratic isolation and jettisoned many of the businessmen and UNO politicians who had supported its election. It thereby created an instant set of new opponents. The previously monolithic Sandinistas suffered the disintegrative effects of political defeat; the Sandinista army, acting in self-defense as the "national" army of a renascent capitalist state, quickly emerged as an actor with corporate interests separate from those of the FSLN. As for the demobilized contras, no sooner had they congratulated themselves on bringing the Chamorro government to power than they realized that the government as well as the United States had cast them adrift, setting the stage for later rebellions.

Transition Issues and Conflicts

The nature of the post-1990 transition has determined a set of core conflicts, which have played themselves out within the context just delineated. Of these, the struggle over property has been the most pervasive and lasting. In this struggle, the class component of post-war conflict has expressed itself most nakedly; while Sandinista groups have attempted to maintain control over lands, housing, and state-run businesses acquired during the revolution, property holders from the Somoza epoch have sought to get them back, or at least be compensated for them. In addition, demobilized contras lacking the means to subsist have attempted to wrest lands from Sandinista cooperatives and individuals in the countryside.

Only slightly less salient has been conflict over distribution of the costs and benefits of economic stabilization and adjustment. This conflict has pitted a more varied set of lower class losers (but one in which Sandinista elements have again been prominent) against the Chamorro government and a narrow range of elite winners. While unions and popular organizations have fought to preserve jobs, wage levels, and social services, the government has battled to slash public spending and slough off costly functions. Various interests have also fought for control of state corporations from the Sandinista period, which have undergone wholesale privatization.

Finally, strife over the shape of the political institutions inherited from the Sandinista period and the quotas of power inherent therein has meshed with the above-mentioned conflicts. Virtually the entire national political class has participated in a fray in which the army, the police, the powers of state, and the Constitution have all been objects of combat. The ambitions of political leaders have magnified the intensity of these battles.

Making matters more difficult, over this period actors have tended to view these basic struggles in apocalyptic terms. While Sandinistas have seen the specter of counterrevolution at stake in their outcome, groups on the other side have regarded the core issues as bound up with the enhancement of political and economic

freedom. Despite lip-service by all to "national reconciliation" -- elevated into a motto by the Chamorro government -- the ideological gulf separating the basic political actors initially remained wide, impeding the search for a national *modus vivendi*. Inevitably, ideological differences nurtured in a decade of political rancor took on moral overtones, as when confiscated property holders and their allies in the conservative parties and media accused the Sandinistas of organizing an illicit *piñata* with state-owned properties during the two-month period between the election and Chamorro's inauguration. Though the FSLN huffily rejected the charge, abundant evidence exists that abuses did take place, for which the party has since paid a heavy political price.

The merits of the respective convictions aside, national institutions emanating from the Sandinista epoch have been patently incapable of processing these conflicts. As several conference participants pointed out, the skeletal democratic framework bequeathed by the Sandinistas -- unsupplemented by a global political negotiation of the sort that took place in El Salvador -- suffered from glaring weaknesses. The 1987 Sandinista Constitution was basically liberal, enshrining the idea of a separation of powers. But the country had not developed relevant experience with the interplay of liberal, democratic institutions. Reigning practice was expressed in extreme executive dominance, legislative inferiority, a lack of judicial independence, and the absence of controls over the management of public wealth. Except for the dominant FSLN, political parties were also weak articulators of political demands. Furthermore, the initial, post-1990 vacillation by the Sandinista police and army in carrying out government orders gravely weakened the capacity of the state to control and channel conflict. For example, during the July 1990 strikes, Sandinista workers tore up paving stones and built barricades on the streets of Managua, virtually under the noses of the police. This led to armed clashes with ex-contras opposed to the strikes.

Not surprisingly, such weak institutions were unable to resolve the conflicts of enormous magnitude that plagued post-war Nicaragua. Thus their fragile legitimacy, along with the quotas of power embodied therein, were ever more seriously questioned. Included in the questioning was the overarching framework of institutional legitimacy, the 1987 Constitution. As the panelists noted, with institutions weak, the biases of Nicaraguan political culture also made themselves felt the more strongly. When formal institutions failed to resolve disputes, violence was often the result. Even when the recourse to force was avoided, other problems emerged.

In particular, institutional weakness led to the adoption of a series of *ad hoc* mechanisms for conflict resolution, bypassing the formally appropriate national institutions -- political parties, the legislature, and the judiciary. The most prominent of these were the 1990 and 1991 *concertaciones*, high-level parleys between government and the economic interests directly involved in conflict over stabilization and property. But they included numerous backstage negotiations among the country's powerful figures (*negociaciones cupulares*, in local parlance)

and long, drawn-out "national dialogues" in which a wide array of political and economic groups participated in semi-public fashion. While these mechanisms played a useful short-term role in mitigating conflicts, they did not resolve them, nor did they succeed in eliminating coercive, extra-systemic responses by aggrieved groups. One recourse facilitated by the nature of the transition situation has been the invocation of foreign intervention to bolster the domestic political position of one or another contending party.

A brief review of patterns involved in the resolution, or non-resolution, of three basic transition conflicts will illustrate the dynamics generated by domestic and foreign actors clashing over core issues without the benefit of an accepted institutional framework.

Property

In 1991, a coalition of former property owners and UNO politicians led by Alfredo César organized an apparent legislative majority to pass a bill (Law #133) regulating property transfers. Sandinista groups quickly perceived an intent to reverse their achievements in the realm of property redistribution, sanctioned at the last minute in Laws 85, 86, and 88 of March 1990, while the government viewed a clash over the issue as a trigger for dangerous instability. In response, the government and the FSLN marshalled legislative and judicial counterforces to block the law in ways the law's proponents regarded as corrupt and as vitiating the usefulness of the legislature and court system for redress of grievances. The government-Sandinista coalition then went on to formulate an administrative solution to the property problem, bypassing the legislature altogether; the so-called *Concertación* Phase II created a framework for legitimating most of the property transfers effected by the Sandinista government and included a pledge to privatize 25 percent of existing state holdings to organized workers. Displeased by the results of this bargain, the César-UNO forces, seconded by COSEP, refused to recognize its legitimacy. In reprisal, César successfully lobbied U.S. Senator Jesse Helms and others to have $100 million in U.S. assistance to Nicaragua cut.

Police and Army

Mrs. Chamorro's controversial decision in April 1990 to retain General Humberto Ortega as chief of the armed forces ratified the obvious reality that the old regime's forces of order were, at least initially, autonomous actors with agendas of their own and only tenuously subject to civilian control. Ortega fortified his position in January 1991, when the government decreed a reform of the army's Organic Law, allowing the institution wide autonomy. A large segment of the political class regarded these decisions, made without public or legislative debate, as undemocratic and illegitimate. When, in addition, the Sandinista police and military refused to repress Sandinista opposition behavior at the government's bidding, the UNO right-wing demanded changes in their leadership and the imposition of civilian control. UNO leaders also lobbied to cut the military budget.

When an alliance of government and Sandinista forces turned these demands back, a foreign party, the Bush administration, was again induced to pressure for change in the guise of assuring the security and stability necessary for its aid program to bear fruit.[2]

Stabilization and Adjustment

In early 1990, the incoming Chamorro government and the international organizations refused to negotiate with the outgoing Sandinistas a stabilization package linking new loans to major reforms. Retaliation by the Sandinistas led to a new burst of hyperinflation and to violent, large-scale strikes by public sector workers. This plunged the country into crisis in July 1990. Not only did the strikes overwhelm the country's machinery for the adjudication of labor disputes, the government also found its repressive capacity undermined by the failure of the Sandinista police to restore order against their political brethren. Rounds of high-level political mediation were required to prevent chaos. Eventually, the parties resorted to an informal *concertación* mechanism (Phase I, October 1990) to hammer out what was supposed to have been a consensual framework for subsequent policy change. But when that framework proved incompatible with the strictures of the international financial institutions, the government ignored the results and used its executive powers to negotiate economic policy measures with the IFIs behind the backs of both the political opposition and national institutions. Sandinista groups promptly accused the government of reneging on its commitments, and labor violence recommenced, albeit at lower levels.

An emerging pattern became readily apparent. First, both formal institutions and *ad hoc* mechanisms invented on the spur of the moment failed to fully resolve conflict, leading to the delegitimation of both in the eyes of at least one of the parties involved. Second, at some point, the government resorted to executive prerogatives enshrined in the strongly presidentialist Sandinista Constitution to make decisions that some party deemed unacceptable. In response, the aggrieved party resorted to coercion in the form either of direct violence or the marshalling of foreign pressures to make its will prevail. When the executive branch struck deals with one or another group of Sandinistas, the UNO right-wing cried "*co-gobierno*" (co-government) and solicited U.S. interference. When the government struck deals with the IMF, the left-wing howled in pain and resorted to violence.

The inefficacy (or, at best, partial efficacy) of conflict resolution patterns needs to be further underscored. With regard to property, which remained one of the most contentious issues, the government devised an administrative apparatus for resolving property cases. This consisted of one body to pass judgment on the legality

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[2] Secretary of State James A. Baker III visited Managua briefly on January 16, 1992. He made clear that economic recovery and the attraction of foreign investment to the country would be impossible until "security and stability" improved. His statement evidenced a concern that U.S. aid funds were being wasted because of political instability.

of possession of properties transferred under Laws 85, 86, and 88 and another to decide compensation levels (in the form of indemnity bonds) in cases where properties could not be returned to former owners.[3]

However, this solution was initially rejected out-of-hand by many former property holders. The bodies in question also churned out decisions slowly and in ways that suggested, to one party or another, arbitrariness and susceptibility to corruption.[4]

With regard to the forces of order, U.S. pressures eventually resulted in the ouster of police commandant René Vivas in August 1992 and an announcement by President Chamorro in September 1993 that General Humberto Ortega would step down at an unspecified date. If these actions did reinforce government authority, they initially served mainly to heighten overall political tensions: the Sandinistas regarded the Chamorro government's actions as kowtowing to foreign pressures. As a result, the demands of radical elements for the FSLN to adopt a stance of more forthright opposition to the government increased.

Similarly, the government succeeded in imposing its March 1991 stabilization program with the backing of international donors. But the government's decisions were again deemed illegitimate. As a result, labor conflict, directly mainly by Sandinista unions, continued to be punctuated by violence, culminating in the September 1993 transport strike mentioned earlier. In retaliation, the Labor Ministry used its administrative powers arbitrarily to abridge collective bargaining agreements already won by unionized workers. This pattern of naked conflict eventually weakened the unions. But it also impeded economic recovery, preventing a needed consensus on labor code reform and inhibiting foreign and national investment.

Perhaps the gravest failure of conflict resolution occurred in dealing with the violent opposition to the Chamorro government by rearmed contra troops known as *recontras*. All three of the conflict dimensions mentioned above came together in the phenomenon of contra rearmament: the most daring of recontra groups demanded the return of confiscated properties along with government assistance pledged, but not delivered, because of budgetary restrictions imposed by IMF-

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[3] The Office of Territorial Organization (OOT) played the former role, and the Office for Quantification and Indemnization (OCI) the latter. In cases where properties could not be returned to persons judged to be the rightful owners (this turned out to be the great majority of cases), the OCI determined compensation in the form of government indemnity bonds. As the government's financial capacity to redeem its bonds looked weak from the outset, not a few former property owners were loath to accept them, and their value on the secondary market quickly fell to 20 percent of face value.

[4] The November 1992 killing of *confiscados* leader Arges Sequeira by former members of the Sandinista security forces hinted at the passions that property conflict could still unleash. It also demonstrated that widespread impunity continued to exist for current and former members of the Sandinista army and intelligence services.

inspired stabilization policies. Alarmed by the killings of ex-Resistance members in the countryside, the *recontras* also demanded the removal of Sandinista military personnel from former zones of conflict, and the ousters of Humberto Ortega and Minister of the Presidency (and Chamorro's son-in-law) Antonio Lacayo. As it could meet none of these demands satisfactorily, the government temporized, falling into a pattern of repeated negotiation with and amnesty for the rebels, followed by the rearmament of the same or new groups. With the EPS undergoing a massive reduction and its leaders and budget under political attack, simply repressing the insurgents was out of the question, and potentially counterproductive.

As the recontra phenomenon festered, Sandinista *recompas* (cashiered, lower-ranking army officers and enlisted men, widely regarded as linked to the EPS) emerged as an extra-systemic counterweight to the *recontras*, eventually becoming a source of trouble in their own right. The result was pervasive insecurity in large areas of Nicaragua's northern countryside, with direct and indirect economic repercussions.

Non-Democratic Conflict Outcomes

By mid-1993, when the Wilson Center conference was held, the partial or non-resolution of the Nicaragua's fundamental conflicts had created an increasingly dangerous stalemate. As the events of July-September 1993 demonstrated, not only had underlying causes of instability and violence not been successfully addressed, but the crisis was increasing rather than receding. Three major episodes of violence in three months signalled that chronic instability was turning acute.

The economic repercussions of this instability were also plainly visible. With violence inhibiting investment and the government's finances still weak from the May 1992 suspension of U.S. aid, the resumption of economic growth appeared a distant prospect. Not only was growth not occurring, but, as several conference participants noted, government economic policy was clearly deepening the impoverishment of ordinary Nicaraguans, in particular by fomenting growing un- and under-employment and a swollen informal commercial sector. Although the Nicaraguan economy was clearly in need of some form of structural revamping, the short-term outcomes of the particular policies adopted were sharply (and, many argued, unnecessarily) negative for the living standards of broad segments of the population. The economic situation was also generating a social crisis marked by rising crime and private violence, complementing the public violence that characterized the political scene.

In an irony that merely reinforced the sense of crisis, political outcomes to this point did not clearly favor any sector. Although its ability to implement its program had been reinforced, the government itself was rapidly losing popular support, partly due to the hardships caused by its economic program, and in another part to compromises with the Sandinistas. The bulk of its original party base, the fourteen-member coalition of the National Opposition Union (UNO) had been

unable to prevail on the property and military issues and was excluded from government in any case; UNO had long since gone into wholesale opposition. After a period of contradictory collaboration with the government (on property issues), and opposition to it (on issues of economic stabilization, the police, and army), the Sandinistas were also questioning the benefits of appearing to be engaged in co-government with Violeta Chamorro and Antonio Lacayo.

Institutional outcomes were no less troubling. Unable to resolve basic political disputes, the National Assembly had become the scene of frantic maneuvers on all sides to preserve quotas of power, leading eventually to a year-long boycott by the UNO (January 1993-January 1994). While the Supreme Court languished in inaction on many of the constitutional challenges before it, its rulings on others reinforced a perception of submission to the executive's will. The Comptroller General's office was headless in the face of widespread allegations of corruption. With public faith in leaders and institutions sinking, "democratic development" in Nicaragua was clearly going nowhere; if anything, the "democratic deficit" (to use the felicitous phrase of conference panelist Carlos F. Chamorro) was deepening, while consensus on new rules of the game remained elusive.

In this context, the ultimate danger sign appeared. The call by the UNO right in early 1993 for a *constituyente* -- a new constitutional assembly to rewrite the 1987 Sandinista Constitution -- indicated that a part of the political spectrum had begun to contemplate a solution to the crisis that, while apparently located within the boundaries of the existing system, pointed instead toward a rupture of that system and the ouster of the Chamorro government before the expiration of its term of office. Though the call for a new constitution sprang from a rejection of what the right considered an illegitimate degree of Sandinista influence over the state as a whole, it centered on a desire to curb the excessive powers of the executive branch, regarded by actors on the right as an impediment to democracy and a state of law, or to the recovery of confiscated properties, or both. Far from abstract, this critique of executive power responded to the concrete exercise of power by Minister of the Presidency Lacayo, conduct regarded by his opponents as patrimonial and corrupt in the best -- or worst -- Nicaraguan tradition.

U.S. policy in this initial phase (April 1990-September 1993) on balance exacerbated the crisis. Having acquired a large economic stake in Nicaragua, the Bush administration could not resist the temptation to interfere in its politics for the purpose of reducing Sandinista influence, in particular over the security forces. To disguise its pressures, the administration hid behind Jesse Helms' May 1992 request for an aid cutoff until the Chamorro administration returned properties to American citizens and gained control over the police and army. Tightening the screws got action: in September 1992, the government was induced to fire René Vivas and begin the process of compensating former property owners.

The U.S. policy stance began to change after the election of President Bill Clinton, leading to the full restoration of assistance in April 1993. However,

controversy over the discovery of an arms cache in Santa Rosa in May 1993[5] raised the specter that Helms might engineer a new aid suspension, feeding the belief of some domestic actors that levers in Washington could still be pulled in their favor.

That this belief had some justification was demonstrated on September 2, 1993, when Mrs. Chamorro told the nation that armed forces chief Humberto Ortega would retire -- without telling him first. Chamorro's announcement was preceded by strong pressure from Clinton administration officials for greater civilian control over the military as the price Nicaragua would have to pay for further aid. But if this policy achieved results, it was also another element feeding the crisis.

Phase 2: Getting Down from Crisis

The peaking of crisis during the third quarter of 1993 caused the political system to buckle. A hastily called, ultimately ineffective round of international mediation in September, which brought OAS Secretary General João Baena Soares to Managua to attempt to restart a national dialogue, dramatized the fragility of the situation. But the system did not break down. Instead, in the crucible of the crisis, efforts were forged to find solutions to basic problems and avoid system rupture. The reflections of various political actors about the meaning of the July, August, and September events began a broad process of political reform designed as a crisis antidote. At the heart of this global reform, a proposal for constitutional change emerged as an alternative to the more radical idea of a *constituyente*.

The beginnings of cleavage in the principal political forces (Sandinistas and UNO) paved the way for reform by allowing a redrawing of the lines of political alliances. While a sector of the FSLN centered in the National Assembly and loyal to former Vice-president Sergio Ramírez took the lead in proposing constitutional reform as a way out the crisis, moderates in the UNO, led by Christian Democrat Luis Humberto Guzmán and Conservative Miriam Argüello deserted from the right-wing coalition and joined forces with the Sandinista moderates to counter the *constituyente*.

Support for constitutional changes on the part of Sandinistas is especially noteworthy given the party's tendency after 1990 to regard the 1987 charter as sacrosanct. A motive shared by all in the party in supporting reform was to reshape the balance of executive-legislative power. Up to this point, the FSLN had benefited

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[5] On May 25, 1993, an explosion occurred in an underground bunker in Managua's Santa Rosa barrio, revealing the existence of a weapons cache eventually linked to the Popular Liberation Forces (FPL) of El Salvador's FMLN guerrillas. In addition, police investigators found forged passports and other documentation indicating the existence of a Latin American network for the kidnapping and extortion of prominent businessmen in various countries.

In July 1993, the Senate approved a Helms amendment to ban aid to Nicaragua because of links to international terrorism. Though the amendment did not survive a House-Senate conference, aid continued to be made contingent on a White House certification that the Santa Rosa incident was being properly investigated, among other conditions.

from its dealings with the executive over property. But the deal was yielding diminishing returns. Sandinista workers and demobilized army soldiers had received shares in privatized companies and landholdings, but they had usually been granted neither clear title to the properties nor credits with which to work them. As the causes of this situation, the affected parties saw both the machinations of government officials and the hand of the international financial institutions. The response: transfer decision-making powers over the economy to the Assembly, where the Sandinistas still had a large measure of influence, in order to be able to exert at least minimal leverage over an economic policy decided in secret between the government and the IFIs.

In addition, a more restricted set of Sandinista leaders (the nucleus of what would eventually become the Movement for Sandinista Renewal, MRS) had by this point recognized the need for constitutional reform as a crisis-avoidance formula and as a way to fortify Nicaragua's shaky institutions. For these, as for the UNO participants in the constitutional reform coalition, a desire to strengthen democracy and the rule of law merged with a drive to capitalize on the reform effort to the benefit of the parties and leaders involved. Shared motivations provided material for a coalition.

Differences over strategy among Sandinistas at this juncture acted as the catalyst for an eventual split in the FSLN. While a wing of the party advocated renouncing violent tactics and backing institutional reform to refurbish the party's image and widen its base in anticipation of the 1996 elections, more orthodox elements around ex-president Daniel Ortega continued to pursue immediate defense of Sandinista group interests at whatever cost. Underlying ideological differences between the two groups, which would later define themselves as "social-democrats" versus "socialists," exacerbated the strategic divergence, which was soon overlaid as well by the personal rivalry between Ramírez and Ortega.

The vicissitudes of the constitutional reform bargaining between September 1993 and October 1994 are too complex to review here. But the pro-reform coalition scored a relatively quick victory over the *constituyente* forces in late 1993, with the passage of a initial procedural change. This outcome undermined the UNO boycott of the National Assembly, permitting the election of a new leadership dominated by the reformers, led by Assembly president Luis Humberto Guzmán. It also paved the way for the resumption of normal legislative activity. This initial victory greatly enhanced the prestige of the reform idea.

However, the contents of the reform package had become bound up with the political interests of party factions and leaders in ways that diminished consensus. While fully justified given Nicaragua's tradition of corrupt and nepotistic rule, prohibitions on political candidacies by close relatives of the president were directed at squelching a presidential bid by Antonio Lacayo and opening up space in the political center for the reformers. Similarly, the eventual adoption of a runoff voting system for president -- equally justifiable as a device for overcoming growing

party fragmentation -- was aimed at truncating the chances for Daniel Ortega and a diminished FSLN to achieve a minority victory in the 1996 elections.[6]

The constitutional reform process that began in late 1993 undeniably contributed to stabilizing Nicaragua's political situation. In the course of the discussions, more UNO leaders came to realize that some of their goals could be achieved through a viable reform, while none would be achieved by holding out for a total overhaul of the 1987 charter. In particular, UNO politicians could hope to fortify institutions and the rule of law at the same time that they obtained revenge against Lacayo and Chamorro for sidelining their participation in government. Moreover, with international actors pressuring domestic actors for compromise, constitutional reform soon became an obligatory game. Although it stood to lose heavily, even the Chamorro government had to pay lip-service to the reform idea. By the time the reforms came up for an initial vote, a coalition embracing 70 of 92 Assembly deputies had been forged to pass them.

The content of the reforms responded to the need to correct important weaknesses of Nicaraguan political culture, weaknesses noted by participants in the Wilson Center conference. At least in theory, striking a better balance between executive and legislative power would curb tendencies toward presidential authoritarianism. Not only would this lead to more consensual public policies -- in the economy, tax measures and new commitments to the international organizations would henceforth have to be ratified by the Assembly -- but greater legislative authority over appointments to other branches of government would create room for increased judicial independence. In a similar vein, prohibition on immediate re-election of the president and controls on corruption answered decades-long democratic demands by opposition forces whose roots extended back to the Somoza-era tyranny. Provisions for a human rights ombudsman and for mid-term elections of mayors filled other striking lacunae of the political system.

Equally worthy of note is that constitutional reform was from the outset conceived as the centerpiece of a broader drive for an overall political solution and for further institutional development. In this regard, the reformers' insistence on the need for a broad property law must be noted. More immediately, the constitutional reform effort spawned as a first by-product a new military code, passed by the Assembly in August 1994.

The Law of Military Organization, Jurisdiction, and Social Insurance did not effect a revolution in civil-military relations. Though strengthened, the president's

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[6] A key reform to which the Ortega wing of the FSLN vigorously objected requires a runoff if no candidate receives more than 45 percent of the vote for president in a national election. Though reformers rationalized this plank on the grounds that governability would be imperiled if a government came to power in 1996 with an absolute minority of votes in a splintered field of candidates, this concern was obviously motivated by the possibility that the victor in that case might be ex-President Daniel Ortega.

ability to control other than top appointments to the army general staff is not what it should be. The code also sanctioned creation of a military social security institute, regarded by the private sector, as in other Central American countries, as an illegitimate competitor.[7]

But the Law has notable virtues, including a provision that army officers accused of human rights violations against ordinary citizens be tried in civilian courts. The code sparked probably the most extended and healthy public debate on a policy issue over the last five years. If full consensus over the content of the Law was not obtained, divisiveness over military issues has diminished.[8]

Insofar as the code's passage was part of a negotiation easing General Humberto Ortega out of power, controversy has ebbed even further. On February 21, 1995, Ortega peacefully passed the mantle of leadership in the EPS to his second-in-command, General Joaquín Cuadra Lacayo.

In addition to the political reform process, four other developments which had begun to unfold by September 1993 contributed to a relative stabilization of Nicaragua's political crisis.

First, by the latter half of 1993, the stabilization and structural change of Nicaragua's economy had clearly begun to show modest results. Surviving violent struggles and making some compromises, the Chamorro government not only achieved firm control over the money supply and exchange rate but had gone far in liberalizing the economy, ending price controls and government monopolies on trade. It was also in the process of privatizing many of the state companies acquired by the Sandinistas. By contrast, union and popular movements, fierce opponents a year or two earlier, had either been exhausted in unproductive strike movements or pacified through receipt of shares in privatized companies.

Second, the overall salience of property as the principal issue in Nicaragua's post-war conflict declined somewhat as the Chamorro government's administrative solution to the property problem made fitful progress. Like it or not, former property-holders had to face the fact that government bodies were legitimizing the possession of homes by poor people and the occupation of agrarian reform farmland by cooperatives. As old owners increasingly either accepted compensation bonds or

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[7] In several Central American countries, similar institutions have acquired widespread business interests that compete with private enterprise. Businessmen regard this competition as "unfair" because the military has access to the government budget to make up losses.

[8] Despite this, strong criticism has emerged over the handling of the "Marañosa" case by Nicaragua's procurator general and judiciary. The alleged killing of a group of 13 ex-contras by 23 military men in Jinotega in January 1995 provided a test case of how soldiers would fare in civilian courts. The decision by a local court in Jinotega in May 1995 to absolve the soldiers was welcomed by the new army commander, General Joaquín Cuadra, but sparked denunciations from Nicaragua's human rights groups, who unanimously consider the incident a massacre on the part of the army.

negotiated the return of housing units privately, the holdouts in the *Asociación de Confiscados* found themselves sidelined by a new *Asociación de Tenedores de Bonos* (Association of Holders of Bonds) whose strivings were directed not toward getting farms and houses back but toward devising ways to increase the valuation of their compensation bonds on the secondary market. The Law for the Revaluation of Indemnity Bonds, passed by the Assembly in July 1994, responded to this interest. At the same time, the new national police leadership selected in September 1992 showed a much increased interest in defending the rights of property owners, redressing a previous bias.

Third, although the Clinton administration was slow to define its policy toward Nicaragua, after the dramatic September 2, 1993, announcement by Mrs. Chamorro that Humberto Ortega would step down as army leader and the arrival of new U.S. Ambassador John Maisto, a different, more light-handed U.S. approach made itself felt. Especially significant in altering Nicaragua's domestic infighting was the message conveyed by Ambassador Maisto, in public and in private, that Nicaraguans would have to solve their own problems and that their pleas for political reinforcement in Washington would no longer bear fruit. Along with the progress of constitutional reform, this stance helped take the wind out of the sails of the *constituyente*. A further sign of normalization in the U.S.-Nicaragua relationship was Maisto's (and Assistant Secretary of State for Inter-American Affairs Alexander Watson's) stated willingness to work with Sandinistas as long as they agreed to abide by democratic rules of the game.

The resumption of U.S. economic assistance also helped reestablish economic equilibrium, assisting a modest recovery in the economy over the course of 1994.

Finally, moves toward overall political normalization, and the new U.S. posture, helped create a favorable atmosphere for scaling down the problem of the *rearmados*. By undermining calls for a *constituyente* and securing a timetable for Humberto Ortega's resignation, political reform and U.S. policy eliminated two of the insurgents' principal banners. These developments also assisted in overcoming the reluctance of the Sandinista army to deal forcefully with the insurgents. When the *recontras* of the "3-80 Northern Front" and their leader (José Angel Talavera, alias *El Chacal*, The Jackal) spurned the government's final amnesty offer in September 1993, the EPS launched a serious offensive, driving the rebels out of their lair in the northern town of Quilalí. This action, the first of its kind since the onset of the *rearmados* problem in 1991, created conditions for a subsequent and definitive round of disarmament of the principal *recontra* forces in February 1994.

By October 1994, when the National Assembly approved the constitutional reforms in first sitting, Nicaragua's overall political situation seemed markedly improved over that of a year earlier. With the selection of new legislative leaders and a new comptroller, institutions had begun to function again, albeit with their chronic weaknesses. Conflict over other core issues had mitigated. Political violence had also abated significantly. The problem of the *rearmados* had been reduced to an

issue of public security rather than a political issue, and killings of former contras in the countryside were waning. If predictions that Nicaragua was entering an era of stability were premature, threats of system rupture had subsided.

Unfortunately, progress in forging compromise in the political sphere had not been supplemented by compromise over controversial economic policies. The adoption of IMF and World Bank formulas for structural adjustment, ill-suited in many respects to the complexities of Nicaragua's post-war situation, continued to spark opposition from disadvantaged groups. Although the ability of these groups to block policy implementation weakened over time, they continued to press for changes. Not only have the adjustment policies themselves been draconian, as the exclusion of tens of thousands of peasant families from official credit attests, the policy consequences has been troublingly reminiscent of the Somoza era. While a new privileged elite of private bankers and economic groups with connections to political power has resurged, the country's income distribution has turned sharply negative. Poor people have suffered impoverishment and "informality," i.e., marginalization from possibilities of participating in economic growth.

Far from moving to address this situation, the Chamorro government in April 1994 accepted as the policy framework for its remaining years in office the Extended Structural Adjustment Facility (ESAF) demanded by the IMF and World Bank as the price for further economic assistance. This donning of a three-year neoliberal straitjacket has maintained dissensus over economic policy at the same time that it continues to impose severe constraints which inhibit government spending to tackle the socio-economic roots of the crisis.

Nowhere is this problem more acutely manifested than in the ineffective reinsertion into productive social roles of thousands of ex-combatants from both sides of the contra war. Though as a political phenomenon the *recontra* movement may have run its course, its sequel in the form of widespread banditry persists. While some of those being pursued by police and army units as "delinquents" appear psychologically incapable of adapting to peace, many others are former peasants who have not found any other viable way of making a living.

Phase 3: 1995 -- The Resurgence of Crisis

As the above review suggests, by the end of 1994 important progress had been made in resolving core conflicts of the transition identified at the outset of this essay. However, the re-emergence of political crisis in February 1995 demonstrates that that progress has limits. At a moment when most Nicaraguans expect a modest upsurge in the economy due to the impact of high world prices for coffee and other exports, a new interlacing of conflicts involving institutions and quotas of power, property, and structural adjustment appears to be placing the recovery in jeopardy, with the potential to incite new rounds of foreign involvement in Nicaragua's internal politics.

On the surface, the new "crisis" has arisen from a lack of consensus over the mechanism that was supposed to have served as the means of crisis resolution: reform of the Constitution. The reforms passed the Assembly in a second round of voting in February 1995, with the required 60 percent majority, and were promulgated by Assembly President Guzmán on February 23. However, the Chamorro government has refused to recognize their validity, citing as reasons for its opposition procedural irregularities in the manner of their approval and publication.

In fact, the government's objections to the reforms are not juridical but political. The most crucial of these have to do with the limitations on the executive's decision-making powers over the economy. Still in the midst of implementing a wrenching adjustment of the Nicaraguan economy in the face of massive opposition, neither the Chamorro government nor the major international financial institutions is eager to share control of national economic policy with the legislature. In addition, the reforms ban immediate re-election of and candidacies by close relatives of the president, leaving the Chamorro administration virtually without a standard-bearer for the 1996 election. Far from resigning itself to the reforms imposed by the legislature, the government is gearing up to campaign under the banner of a putative "National Project," whose candidate will probably be Antonio Lacayo.

Political judgments about its stance aside, the government probably has superior resources with which to fight this battle. With the backing of the army as well as international allies, the Chamorro administration has been able to govern Nicaragua for five years with scant organized political base and diminishing popular support. Government strategists appear to believe that by simply waiting, the reform movement will crumble, motivating its leaders to accept a new negotiation.

For the moment, however, the reform coalition of the breakaway Movement for Sandinista Renewal, Christian Democrats, Popular Conservatives, and various factions of the UNO seems determined to press its case without compromise. Though issues of principle are important, personal ambitions also operate: just as Antonio Lacayo considers his political future on the line if the reforms hold, top reform leaders consider their careers doubtful if the amendments fail. These leaders thus intend to use their control over appointments and over ordinary legislation to bring the government to heel, even if it requires racheting up the conflict a couple of notches.

Outside the halls of parliament, however, the reformists' political clout is dubious. With the decline in public involvement in politics, the representativity of most political parties in Nicaragua, and these parties in particular, is questionable. Their capacity to mobilize popular feeling in support of the reforms is palpably weak. Though opinion polls reveal that ordinary Nicaraguans heavily favor certain key reforms in principle (in particular the famous *inhibiciones* on running for public office), they also show that people do not consider them a vital issue in

comparison with such bread-and-butter issues as obtaining jobs and having enough to eat.

Conflict over the Supreme Court has contributed to the crisis, depriving the executive and legislative powers of a body that could adjudicate the constitutional dispute. Having lost three of its members due to death, resignation, or an expiration of term, the Court was, until April 1995, paralyzed and incapable of ruling on the procedural objections brought against the reform process. The lack of a full complement of justices was not due to happenstance. Believing that a Supreme Court dominated by Sandinista holdovers and Chamorro appointees would not give the reforms a fair shake, the pro-reform Assembly leadership refrained after May 1994 from electing new justices to fill the vacancies; members of the Assembly consciously created a high-level judicial vacuum so as to be better placed to prevail politically over the executive.

On April 6, 1995, pursuant to a constitutional reform that expands the number of Supreme Court justices from nine to twelve, the Assembly elected five new justices and called on the existing magistrates to accept them as colleagues. While the latter demurred, the government termed the election null and void. Several weeks later, however, the executive found reason to approve the election of one of the justices, while maintaining its opposition to the other four named by the Assembly.[9] With the swearing in of Justice Rodolfo Sandino Argüello, the Court had the necessary quorum of seven members. The reconstituted tribunal then sprang forth with a ruling voiding the publication of the reforms by the National Assembly in February as unconstitutional. Assembly leaders promptly rejected the Court's decision, arguing that the supreme tribunal was illegally constituted to make a ruling.

Through mid-1995, then, Nicaragua remained in the grip of a constitutional stalemate[10]. While the executive recognized the 1987 Sandinista Constitution as still valid, and considered the Supreme Court legally constituted to fulfill its functions, the bulk of the deputies recognized the reforms and denied legitimacy to the supreme tribunal. On June 7, 1995, the Assembly refrained from electing new magistrates to the Supreme Electoral Council that will oversee the 1996 presidential elections, letting the terms of the existing magistrates expire while negotiations over the reforms continued. This standoff presents multiple possibilities for renewed

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[9] The executive branch refused to recognize the validity of the election, as it occurred according to procedures indicated in the constitutional reforms. In subsequent, private negotiations, the executive apparently convinced one of the five justices -- whose name had also appeared on a list of candidates proposed by the executive -- to defect from the reform camp. The executive's insistence that the election of this one justice was valid, while the election of the others named by the Assembly was not, was contradictory, to say the least.

[10] The executive and legislative branches came to an agreement on a framework law specifying the implementation of various provisions of the constitutional amendments on June 15, 1995. Thereby, permitting the reforms to be signed and promulgated by President Chamorro on July 4.

conflict. To mention just one, despite the government's open preparations for an electoral contest, it is clear that in the absence of a resolution of the constitutional conflict, any electoral tribunal eventually chosen by the Assembly will refuse legally to register the candidacy of Antonio Lacayo or Violeta Chamorro. The government's response to such a move could put the 1996 elections in peril.

Alongside the institutional impasse, other core conflicts of the Nicaraguan transition continue to reverberate, threatening to plunge the country into another round of instability.

First, despite the slow progress made in resolving the claims of the *confiscados*, international financial organizations have put strong pressures on Nicaragua to decisively "solve" the property problem and cut the government deficit. A recommendation bearing on both goals is that the government privatize the state telecommunications company TELCOR, selling 40 percent immediately to foreign investors and using the proceeds to back the value of the government's indemnity bonds. The government agreed to this scheme as a price for signing the ESAF; it is therefore a commitment on which the nation cannot renege without suffering suspensions of IMF, World Bank, and other international assistance.

The sale is opposed in principle only by the union movement and the FSLN. But other domestic actors, including some leaders of the National Assembly, do not agree with using 100 percent of all proceeds to support or redeem property bonds. More important, aware of how desperately the government needs passage of authorizing legislation for the sale to go forward, the Assembly has delayed action on such a bill in order to pressure the government to come to terms over the constitutional reforms. Though both sides must tread carefully in this battle, intransigence over the reforms may cost the country needed economic assistance, torpedoing prospects for economic growth in 1995.

Second, new complications in U.S. policy potentially affect the current scenario. The victory of the Republicans in the 1994 U.S. congressional elections has elevated Nicaragua's nemesis, Jesse Helms, to a position of greater power in Washington, and a new crop of ultra-conservative members of Congress is determined to gut foreign aid in general. In May, the House International Relations Committee voted on the foreign aid authorization bill, approving harsh new language conditioning further bilateral U.S. aid to Nicaragua on a series of tough conditions. As in previous years, these include progress in compensating former Nicaraguan property owners who are "U.S. citizens," and go on to demand convincing investigations and prosecutions of those responsible both for notorious human rights violations and the Santa Rosa case, as well as the initiation of serious judicial reform.

Solely dealing with property compensation will be difficult. Over the last several years, the problem of the U.S. citizens has assumed rock-of-Sisyphus dimensions. With ever more exiled Nicaraguans gaining U.S. citizenship and

pressing their claims under the Hickenlooper amendment,[11] demands on the Chamorro government to redress U.S. property grievances outstrip the government's capacity to respond. This augurs for further bilateral conflict over property in mid-1995, with a fresh aid cutoff a distinct possibility. Though direct U.S. aid to Nicaragua has dwindled in recent years, other donor nations will obviously take note of any new suspension of assistance on the part of the United States.

Third, the breakup of the FSLN, spawning the formal birth of the Movement for Sandinista Renewal (MRS) in May 1995, has an potentially important bearing on how the constitutional dispute will play itself out. Along with Antonio Lacayo, ex-president Daniel Ortega is a big loser if the reform movement prevails. With the bulk of the Sandinista lawmakers supporting Sergio Ramírez, Ortega's ability to prevent the success of the reform effort has slipped considerably. Nevertheless, his tacit coincidence of interests with Lacayo has, in the opinion of many Nicaraguan political analysts, tempted Ortega to aggravate the crisis in order to sabotage the reforms.

In early May 1995, the FSLN began promoting a "national protest" ostensibly designed to pressure for changes in government economic policies as well as the titling of properties held by Sandinista groups. The protest turned violent on May 17, when two transport workers and one policeman were killed in a violent clash on the streets of Managua. As of this writing, Sandinista organizations representing those benefited by the *concertación* property solution are threatening to retake properties returned to "Somocistas" if the government further delays the granting of titles for properties delivered to popular groups.

With the May 17 events, the political impasse has begun to produce a "hot" crisis. Government economic planners have also begun to feel the pinch caused by the hold-up of IMF and World Bank assistance tied to the privatization of TELCOR. Furthermore, a "crisis tone" permeates elite political rhetoric, to the point where predictions of a Peruvian, Fujimori-style *autogolpe* are heard. Fortunately, the Sandinista armed forces appear distinctly uninterested in being dragged into the role of crisis arbiters. The containment of the crisis so far indicates that the relative stability achieved in late 1993 may have had some lasting consequences.

Nevertheless, as political actors look ahead to the second half of 1995, fears of a possible institutional rupture refuse to be quieted. In the various scenarios, a combination of a political impasse, aid cut suspensions, and fresh domestic violence could eventually spark calls for drastic breaches of existing political rules of the game, i.e., a shortening or lengthening of the current government's term of office, and the possible direct participation by the armed forces in politics. The approach of what will surely be a polarized election campaign raises additional fears of violent clashes between followers of opposing political groups. In April, the potential for

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[11] The Hickenlooper amendment requires the U.S. government to deny aid to countries that do not provide fair and prompt compensation in cases of expropriation of property.

renewed crisis and instability prompted international actors, including the United Nations Development Program and the *Grupo de Amigos de Nicaragua* (consisting of Canada, Mexico, Sweden, Spain and Holland) to attempt to mediate the political impasse. The collapse of this mediation later that month only served to underscore the stalemate.

The Deeper Problems of the Transition

The emergence of a potential new crisis, in the changed circumstances of 1995, raises queries about the deeper roots of Nicaragua's national problem.

Many of the things Nicaraguans fought over starting in 1990 are now behind them. In macro terms, Nicaragua's economy has been stable since 1991. Although it has been imposed at great cost, structural change of the economy is now far advanced and obviously irreversible. Though the property issue remains conflictive, the mostly favorable resolutions of the Office of Territorial Organization (OOT) suggest that Laws 85 and 86 have served their purpose in ratifying the possession of dwellings and lots by the poor. Meanwhile, the titling of cooperative farmland in the countryside makes slow progress.[12]

In the institutional realm, conflict over the roles of the army and police has subsided, even though the institutions themselves have not been brought under full civilian control (and human rights violations persist). Politically-motivated violence has also waned, in particular that of the *rearmados*. Moreover, there a universal recognition that Nicaragua's legal and institutional framework needs updating, and concrete solutions have been offered in the form of the constitutional amendments, most of which -- with the crucial exceptions noted above -- are acceptable to all sides. Why, then, does there still appear to be material for a crisis?

Though the range of controversial issues has narrowed significantly, the current "pre-crisis" indicates that substantial problem areas remain. In the institutional realm, the question of executive power is paramount. Property issues also remain conflictive. In addition to the problem of defining who is and is not a U.S. citizen, there is a perception among Sandinista groups that former owners, government officials, and lower court judges are underhandedly attempting to reverse the property compromise achieved through the 1990-1991 *concertaciones*. The suspicion impedes bringing the property problem to a close. As for adjustment measures, disagreement over privatizing public utilities such as TELCOR simmers.

Moreover, domestic actors continue to display a penchant for using foreign pressures to exert leverage over the outcome of political conflicts. The constitutional

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[12] By the end of 1994 according to official statistics, the OOT had processed more than 90 percent of the 11,244 requests for legalization of housing units under Law 85, identifying some 2,245 instances of possible abuses. Theoretically, these cases now pass into the courts, which have the final say on whether those requesting legalization were participants in the Sandinista *piñata*.

reform coalition clearly hopes that its moves with regard to the Supreme Court and Electoral Council will spark decisions by donor nations at future meetings of the Consultative Group in Paris to withhold promised assistance, thereby exerting pressure on the government to accept the reforms. Similarly, those still intent on restoring properties to *confiscados* (or insisting on compensation values far in excess of what the government can pay) continue to lobby for the suspension of U.S. bilateral assistance by the Republican majority in Congress.

This combination of unresolved issues and the national-foreign actor dynamic may be sufficient to keep the political pot in Nicaragua boiling for some time. What is unclear is whether, in the context of a polarized election campaign, Nicaragua could revert to the conflict levels of 1993. Even if it does not, deeper examination of the roots of conflict suggests that, despite a partial resolution of the core issues of the transition, other political trends continue to feed conflict or to impede conflict resolution that would put the political system on a surer institutional footing. Although not an exhaustive list, there appear to be five enduring problems:

1. A fundamental clash of social, political, and human values continues to infuse Nicaragua's political struggles, posing sharp limits to real national reconciliation. Aside from a short-lived experiment in Grenada, the Sandinista revolution was the last world revolution of socialist inspiration to come to power prior to the fall of Communism in Eastern Europe. While the FSLN's electoral defeat and the collapse of the Soviet Union have hurled Nicaragua violently along the path of capitalist restoration, a substantial minority of its population continues to adhere to a set of values and a style of political action emphasizing the necessity of struggle. These features set that minority apart politically from the rest of the population. Despite substantial internal reform, the FSLN itself remains imbued with a residual socialist ethos and a latent vanguardist pretension (not to mention Daniel Ortega's drive for personal revindication following his 1990 electoral defeat.) With the separation of the *Renovadores*, the party tends ever more strongly toward the psychology of an self-enclosed sect.

At the other extreme, anti-Sandinista feeling derived from the revolutionary epoch and nurtured in post-1990 struggles continues to color the political judgments of another sizable minority, most of which now clusters around Managua mayor Arnoldo Alemán. Although for prudential reasons the Chamorro administration has avoided playing openly to such feeling, its educational policy, inspired in authoritarian Catholic traditions, has been designed to root out residual Sandinista consciousness from the minds of Nicaraguan youth. The result is that the Sandinista/anti-Sandinista cleavage in Nicaraguan politics, though diminished, endures. While Sandinistas dread the victory of Arnoldo Alemán in 1996 as the *coup de grâce* to their revolution, the owners of La Prensa look with horror upon the prospect of another presidency by Daniel Ortega. The persistence of such polarized perceptions makes democratic compromise and institution-building all the more difficult.

2. After a decade of revolution and war, and half a decade of neoliberal restructuring, Nicaragua has failed to fortify the social requisites that enhance the likelihood of democratic consolidation. Early Sandinista gains in literacy, access to health care, and a more equal distribution of wealth and income through agrarian and other reforms have eroded. Mass unemployment and a swelling informalization of the economy contribute to these trends, and neither of these tendencies is receding. Annual job creation barely suffices to absorb new entrants into the labor force. Though school enrollments have begun to rise, with cutbacks in state personnel and spending, government is not meeting its obligations to educate Nicaragua's young people. Similarly, at the same time that the state grants titles to agrarian reform beneficiaries of the 1980s, market forces largely unimpeded by government assistance for small landholders are generating a slow reconcentration of landownership.

The political consequences of these socio-economic trends are negative for democracy. Though some of these trends may be reversed as economic growth resumes, they are presently impeding development of an active citizenry. Despite the explosive growth of media organs and virtually complete freedom of political expression for the first time in their history, Nicaraguans are less interested and less involved in politics than they were a decade ago. For too many, lack of involvement springs from a perception that government does not respond to their needs and that political participation is useless as a means for changing government policy. A populace that does not believe in politics or politicians cannot be mobilized to support efforts at reform or solve the national crisis; at best, it serves as a passive clientele for caudillistic leaders.

3. Nicaragua's electoral and party systems are failing to train democratic leaders and contribute to political cynicism and apathy. Over the last two elections, a region-based system of proportional representation (as opposed to district voting) has produced a crop of political leaders weakly representative of or beholden to their constituents. Other institutional weaknesses, and the rigors of daily political combat, impede the socialization of a political class committed strongly to democratic norms. The battle over constitutional reform that has raged since late 1993 demonstrates that there are Nicaraguan political leaders who recognize their country's "democratic deficits" and are capable of devising formulas to strengthen national institutions. Unfortunately, they are not leaders with mass followings. Instead, the largest contingents of ordinary Nicaraguans continue to follow caudillos: Daniel Ortega of the FSLN (fading), and Arnoldo Alemán of the Liberal Constitutionalist Party (rising).

4. Nicaragua has suffered since 1990 from a severe "sovereignty deficit." Over the last five years, crucial decisions affecting the life of the nation have been taken (or not taken) as the result of foreign pressures. Nicaraguans of diverse political persuasions question whether many of these decisions respond to Nicaragua's interests and needs. This is not to deny that, in context, certain foreign pressures

have pushed Nicaraguans into finding compromises on conflictive issues. But on balance, as the preceding discussion has suggested, the pervasive influence over government policy exercised by international organizations and actors, all of them ultimately unaccountable to the Nicaraguan electorate, has clearly exacerbated the country's postwar conflicts. When significant realms of government policy are made subject to external constraints backed by implicit threats to cut financial lifelines, there is a tendency among national political forces to take democratic participation and responsibility less seriously. Given Nicaragua's still vast balance of payments deficit and the commitments already written into agreements with the IFIs, this problem is likely to last well into the next presidential term.

5. In the course of the current transition and structural adjustment of the economy, the patrimonial exercise of political power by government officials, in close alliance with traditional economic elites, has reasserted itself. Recent denunciations by COSEP of a "lack of transparency" in the privatization of state enterprises are only one indication of the ways in which the post-1990 governmental elite has repeated deeply-rooted historical tendencies to use state office as an opportunity for private gain. Worse still, in several sectors of the economy, cronyism in the privatization of state holdings has led to the creation of quasi-monopolies, undermining the ostensible goals of structural adjustment. If anything, this tendency is likely to deepen should Arnoldo Alemán become president. His tenure as mayor of Managua has been marked by blatant misuse of public funds for personal gain and political empire-building, and by riding roughshod over the institutions of municipal democracy. Politicians who view government as a springboard for personal enrichment do not easily accept checks and balances to curb abuses of power.

The enduring character of these underlying problems suggests that, in the best of circumstances, Nicaragua's democratic transition will be a difficult, long, drawn-out affair. Many years will be required for the hatreds engendered by revolution and war to die out, for Nicaraguans to acquire faith in government's ability and willingness to come to their assistance, and for the country to put its economy on a self-sustained footing that maximizes local control over key economic decisions and minimizes externally-imposed constraints.

The tenaciousness of underlying problems suggests as well that institutional reforms by themselves are not a panacea for Nicaragua's political ills. The package of constitutional amendments being fought over in mid-1995 represents an essential pre-condition for democratic institution-building. But reform of the Constitution is only a first step. With amendments to the constitutional charter as a legal basis, reformers must go on to strengthen the investigative and oversight capabilities of the Assembly and the Comptroller and undertake a thorough overhaul of the judicial system if abuses of power by the executive branch (including the military and security apparatus) are to be contained and reduced. These are clearly long-term battles, requiring both political will and resources devoted to strengthening independent branches of government. In the face of the trends just delineated,

reformers will encounter both entrenched resistance from vested interests and serious public indifference to their efforts.

RAPPORTEUR'S REPORT

Panel I: A Framework for Discussion

Robert Leiken

Dr. Robert Leiken, a visiting fellow at Harvard University's Center for International Affairs, described how differences regarding U.S. policy in Nicaragua during the Cold War came to embody left-right controversies within the United States. In the 1980s, nearly 10,000 news stories were devoted to Nicaragua. *Foreign Affairs* described it as the single most divisive issue in the United States since the Vietnam War, and the passion it aroused among Americans demonstrated that it was more than a foreign policy issue in the United States; it was a cause that embodied the contentions of the historical period between Vietnam and the end of the Cold War.

The Sandinista defeat in the 1990 presidential elections shocked experts, activists, and the press, who had believed that the Sandinistas retained a broad base of support. Violeta Chamorro and the UNO campaign repeatedly drew parallels between the electoral defeat of the Sandinista government and the fall of totalitarian regimes in Eastern Europe, suggesting that her victory signalled the end of a totalitarian system and the beginning of democracy. Yet shortly after UNO came to power, it was announced that the Nicaraguan army would remain under Sandinista leadership, and that Sandinistas would retain key government positions as well as entitlements to economic resources. Ultimately, the Nicaraguan congress and the judiciary came under the power of a coalition of Sandinistas and Chamorro supporters.

Leiken cited the Nicaraguan case as an example of the complex nature of possible outcomes during the transition period after the Cold War, which has been characterized by political struggles in which lines are not clearly drawn and personalities often cut across political lines. In Nicaragua, divisions exist within both the Sandinista and UNO parties. The congress supports democracy; the army is reactionary, yet reactionary forces also have democratic allies. Broadly speaking, contemporary post-totalitarian transitions involve a conflict between those favoring democratic outcomes and those who wish to find a middle ground between the old regime and a new order. Leanings previously defined as belonging to the left or right often coexist within these camps. For instance, proponents of "gradualism" or "reconciliation" do not propose a return to communism. Both sides accept some form of capitalism within a superstructure comprising authoritarian elements, a privileged role for the military, and a nationalist foreign policy. In effect, left has become right and right has become left in Nicaragua.

In assessing its policies toward Nicaragua, the Clinton administration has expressed a commitment to promoting democracy in the country. It would be a tragedy if the United States again became an accomplice to the rise of another Nicaraguan dictatorship. It is therefore imperative that the United States avoid viewing Nicaraguan politics in old-fashioned left-right categories so as to prevent the misconceptions that characterized U.S. views prior to 1990 elections.

Jennie Lincoln

Dr. Jennie Lincoln, a visiting associate professor at Georgia Technical University and the former Associate Director of the Carter Center's Latin American Program, focused on the Esquipulas plan and the elections of 1990. The Esquipulas agreement provided multilateral verification mechanisms for the demobilization and electoral processes. The decision tc use the OAS and U.N. Secretaries-General rather than the institutional bodies themselves demonstrated the Latin American penchant for personalistic politics. Trust was placed not in institutions but in individuals. Placing decision-making power in the hands of the Secretaries-General also worked to remove the bureaucratic constraints of having to go through the Security Council.

Several mistaken assumptions were made about the Esquipulas peace process. On one side, the U.S. government believed that the Central American plan would ultimately fail, despite the widespread electoral observation and monitoring by the U.N., the OAS, and the Carter Center. However, domestic actors also made incorrect assumptions. The FSLN was so convinced of its victory that it failed to develop a back-up plan in the event it lost the elections. Meanwhile, UNO questioned the likelihood that it would win the elections and therefore had no back-up plan in the event of its victory. Anecdotal evidence points to an abundance of misperceptions and misconceptions from all sides -- the FSLN, UNO, the United States, the international observers, and the contras.

The objectives of the Carter Center were to maintain open communication with all sides, remain neutral and objective, and remove itself from partisan politics. President Carter met with the contras before the elections to insist on their demobilization regardless of the election results. During that same conversation, however, Comandante Franklin insisted that no matter who won, the contras would continue to fight. The meeting cast doubt on the success of the elections, as it became evident that the contras had no faith in the electoral process at that point (the end of January). However, as the elections neared, at the end of February, the contras were actively campaigning for UNO in the countryside. The UNO coalition downplayed their support because for fear that being identified with the contras would hurt them politically. Meanwhile, the FSLN promoted the idea of a close alliance between the contras and UNO.

The election was an historic event in Nicaragua. In 1984, 75 percent of the eligible voters voted; in 1990, 86 percent or 1.5 million people voted. Yet on election day there was a certain solemnity and silence among voters. It became evident, at about 9:30 p.m. on election day, that there was a 15-point spread in the electoral results. The vote was overwhelmingly for UNO. Two nights after the election, a private meeting took place between representatives of both sides to discuss critical issues surrounding the transition: the ownership of land and property, the military, the contras and demobilization.

Because the FSLN had not prepared to lose and UNO had not prepared to win, there was deep uncertainty about the nature of the transition that would take place. One of the uncertainties was due to the challenge that faced the Chamorro government, which had to begin to function with virtually no infrastructure.

One misconception was the belief that the contras would not return to Nicaragua. Instead they returned in droves. The U.N., assuming that the contras would remain in Honduras, chose to deal with them in Honduras and left the OAS to address the contra issue in Nicaragua. Estimates as to how many contras would require repatriation and re-integration into Nicaraguan society varied greatly. Ultimately, the OAS dealt with nearly 128,000 individuals, combatants and families, who returned to Nicaragua. Their repatriation took an immense effort and many complex negotiations.

Another important misperception within the international organizations was the failure to recognize the significance of placing an OAS organization inside of Nicaragua that was wholly funded by the United States. Having funded the contras during the Nicaraguan civil war, the United States felt an obligation to aid in their resettlement. However, by funding the Committee on International Support and Verification (CIAV), its mandate became determined by the United States, which meant that the clients of the CIAV were the contras. A misperception also surrounded the role of the CIAV, and the decision by the OAS not to have a public relations campaign explaining the CIAV mandate led many to question the commission's purpose, identity and functions.

The new Nicaraguan government had hoped the contras would melt into the countryside and not pose a problem. Instead, the government eventually faced the rearmament of the contras, the former military, and a new group of both, the *revueltos*. It is also important to ask consider that the military is still officially named the *Ejército Popular Sandinista*, not the Nicaraguan armed forces.

Lincoln emphasized the need to consider how strategies might be developed to promote national reconciliation within a democratic context, after a dramatic shift in government that continues to be challenged by extremely powerful political and economic actors.

Arturo Cruz

Dr. Arturo Cruz, Alternate Executive Director for Central America and Haiti of the Inter-American Development Bank, held that the deep distrust of politicians that characterized public opinion throughout recent Nicaraguan history necessitated holding a plebiscite to canvas public opinion on the main issues dividing the country. At present, the major source of that distrust is the unwillingness or incapacity of the army and police to detain those who assassinate public leaders or campesinos and who vandalize production. This failure of control has undermined the credibility of dialogue and possibilities for national reconciliation.

Despite difficulties, consensus must be achieved in order to address the potential instability provoked by the extreme poverty in the country. Nicaragua has been subject to more than 16 years of national instability because of policies that allowed the country to become an asset to both sides during the Cold War, and because of the adverse international economic conditions suffered by all of Latin America during the 1980s.

Cruz pointed out that Nicaragua is presently ill-prepared to coexist effectively in an increasingly interdependent region that has embraced two tenets of the new world order: the need to become efficient producers of goods and services, and the need to achieve good government. The proposition that foreign aid and structural adjustment economic measures must be complemented by political reform has been unequivocally demonstrated. Economic or technical modernization will be impossible in Nicaragua without political modernization. Immediate actions toward minimum consensus, however, must precede all of the above or the entire nation might perish.

Cruz grouped the problems into three categories. The first comprises issues dealing with immediate survival and demanding emergency action. Rapid disbursement of loans to farmers for the agricultural year and for the widening informal sector are urgently needed. In order to be effective, a program of this kind would require that government and donors extend its benefits to everyone, thus preventing its political manipulation by third parties.

Problems in the second category demand short-term solutions that will permit economic growth. An adequate amount of domestic and foreign private investment to ensure normal volumes of production and export can be achieved if the army and police effectively protect the lives and property of farmers and urban businessmen.

The third category includes issues that have to be resolved in order to work toward sustained economic growth and democratic peace. Demographic explosion as a result of poverty and the destruction of natural resources are two issues that have been neglected due to political infighting. Other issues include the danger of

Nicaragua becoming a transfer point for drugs due to its geographic position, poverty, and weak police force.

Cruz recommended that the government enact appropriate laws and request international assistance to hold the 1996 elections under norms of "reality, firmness, and transparency" in order to ensure that all citizens have the opportunity to elect and be elected. Foreign observers should again be included as in 1990. Other measures requested by civil society that also require first priority include instituting legal reforms to ensure an effective system of checks and balances; strengthening the judicial system and human rights institutions; reforming the army and police forces to divest them of all partisanship; and working toward the goal of total demilitarization, enforcing efficient public service; and massive educational, financial, and technical cooperation to foster production.

In conclusion, Cruz underscored the need to provide protection and financing to producers, as well as political reassurance to the opposition. Political parties across the spectrum and all Nicaraguans of a fair electoral process in 1996.

Richard Millett

Dr. Richard Millett, a Senior Research Associate at the North-South Center based in Miami, Florida, described his first visit to Nicaragua and recalled the numerous ways in which the Nicaraguan dictatorship failed to fit traditional categories. Foremost was the persistence of an organized opposition despite authoritarian rule. People who had attempted to overthrow the Somoza dynasty continued to walk the streets and sell their publications.

According to Millett, Nicaraguans have been obsessed with foreign roles and influence and are preoccupied with their history, especially with U.S. involvement in it. A sense has pervaded Nicaragua that the United States keeps a close eye on events within the country; yet an incredibly low level of knowledge of Nicaragua has persisted in the United States. This dualism was exploited by the Somozas, who were able to play up the idea that the United States supported their policies.

Millett also pointed out the uniqueness of the Nicaraguan military, which has never been institutionally independent but has always formed part of partisan politics. Originally, it was created by the intervention of the U.S. Marine Corps in Nicaragua. It then became the instrument of a family dynasty, and subsequently the instrument of a dominant political party. Never has it operated as an independent institutionalized military; this makes it difficult to analyze the Nicaraguan military with traditional tools. Another of its unique features over the last three quarters of a century has been its intimate ties to the police. A clear distinction has never been made between police and military functions. Over and over again, the Nicaraguan military has been used to enforce internal security.

According to Millett, a tradition of loyal opposition has been absent in Nicaragua. Unlike the Dominican Republic, Haiti, El Salvador, or Guatemala, Nicaragua has always had a legal, functioning, structural opposition. The Somozas allowed it to operate above ground in order to control it. Thus, there has always been a conspiratorial side within this opposition that operated separately from the above-ground opposition. A dualism always persisted: you might play the game above ground, while you conspired below. As a result, nothing resembling a loyal opposition formed part of the Nicaraguan political landscape.

Unlike El Salvador, Nicaragua has a lot of good land and, unlike Honduras, its soil is rich, underutilized, and fertile. Despite this richness, the country's population is centered in cities, and Nicaragua has been and continues to be the most urbanized nation in Central America. It is 60% urbanized, yet its capital has not been rebuilt since the major earthquake twenty years ago. Nicaragua remains an urban society with a semi-destroyed center.

All sectors of Nicaragua have been affected by recent events. The country's entrepreneurial class has been damaged; its capital accumulation is largely gone, partly because much of it was concentrated in the hands of the Somozas, partly

because of the economic disaster of the last twelve years. Unlike other areas hit by disaster, there is little domestic investment in Nicaragua. The country's industrial base has been shattered by the combined impact of the earthquake, the fighting, and the economic crisis of the last decade. The country's infrastructure is run down and its economic base has been undermined.

The country is also facing a massive ecological crisis. Although Nicaragua has abundant land, it also has serious water problems and faces the threat of climactic changes that could jeopardize its future. Millett emphasized how focusing on the past may prevent Nicaraguans from confronting these problems, and might allow the global economic revolution to leave them behind. He concluded by describing the ways in which Nicaraguans are changing: they are emerging from their obsession with the past and, because of declining world interest, beginning to understand that the future is in Nicaraguan, not foreign, hands.

Discussion

The Director of the Wilson Center's Latin American Program, Dr. Joseph Tulchin, began the discussion by clarifying the purpose of having three U.S. scholars and Arturo Cruz set the agenda for discussion on Nicaragua. It was not due to an arrogant belief that only North Americans know how to set the agenda for discussion, but rather was done to promote academic distance in establishing the framework for discussion. He also pointed out that all of the speakers stated that the United States forms a part of the framework in which Nicaraguans discuss their politics. The desirability of diminished U.S. interest in Nicaragua is debatable, but the absence of media attention probably permits more effective discussion.

Tulchin spoke of his own experiences studying archives regarding U.S.-Nicaragua relations during World War I and shortly afterwards. It was evident that nothing happened in the Nicaraguan Congress without prior approval in the United States embassy (or so it was claimed by the American ambassador in Nicaragua). The first professional lobbyist for Nicaragua in Washington was Chandler P. Anderson, a lawyer who had direct access to the Secretary of State, the Secretary of Treasury, and the Secretary of Commerce under the Harding administration. This points to the intimate link that has existed for at least eighty years between the fate of Nicaragua and that of the United States. As such, part of building a political consensus in Nicaragua will involve exorcising the devil of U.S. intervention.

Tulchin also emphasized the need to consider the global context when discussing Nicaraguan issues. Nicaragua will need to examine changes in the world economy and system as it considers its reinsertion into the global marketplace. The externalities affecting the Nicaraguan context necessitated opening the discussion with presentations regarding long-range considerations.

From the audience, Arnoldo Ramírez, posed three questions to the panel: (1) Was there an understanding between the United States and Russia that permitted the elections to take place in Nicaragua? (2) Were the election results altered to indicate that Chamorro won by a greater margin, and if so why did President Carter accept that? (3) Was an accord signed after the elections that determined the actions of the new government, and was that agreement mediated by President Carter?

Jennie Lincoln responded to the questions in order. First, discussion between the United States and the Soviet Union took place after the signing of the Esquipulas accords. She then refuted the accusation that the results were, in any way, altered. Last, Lincoln described the meetings that took place after the elections. President Carter met with President Ortega on February 27 at 11 p.m. in the presence of Antonio Lacayo, Alfredo César, Humberto Ortega, Jaime Wheelock, and Joaquín Cuadra. During this meeting, Carter comforted Ortega on the loss of the election. On the day following the election, President Carter and his staff met with Daniel Ortega and representatives from the U.N. and the OAS. President Carter

encouraged Ortega to contact Mrs. Chamorro. Contact was made, resulting in the photograph of Ortega and Chamorro that made headlines. President Carter also met for breakfast with Antonio Lacayo and Alfredo César, whom he pressured to make some kind of declaration regarding the transfer of power.

The meeting to which Ramírez referred took place when President Carter invited UNO and the FSLN to send representatives to meet at the Carter Center mission headquarters in Bolonia. Antonio Lacayo and Alfredo César attended, as did representatives from the FSLN. According to Lincoln, no accord was signed. An informal conversation took place in which President Carter outlined issues he felt were important to discuss. He then encouraged conversation between the parties in order to begin the process of transition. They began to discuss a framework for the negotiations to facilitate the transition, defining times and places to meet as well as issues to discuss.

An audience member questioned the unprecedented nature of having an electoral observation mission mediate in this manner. Lincoln concurred that she knew of no other instance in which this kind of mediation had taken place, and pointed out that it was also the first time that President Carter had brought the parties face to face.

Nina Shea, of the Pueblo Institute, challenged Lincoln's assertion that no deal had been mediated by Carter on military or property issues. Lincoln reiterated that no deal had been made either directly after the elections or during subsequent days.

Richard Millett highlighted the historical importance of the 1990 elections, the first time Nicaragua had experienced a peaceful transfer of power via elections. The closest Nicaragua had ever come was in 1928, but that transition was facilitated by the U.S. Marines occupation of the country. He reminded the audience that the U.S. election of 1876 had resulted in numerous negotiations between parties to address issues related to the military. Striking deals in order to facilitate the transfer of power to a civilian authority not enthusiastically supported by the military is not unprecedented and is not necessarily imposed by external forces. Elections may have set a framework in Nicaragua, but they did not resolve the many issues associated with a transition.

While recognizing the right to criticize the making of deals, Millett asserted that it is absurd to claim there should never have been any deals, and it would be incorrect to assume that the deals were imposed by foreigners. The discussion was left in Nicaraguan hands. Suggestions made as to what issues should be discussed could easily be misinterpreted as interference in a country plagued by a history of intervention. Given the difficulty of achieving a peaceful transfer of power, it should not be expected that this transition would take place without error.

A member of the audience drew a parallel between Abraham Lincoln and President Chamorro, pointing to the criticism President Chamorro faced because of

her reconciliation policies. The question of whether or not she was being too charitable to the opposition should have framed the discussion. Arturo Cruz responded that while it was nonsense to claim that Chamorro had sold out, it was legitimate to ask that she should treat parties more equitably and that there should be less impunity. However, Chamorro continued to enjoy the love and respect of the Nicaraguan people. Robert Leiken pointed out that demilitarization as well as national reconciliation were clearly mandated by the results of the 1990 election.

The assistant military attaché for El Salvador asked Cruz whether he would consider the Salvadoran peace process as a model for the transition in Nicaragua. Cruz responded by outlining the elements that differentiate the Nicaraguan context from that of El Salvador: (1) the economic situation in El Salvador benefits from significant remittances from Salvadoran refugees living in the United States. These remittances amount to $1 billion per year, while Nicaragua only receives $100 million per year; (2) El Salvador has continued to receive economic assistance throughout its war, while Nicaragua suffered from the combination of an economic blockade, no financial assistance, the effects of unfavorable economic conditions internationally, and the impact of natural disasters; and (3) the Salvadoran resistance has displayed an admirable willingness to participate in a negotiation process.

Larry Storrs from the Congressional Research Service pointed out that there are varying conceptions of democracy, and that much of the conflict in Nicaragua revolves around the question of whether or not democracy means excluding the opposition. Arturo Cruz responded that placing all actors at the same level was indispensable in establishing national reconciliation, but that was not the case when one political sector continued to have access to the use of force. Richard Millett added that democracy means losers still have rights, and that one has the potential and effective remedy for violations of rights by the state; therefore, distrust of the police and the military undermines democracy. Nicaraguan democracy is also adversely affected by a constitution that does not provide for interim congressional, local, and other elections. Not only does Nicaragua lack a tradition of accountability, it also has no way of publicly expressing interim satisfaction or dissatisfaction.

Robert Leiken emphasized that the issues surrounding democracy in Nicaragua have to do with the subordination of the military to civilian control and with transparency. The judicial branch was simply not functioning effectively, resulting in impunity for the army and police. The need for constitutional reform has been evident, yet only cosmetic changes have been made. There is also no real separation of powers in Nicaragua, especially because of executive interference in the legislative branch. The question in Nicaragua may be whether or not the *winners* have rights. Despite increased freedom of expression, real problems persist that undermine confidence in a solid transition to democracy.

Emilio Alvarez Montalván, President of *Grupo Fundemos*, enumerated some aspects of Nicaraguan political culture that might aid in understanding

current events there. In Nicaragua there is (1) an authoritarian, centralized, and personalistic concept of power; (2) a view of the family and elitism as the organizing principles of society; (3) a preference for secret pacts rather than institutionalized agreements; (4) a belief that the state is a legitimate source of wealth and that political office should be used as a means for personal enrichment; and (5) a distorted concept of the military as the most important element of social order and power.

Another member of the audience pointed out the difference between democratic institutions and democratic values. Latin America has a history of written constitutions despite difficulties in consolidating democracy. Considering that the kinds of issues in Nicaragua -- privatization and redistribution of land, independence of the judiciary branch, and relations with the military -- are dealt with constitutionally, he asked Arturo Cruz how he viewed the prospect of fundamental constitutional reform in Nicaragua and whether the cyclical tradition of pacts between losing powers can be reconciled in a constitutional democracy.

Cruz responded by recognizing the need to review the Nicaraguan constitution and develop mechanisms to strengthen the country's system of checks and balances. He expressed optimism regarding the implementation of such reforms.

Panel II: Obstacles to Political Consensus and Economic Growth

Xabier Gorostiaga

Dr. Xabier Gorostiaga, Rector of the Central American University in Managua, made his presentation from the perspectives of a university president, an economist, a priest, and a Nicaraguan member of the Inter-American Dialogue. From these four perspectives, Gorostiaga derived one message: neither peace, nor democracy, nor development, nor conservation of natural resources will be achieved if Nicaragua does not first overcome massive and growing poverty. Poverty in Nicaragua is higher today than at the end of the 1970s, or during the worst moments of the war: 70 percent of the population lives below the poverty level, and 60 percent is unemployed.

Gorostiaga proposed addressing poverty in Nicaragua with a strategic program that he termed the *finquero* or "farmer" program. The program is designed to affect 70 percent of agricultural production, 42,000 farm-owning families, and 120,000 rural families working as salaried workers, merchants, transporters, and in rural industry. The above comprise rural enterprise in Nicaragua, which encompasses 25 percent of the total Nicaraguan population (or approximately 1,070,000 inhabitants), 70 percent of the agrarian GDP, 30 percent of the national GDP, and 75 percent of the rural population.

Farmers in Nicaragua have the potential to become the basis for reactivating economic development in the short term, consolidating social and democratic stability, and arresting the environmental crisis. They also have the capacity to initiate the reversal of the ecological crisis, because 30,000 of their farms are located in the agricultural areas that are threatening the tropical rain forest.

According to Gorostiaga, the potential of this sector is being blocked by four factors: (1) the rigid monetary stabilization policies imposed upon Nicaragua by the international organizations, as well as the strict adjustment policies of the economic cabinet; (2) the inadequacy of institutional structures; (3) the fall in their products' prices in the international marketplace; and (4) the vicious cycle of growing poverty and political polarization in the postwar period that prevents the stability and governability that economic reactivation requires.

While the entire production sector has been adversely affected by structural adjustment policies in Nicaragua, 3,000 agricultural enterprises have monopolized access to the decision-making centers and have absorbed most of the financial and informational resources. In the meantime, 42,000 farmers have been excluded from decision making, the use of resources, and institutional training. Despite their contributions to fighting *Somocismo*, the Sandinista agrarian reform failed to incorporate the bulk of Nicaraguan farmers. While the reform affected almost four million hectares of land and dedicated enormous resources to the countryside, it concentrated them in the state property areas and in collective associations while

ignoring the individual farmer. As a result, many joined the contra movement and became its social base; they suffer the bulk of the war's social and material destruction. Yet, even now with the end of Sandinista government, their demands continue to be ignored.

The failure to incorporate these farmers into a genuine democracy may become the country's key obstacle to governability, productive restructuring, and economic reactivation. Rearmed groups of *recompas*, *recontras*, and *revueltos* can either become a key to democratic reactivation and sustainable development or the major threat to Nicaragua's future. The UCA and its economic institute, NITLAPAN, have presented a program to the government as a contribution to the national dialogue. It integrates seven projects involving rural enterprise financing; infrastructure and housing; development of new exportable production; creation of local savings, credit and service organizations; individual property titling; intensive training of human capital, and ecological recovery.

A second strategic axis is a program for the marginalized and urban informal sector. This sector swelled after the country's agricultural production sector proved unable to absorb the massive demobilization of nearly 100,000 members of the Sandinista armed forces, police, and National Resistance. The crisis in the farming sector and the two internal wars have resulted in mass rural-urban migration to Managua and the department capitals. A postwar "baby boom" has brought population growth in Nicaragua to 3.8 percent, thus exacerbating the situation.

The urban poor do not have the social support network provided by traditional peasant communities in the countryside. Structural adjustment policies have led to widespread unemployment, which has promoted an "every person for him- or herself" survival strategy among the urban poor. This strategy, in turn, provides a propitious breeding ground for increased crime, drug-dealing, and prostitution. It also fuels undocumented migration to the United States, which has become not only a safety valve but a source of funding through family remittances. Yet migration and remittances are threatened by increasingly restrictive U.S. immigration policies.

A third strategic axis is the productive sector, which has been marginalized by the economic policies of both the Sandinista and UNO administrations. The Sandinistas concentrated on the public productive sector, while the current government has been concentrating financial resources on service and commerce. The latter has recycled international aid with increased imported consumer and luxury goods, resulting in a sponge economy that lacks productive backward linkages to the farming sector, industrial enterprises, and microenterprise. An unsustainable balance-of-payments deficit has been generated by the rapid escape of international aid from the country in the form of new non-productive imports.

The reactivation of the large productive sector demands that a substantial portion of external aid be dedicated to the reconversion of the agricultural and

industrial sectors through product diversification such as the cultivation of sesame seeds, sorghum, bananas, cattle, and nontraditional crops, marine resources, and tourism. Such a reconversion would need to be done within the framework of the preferential treatment granted Nicaragua by the new integration process of the Central American Group of Four. It would also require the implementation of a regional package for the Central American geo-ecological zone, which would provide for the use of common resources and forests.

The principal beneficiary of a farmers' and urban industrial reconversion plan would be the private productive sector. It would gain from new domestic demand which would permit the agro-industrialization of production and facilitate the creation of a national economic strategy. Such a strategy should be the main outcome of the national dialogue and should be based on political stability in order to obtain long-term investment of domestic and foreign capital in Nicaragua. Nicaragua remains a country with tremendous economic potential, as evidenced by the fact that it held the world's highest sustained annual economic growth rates (6 percent) for almost twenty years (1960-77).

Gorostiaga outlined the three most important internationally recognized achievements of the Chamorro government during its first three years: (1) the end of the war and the demilitarization of Nicaragua, which resulted in the demobilization of over 80 percent of the combatants and a process of civilian control over the army; (2) the reduction of the highest inflation in Latin America to the lowest and the stabilization of currency (although achieved at the monthly cost of U.S. $30 million in support from the Central Bank and at the risk of not being able to maintain it without the reactivation of national production); and (3) the normalization and improvement of relations with the other countries of Central America, especially through the formation of the Central American Group of Four. However, these accomplishments will be endangered if a new phase is not initiated to consolidate them and create the social and material foundations of democracy.

The crisis in Nicaragua had reached its worst point and has led all but the most recalcitrant minorities to seek dialogue and reach a national solution. The crisis of Nejapa and Xolotlán (the total drying up of a lake near Managua and the lowest level in the history of Lake Managua) points to the seriousness of the ecological crisis in the country. In addition, renewed U.S. aid and international support has generated the awareness that this could be a last chance for dialogue before total social disintegration in the country.

Some obstacles need to be analyzed as part of the national dialogue in Managua. These include the national ethical crisis, property issues, the army, and constitutional reform. But some factors, which are a mixture of external and internal elements, also require a change in international attitudes. These are:

1. The lack of an economic program and reactivation strategy, due to the technocratic, short-term vision of the economic cabinet. An even greater obstacle

can be found in the absence of a regional vision and postwar reconstruction program as recommended by the Sanford Commission and the quadruple conditionality imposed by the international institutions (World Bank, IMF, IDB, and AID). The application of strict adjustment policies has blocked the creation of a program that responds to the characteristics of a politically polarized nation destroyed by two decades of war. The failure to consider the complexity of the Nicaraguan situation has hampered the country's progress toward peace, democracy, and economic recovery. The economic straitjacket imposed by these policies has obstructed domestic consensus.

2. Washington as a polarizing factor in Nicaragua. Suspension of U.S. aid had a significant political impact by encouraging right-wing groups to pressure the Clinton administration, with the support of Senator Helms and the U.S. right, to impose conditions on the Chamorro government. The renewal of U.S. aid and international support through the Paris Club has also had a political impact, as evident in the new, more flexible attitudes toward national dialogue. In the post-Cold War context, the Clinton administration has the opportunity to begin a new era of policy toward Nicaragua. The normalization of U.S.-Nicaragua relations is important to democratic consolidation and economic reactivation in Nicaragua. Such a normalization would include accepting *Sandinismo* as an electoral political force. The State Department's acceptance of previously hidden facts revealed by the U.N. Truth Commission to El Salvador may point to a greater willingness on Washington's behalf to analyze its policy in Nicaragua and the rest of Central America during the last decade. Washington should objectively analyze the July 1986 verdict of the International Court of Justice in The Hague on Nicaragua. Recent statements by U.S. officials are encouraging and display a new attitude toward Nicaragua that Nicaraguans should take advantage of.

3. A solution for Nicaragua must be congruent with its regional context. Central American integration is making progress, but the geographic location of Nicaragua at the region's center makes its instability a threat to the integration process. The current process has also failed to incorporate the great majority of civilian society. Gorostiaga proposed the integration of Central American farmers who, as the region's majority productive sector, have the capacity to restructure and change Central American production. The recent crisis of the European Economic Community points to the need for the support and effective vote of the majority of the population who should feel part and beneficiaries of the integration process. The current process only involves regional elites and is directed outward: 80 percent of trade relations are outside the region and less than 20 percent are regional. Such an outward-directed process will disintegrate the national and regional production fabric and lead to the loss of the competitiveness that can provide a genuine base for long-term sustainable development.

4. The consolidation of the Enterprise of the Americas Initiative and rapid progress in the creation of a great megamarket of the Americas, in which Nicaragua and Central America are a natural geo-economic bridge between the Northern and

Southern parts of the American continent, as well as between the Pacific and Atlantic Oceans. Investments need to be made in geo-economic stability and in regional economic stability, to build horizontal linkages among the regional productive sectors.

5. Investment in human capital. Recent resolutions by the international financial institutions point to human capital as the key to a new development phase. The formation of human capital and a new Central American generation is the key to overcoming polarization and creating human and technical networks at a regional level. Yet higher education and the creation of a national education system has not been given priority by either the Central American governments or the international agencies, leaving another obstacle to consensus.

Ramiro Gurdián

Ramiro Gurdián, President of COSEP, discussed how, after a ten-year effort by the Sandinista government to put a Marxist regime in place by controlling all means and processes of production, and implementing obligatory military service, the FSLN reached the decision in 1989 to call elections. The party was willing to take the risk because it believed it would win the elections.

In the elections that took place on February 25, 1990, the Nicaraguan people voted against the continuation of a Sandinista government. Credit should be given to the successful campaign efforts of Violeta Barrios de Chamorro. The Sandinistas should also be recognized for acknowledging their electoral defeat and handing over the presidency.

The problems of the current government began during the two months of transition, from February 25 to April 25, 1990, when the Sandinistas assumed the ownership of houses, farms, factories, and land titles. These actions, known in Nicaragua as the Sandinista *piñata*, have been classified as immoral and illegal by the private sector.

Three years of the Chamorro government have ended with the alienation of the political, social, and economic forces that brought it to power due to the weakness it has demonstrated in its negotiations with Sandinista parties. So much has been conceded to the Sandinistas that the Nicaraguan government's image both at home and abroad reflects a Sandinista influence. That image has resulted in the government's loss of popular support and various problems with international aid and loans.

COSEP, which considers the achievement of national accords to be of utmost importance, participated in the first round of national dialogue in which they again demanded that the government arrest and bring to justice the intellectual and physical authors of the murder of Dr. Arges Sequeira, Vice President of COSEP.

COSEP also outlined two categories as causes of the war: political causes, which have an adverse impact on production, and purely economic causes.

The first group includes the absence of guarantees to life and other individual rights, exemplified by the impunity of murder and other crimes committed in the countryside and city; the government's alienation of the political, economic, and social forces that brought it to power; the non-restitution of property to its legitimate owners; the reconstitution of the Legislative Assembly's Board of Directors as imposed by the government; partiality among the members of the Judicial Branch; the participation in government of individuals who demonstrate Sandinista militancy; and the continued service of General Humberto Ortega Saavedra as the chief of the armed forces and the excessive role of the military in civilian society.

Purely economic causes include lack of adequate finance and policies to promote the development of agro-industry, industry, commerce, and construction; excessive military spending at the expense of other sectors, such as housing, education, and health; elevated production costs -- high taxes, high interest rates, excessive public services, excessive bureaucracy, and low production by labor; alarming levels of contraband that adversely affect the private sector and impede the government from capturing resources necessary for the effective implementation of social programs; unfair economic competition by the Sandinista Popular Army with the support of the government, especially in construction and commerce; absence of a general framework and policy of support to small industry during the period of transition; absence of social security in which the principal element, the INSSBI, has become a tax on production; excessive taxes; and excessive real interest rates.

These all point to the need for a national program designed to support production and resolve problems that affect it. Nicaragua is probably America's poorest country, exporting only 230 million dollars while importing at a level of 750 million dollars. As such, the country depends on international aid through donations or long-term credit. The international community has been generous with Nicaragua, but has also made it clear that Nicaragua must renew production and become self-sufficient in the short term. Nicaragua's problems stem from the lack of production and lack of employment. Only increased production will create the jobs that are necessary to improve the Nicaraguan standard of living.

Increased production requires a clear and precise respect for the right to property, a judicial system that inspires trust and safety, an executive power that implements monetary as well as fiscal policies oriented toward increasing production, and a police force and national army that grants personal safety, the safety of property, and the strict application of the law.

An official document was presented to COSEP by the government that proposed national dialogue, and recognized the need for constitutional reform, the resolution of the problems within the National Assembly, the absolute respect for human rights, the strengthening of the judicial branch and the transformation of the armed forces (police and military), the resolution of poverty, and the reduction of the size of the state.

According to Gurdián, the document has given the private sector new hope of finding solutions that will benefit the Nicaraguan people.

Shirley Christian

Shirley Christian, former *New York Times* correspondent, argued that the fact that Nicaragua has no experience as a nation is the main root of its contemporary crisis. While Nicaragua faced the challenge of building a nation from scratch when Somoza fell in 1979, the challenge is more daunting today because of reduced economic capacity and human skill.

Nicaragua faces a worse crisis than other Central American countries in transition because it is emerging not only from war but from a period of socialism characterized by corrupt and inefficient government. While the period of socialism in Nicaragua was shorter than that in the Soviet Union, the adjustments it has to make in order to create a viable economy and functioning democracy are even greater because of the extent of Sandinista misgovernment. The conflicts surrounding property ownership are one example of a case in which Nicaraguan socialism left a more complicated situation than that faced in the Soviet Union. While Socialism in the East had been in power too long for anyone to pretend to retrieve property, Nicaraguans retain their losses in recent memory and apply the same passions to regaining them that they apply to politics and war.

The Sandinista government not only destroyed most of the wealth and capabilities of Nicaragua, but also the country's work ethic, and cultivated the idea, from the top down, that all Nicaraguans were owed a living by someone else. This idea was also reinforced by the contras under the tutelage of the CIA. The great majority of Nicaraguans have lost an understanding of what it takes to create wealth and jobs, and instead think in the short term, seeking to turn quick profits. Both ex-contras and government ex-soldiers who demand land from the government do so in order to sell, rather than farm, it.

Christian expressed her belief in the importance of great individuals in the creation of viable nations. Mrs. Chamorro filled that role to the extent that she was able to unite forces and achieve election. Many of her supporters feel she was the only person who could defeat Ortega. However, anti-Ortega sentiment was strong enough to have permitted the victory of another strong candidate. Mrs. Chamorro was in danger of being unable to complete her term because she had not proven a strong enough executive to meet her goal of uniting conflicting parties in Nicaragua. Political support for her was precarious enough that circumstances could arise whereby she would decide to step aside before the end of her term.

While Antonio Lacayo was capable and efficient, the fact that he was not the elected president and does not have broad political experience works against him. He remains, however, the only individual in Nicaragua who has the chance of rising to the level of statesmanship necessary to guide the country to a better future.

Rumors have arisen in Nicaragua of an alliance between Lacayo and General Ortega and other Sandinistas. Many Nicaraguans view this as a possible alliance for

the next elections. The victory of such as alliance would allow Sandinistas to retain influence and therefore is the source of many Nicaraguans' distrust of the government. The crucial test will be whether Lacayo is capable of handling the situation as a statesman or whether he will succumb to personal ambition.

Sandinistas seem determined to share executive power despite losing the election. This is due to a tradition in Nicaragua that one must be part of the government or have access to it in order to protect privileges and opportunities. People have a sense that they will be excluded economically and/or politically if they are not part of the circle in power. Many fear that without access to power they will be unable to find markets for their products or obtain credit. Ultimately, the Sandinistas have not allowed the present government to govern because they fear that they will be denied economic or political space.

Instead of promising a government in which nobody is excluded, Chamorro and Lacayo would do better to focus on creating neutral rules of the game that would allow people to feel that they can leave the government without starving, losing their career, or losing their business.

In terms of U.S.-Nicaragua relations, Christian argued that while Nicaraguans have become adept at convincing Americans that they have a responsibility to resolve problems in Nicaragua, the United States should not feel responsible for all of Nicaragua's difficulties. It is time for the United States to stand aside, by supporting democracy and providing some financial aid, but allowing the real work to be done inside of Nicaragua. The United States should not directly involve itself in the property rights issue. While it might support the concept of the return of property, the United States should not micromanage it and insist on special treatment for those who have become U.S. citizens.

Christian criticized the absence in Nicaragua of the xenophobia or nationalism that has contributed to the sense of nationhood prevalent in Chile and El Salvador. Instead there is a tendency to turn to external sources of money to further groups or individuals' causes, thereby neglecting the country's economic reorganization. Nicaraguans have to be forced into making their own choices toward resolving their own problems.

Daniel Nuñez

Daniel Nuñez, President of the National Union of Agricultural and Livestock Farmers and Sandinista Representative to the National Assembly, discussed the need for economic democracy in Nicaragua. While the meeting of different sectors of Nicaragua in Washington inspired faith and hope in the reconciliation process, a forum to discuss economics, and not just politics, would have been helpful. The peasant base of Nicaragua, from both sides of the political spectrum, seek not only political democracy but economic democracy joined to social justice.

Nuñez argued that the problems in Nicaragua can be traced to a history of intervention which has generated a culture of political confrontation in the country. The United States contributed to this culture, not only in Nicaragua where it supported Somoza, but in its support for various dictators throughout the region. It is imperative, as a new era begins, that the U.S. Congress develop a kind of "perestroika" in Latin America by defining a policy of change in the region.

While Nicaragua is rich in natural resources, its best resource continues to be its people, both the peasantry and members of the business community. Yet Nicaraguan products have never been given fair prices in the marketplace. The value of its products decreases daily while the costs of its imports increase. The costs of machinery, fertilizers, and agro-chemicals increase, reinforcing the continued primitive cultivation of coffee, cotton, beef, and basic grains.

Historically, Nicaraguan politics have been exclusive. President Chamorro has decided to form a government that is based on national reconciliation and does not exclude certain sectors. Her efforts represent a recognition that all sectors have committed mistakes but that the past can be left behind in order to begin a new era. In the last three years, 350 people have lost their cooperatives and more than 40 children have been killed in confrontations. The papers and television networks have not publicized this because the life of campesinos is not much valued in Latin American countries.

Nuñez compared Nicaragua to a patient in the waiting room of an intensive care unit. It has suffered ten years of war, embargo, blockades and de-capitalization. Yet Nicaraguans remain optimistic. Seven private banks have been opened with the support of the international financial institutions (World Bank, AID, Inter-American Development Bank), but they are not providing credit to peasants; credit is not being given for the cultivation of corn or beans, because the banks have a different concept of development. Credit is given for cooperative members and former resistance fighters who sell their lands and in so doing promote the return of the latifundio. Yet in many cases the lands of the latifundios have been completely neglected.

Nicaraguans need to form a coalition that will allow them to work for the good of the country rather than for political parties, a coalition in which extremists

are isolated. Despite the crisis, campesinos are committed to electoral rather than violent political change. They have given their lives in war while others have given ministers who forget the campesinos when they come to power and merely tax them. A new model of society is needed, one characterized by social justice and one that does not exclude labor or campesinos.

The power of the United States is weakened by the persistence of an impoverished Latin America. The fates of the Americas are linked. The development of American countries will proceed, not from China, Japan, or Germany, but by cooperation within the continent. The United States must help Latin America, not only in times of war, but also in times of peace. The hundreds of millions of dollars given during the war led to the deaths of many campesinos; the United States should not abandon the campesinos now. Poverty does not respect borders. If the United States does not change its policies and orient them toward democratizing the economies of Latin America, it will not be able to stop the avalanche of Central American, Caribbean, and South American immigrants to the United States.

Emilio Alvarez Montalván

Emilio Alvarez Montalván, Director of *Grupo Fundemos*, proposed that it is difficult to understand political events in a country without first understanding its political culture, and that it is necessary to recognize and accept one's own failures rather than seek external dragons or protectors to resolve domestic problems. It is important to explain the processes behind the current climate of tension in Nicaragua. Samuel Huntington provides three models of transition: (1) by reform (which begins at the top of the power structure); (2) by violence; and (3) by convention (resulting from accords reached by parties in conflict). According to these criteria, the Nicaraguan case falls within the third category, but with its own unique characteristics.

Several elements distinguish the process of transition in Nicaragua: (1) its initiation by external regional agents (i.e., the Esquipulas group rather than internal mobilizations); (2) the imbalance between the previous FSLN government, with its powerful party and military machinery intact, and the new government, which relies on a heterogenous and lax coalition of fourteen parties without a unified leadership; (3) an economy destroyed by the failure of socialism and years of civil war; (4) a presidential candidate who commands respect and acceptance but who lacks her own political dynamic -- the result of which is that power is concentrated in Antonio Lacayo and this has undermined the credibility of the executive branch and the democratic process; and (5) dependence on external aid that was blocked, further damaging the well-being of a country already lacking a political tradition of stable or strong political institutions.

Five agreements among the various actors in Nicaragua defined the political framework of 1989-90.

1. The Agreements of Olof Palme (August 14, 1989) set the conditions for the 1990 elections to be held on February 25, including external funds and monitoring.

2. The Bambana document (presented on February 14, 1990) requires the candidate of the democratic coalition to honor the proposed government program drafted by UNO, as well as to maintain permanent consultations with the UNO council.

3. The "Transition Protocol" (presented on March 27, 1990) is the FSLN's recognition of its defeat in exchange for retaining its properties, as well as important positions within the military.

4. The Toncontín and Managua Agreements (March 27, 1990 and April 25, 1990) guaranteed the reintegration of the National Resistance into civilian life in exchange for handing over their weapons.

5. A series of agreements known as the "*Concertación* of 1990," signed by union leaders and the government (not by the private sector), established labor rights in

the privatization process in exchange for its cooperation with the government's economic restructuring plan.

Upon their implementation, these agreements were ignored or distorted. First, the new government ignored the coalition that brought it to power by forming a cabinet made up of technocrats and family members. Shortly afterwards, the Vice President of the Republic was stripped of his subrogate duties. Second, mass organizations of the FSLN led to street disturbances that resulted in the burning down of the City Hall in Managua (December 1991) without any action by the police. The events became an excuse for the government to begin a policy of consensus with the FSLN. Next, matters were complicated by an internal struggle among the political elite in power that damaged relations between the Executive Branch and the National Assembly. The conflict resulted in a presidential veto of the popular laws surrounding property and the reduction of military spending.

These events led the government to fashion a new majority in the Assembly, consisting of FSLN Assembly members and a group of UNO representatives who had seceded from UNO allegedly after receiving bribes. In fact, however, the coalition is controlled by the FSLN, which in effect is the governing party.

Adding to this climate of instability were the Mayors' movement, the resurgence of armed groups (former soldiers, former rebels, *revueltos*, and other armed bands), the political assassination of former military members (both Sandinistas and contras), delays in returning confiscated property, low production, accusations of corruption at all levels, high unemployment rates (60 percent), new taxes, and a significant delay in promised disbursements by the U.S. government. Another important fact was the declaration made by the chief of the armed forces (October 27, 1992), who presented himself as an arbiter and announced initiatives that made the Sandinista Popular Army a source of conflict in the country. According to the CIAV-OAS, the government only fulfilled 40 percent of its promises to the Nicaraguan Resistance.

Paradoxically, throughout this period of intense political instability, freedom of the press, organization, and business was maintained as was the control of inflation and a stable currency. In addition, external aid remained generous and fluid (with the exception of the nine-month delay in the disbursement of U.S. funds that resulted from pressures exerted by Senator Jesse Helms). The alliance comprised by the Sandinista Popular Army, the government, and the FSLN, strengthened by control of the Assembly and the dismissal of the comptroller general, grew strong enough at this point to truly represent a co-government. It controls the other three branches, 75 percent of the media, the police, and military power.

The leaders of the democratic coalition (UNO) have remained united, but have failed to achieve extensive participation at the grass-roots level. The parties that comprise UNO are divided into ideological factions that weaken the coalition.

The FSLN has remained obedient to the authority of its National Directorate, but has paid the high political cost of being associated with the current economic crisis. In any case, it has not re-defined its ideological identity and continues to admire Castro, Saddam Hussein, and Khadaffi.

In sum, the Nicaraguan transition has been characterized by chronic instability with periodic crises. Despite this, national consensus on basic agreements has not been reached. A climate of distrust and insecurity persists because of the growing number of unresolved problems. The increasing levels of poverty are intensifying social tensions and crime. An absence of assertive and effective leadership is evident in its continued focus on maintaining the status quo. Problems of discipline among labor and the consequences of populism persist.

The most worrisome element of this scenario is the evident tendency to return to Nicaragua's historic model: an authoritarian executive branch that is isolated and inefficient and that tolerates and supports corruption. Leaders continue to believe that Nicaragua can survive indefinitely on foreign aid. It is evident that the error persists in attempting to make a transition to democracy while linked to an inadequate ally.

For the Clinton administration, the Nicaraguan case presents an old dilemma with respect to the role that foreign aid can play in underdeveloped countries. Should the U.S. give them a blank check or condition aid on efforts toward democratization and respect for human rights? External aid is not decisive for changing the rigid political cultures that characterize the Third World, but if used effectively it can help to modernize basic institutions such as the judicial branch, the system of checks and balances, the police, the military, the modernization of political parties, the role of the comptroller general, and respect for human rights.

Alvarez listed the following as obstacles to achieving democratic consensus in Nicaragua: (1) the alliance among the government, FSLN, and Sandinista Popular Army, which controls all of the state's institutions. This entente resists effecting any reforms that would curb their power. However, without such reform, the problems in production will persist and the possibility of social instability will increase; (2) the lack of a judicial system that is acceptable to all parties; (3) the limited ability of civil society to use civilian means to influence the conduct of the government; (4) the continued implementation of a constitution that was designed in 1986 to promote the Sandinista party; and (5) the absence of clear, uniform, and firm criteria of donors regarding the link between external aid and the processes of democratization and respect for human rights.

Alvarez concluded by quoting Samuel Huntington, "the violence and political instability that is observed in underdeveloped countries on the road towards modernization is due on one side to the emergence of a strong dynamic and new political groups, even as political institutions remain weak." The

incorporation of this concept, applied to each specific case, is the great challenge to external aid programs from countries concerned with democracy.

Carlos Fernando Chamorro

Carlos Fernando Chamorro, Director of *Barricada* newspaper and Sandinista representative to the Nicaraguan National Assembly, discussed Nicaragua's transition to peace. The revolutionary transformations of the 1980s, combined with the policy of military aggression practiced by U.S. administrations, left a devastated and deeply divided postwar society that now hopes for economic improvement.

After her victory in 1990, President Chamorro announced a policy of national reconciliation to put an end to a tradition in which the winner took all, despite the representative strength of the loser. But common goals of stability, democracy, and prosperity have been obstructed by endogenous structural elements of Nicaraguan political culture as well as by exogenous factors linked to U.S. policy in Nicaragua. The problems are intimately linked.

Nicaragua is in the process of building and consolidating its democratic institutions. Achieving a basic political consensus is indispensable to the establishment of a stability that will allow the country to face challenges necessary to improve conditions. The democratic deficit that exists at all levels of society is the most important of the many obstacles that must be overcome in order to achieve a functional consensus and permit nation building.

The democratic deficit is present in the institutional limitations of all political parties, the checks and balances system, the judicial system, the media, local and independent structures of power, human rights groups, pro-business lobby groups, etc. None of the political bodies in Nicaragua is free from the sins of intolerance, *caudillista* temptations, and double standards that create a breach between its rhetoric and its actions. One example of the polarization in Nicaragua is the fact that sectors of UNO are united, not by affirmative proposals of how to democratize society, but in a shared anti-Sandinista sentiment that resists the opposition's political space. The ensuing political polarization has been reinforced by the biased focus of the North American policy in Nicaragua.

The other realm of the democratic deficit is reflected in the growing demand for participation in the decision-making process by newly emerging social groups, including small and medium producers, cooperative groups, women's movements, communal groups, and environmental movements. Their economic and political agendas are not reflected by the political class that is more concerned with the struggle for quotas of power. The participatory deficit, the exclusion of majority sectors, and violence pose the greatest threats to Nicaraguan democracy.

The lack of clear and universal rules of the game poses another obstacle. Their absence is due to the excessive decision-making power exercised by the Executive branch in economic policy even as commitments made in socioeconomic and demobilization accords with these groups are not fulfilled and mutual trust is undermined.

Chamorro emphasized that topics of national interest, such as external aid, should not be confused with party interests and efforts to gain political victories through the manipulation of the nation's economic vulnerability. However, events following the freezing of U.S. aid demonstrate that at least one sector of UNO's leadership insists on this model of behavior.

In a crisis situation, such as that faced by Nicaragua, economic decisions imply political choices. Domestic obstacles and external factors influence the national debate. Domestically, a debate persists regarding the democratization of property and credit for development versus the restitution of an elitist scheme composed by groups in power, similar to the system in place before 1979. Externally, it is imperative to make the conditionality imposed by international finance organizations more flexible because it is producing a recessive adjustment. Nicaragua may not have inflation, but it also does not have production.

The claims of a sector within the UNO coalition against the legitimacy of the actual governing board of the National Assembly is a unique example of the breach between rhetoric and democratic practice. On the one hand, the Rule of Law is advocated, while on the other the decision by the Supreme Court of Justice to restore legality is rejected because it does not concur with political aims. Meanwhile another contradiction ensues as the Congress is reconstituted, in the name of the majority, in exchange for representation quotas, although a majority vote is not possible either arithmetically or politically.

The above points to the fact that, in order to progress in more complex areas such as the constitutional reforms demanded by various sectors, extreme visions of "all or nothing" must be abandoned. By definition, the search for political consensus requires a gradualist approach to identify points of agreement.

Outbursts of political violence associated with the extreme left or right are a dangerous threat to the democratic system. This threat demands an unequivocal commitment by all political forces to censure all acts of violence and join efforts to strengthen the judicial branch and not allow impunity.

The media is often blamed for the country's political polarization, although in most cases they tend to reflect a reality implemented by other actors. Chamorro's personal experience as the director of *Barricada*, which in 1991 ceased to be the official arm of the Sandinista party and assumed the commitment to professional journalism, is that newspapers possess an enormous potential to help substitute the culture of violence with one of dialogue, debate, and citizen participation. Trends toward openness in the Sandinista press are also challenged by trends toward intolerance, but experience shows that after taking the first steps, it becomes impossible to turn back.

Chamorro argued that it would be an error to assume that Nicaragua's democratic deficit can be compensated for by external aid from the United States. This assumption is based on the false premise that some institutions are more pure democratically and therefore deserve support while others should be excluded. This pattern has been evident in AID's programs to aid "democratic institutions" in Nicaragua, i.e., business groups, media, human rights associations, foundations, etc. The tendency to favor some groups over others is a remnant of the Cold War, as aid is conditioned according to parameters of democracy or independence defined by the organization's history of acting against the Sandinista party.

The Bush administration's policies, under the influence of Senator Jesse Helms, introduced another element of extreme polarization to Nicaragua. Blocking 104 million dollars in aid gave mixed signals to the political blocs in Nicaragua. For groups to the right within UNO, it presented the opportunity to manipulate the weakened position of the Nicaraguan government, resulting in a strong campaign directed at shortening the presidential mandate. For the Sandinistas, Bush's endorsement of Helms's arguments was perceived as the prelude to the political persecution of the Sandinista party.

Clinton's election generated new hopes and expectations for substantial changes in policy that would respond to the reality of Nicaragua. However, these changes have yet to take place, and a continuation of the focus inherited from the Bush administration has been observed. The disbursement of 50 million dollars on April 2, 1992, was a hopeful sign for the country, but did not represent a departure from the aforementioned conditionality.

The Clinton administration could make a positive contribution to clearing obstacles to domestic political consensus in Nicaragua simply by adopting a policy of non-interference in the internal political events of Nicaragua. As was recently written by Congressman Lee Hamilton to Secretary of State Warren Christopher, the United States needs to have a policy based on two principles, the first of which is that the solutions to Nicaragua's problems be determined by Nicaraguans in Nicaragua. Chamorro expressed hope that this aspiration would become the foundation for a new policy, based on a permanent and fruitful dialogue, that will allow Nicaragua to overcome the errors of the past.

Discussion

Jared Kotler, of the Washington Office on Latin America, directed his questions to Ramiro Gurdián and Daniel Nuñez. Kotler identified the resolution of the property question as essential to Nicaragua's economic progress, but pointed out that the settlement of the property question meant different things to different people. He asked the panelists to be more specific in terms of what should be done to resolve this question. He also mentioned the link that has been made between the issue of property rights and military reform. He questioned, from a human rights standpoint, the assumption that military and police forces should enforce property rights, and asked the panelists to discuss where the government should draw the line between the need to protect property and the need to respect the rights of people who may have legitimate claims to properties in dispute.

Ramiro Gurdián responded by distinguishing among three kinds of land issues: (1) land over which there is no conflict; (2) land that was distributed under the Sandinista agrarian reform and is now under dispute; and (3) land that was taken and either kept or distributed by the FSLN shortly after the elections (the Sandinista "piñata"). The private sector was not concerned with taking away cooperative lands from the campesinos but with compensating their former owners. The problem of land that was obtained illegally, however, must be addressed in legal terms.

Daniel Nuñez recognized that some abuses did take place when agrarian reform was implemented in Nicaragua, but underlined the need to understand the inequalities and injustices surrounding the past *latifundio* system in Nicaragua and the critical need to democratize land ownership. Progress has been made in the last three years to address problems related to the land issue, but only 25,000 campesinos have received credit. Denying credit to campesinos is a way to turn back the agrarian reform, which would be damaging for the country as a whole, the private sector, and cooperative members. Nuñez criticized the private sector's failure to sign the agreements produced by the government's call to *concertación*. While some abuses took place during the transition, many members of the private sector who did not sign the government agreement have become owners of businesses and benefited from the privatization of state enterprises. Nuñez applauded the progress made to the benefit of private enterprise, but emphasized that the campesinos should not be excluded. Economic democracy with social justice should be sought.

Jorge Salaverri challenged the concept of democratizing land ownership by asking for an explanation of what such a process would entail and what it would imply for the concept of private property. A market system is based on the principle of private property, therefore the absence of private property would prevent economic development in Nicaragua and increase its impoverishment. Ambiguous support for private property undermines investor confidence which in turn exacerbates poverty in the region.

Carmen Diana Deere of the University of Massachusetts asked panelists to provide more information regarding the preconditions necessary for the development of a *finquero* (farmer) model of accumulation and for their reactions regarding the viability of such a program.

Nuñez defined the democratization of land as equal opportunity to obtain credit, technical assistance, the transfer of technology, and training. He underlined the importance of recognizing that Nicaragua is primarily agricultural and that 60 percent of its land comprises small and medium cooperatives. Campesinos remain the key to social and economic stability in the country. They are working together with other sectors to find the road to economic recovery. Before speaking of foreign assistance, capital held abroad by Nicaraguans should be reinvested in the country. Progress is being made and will continue if sectors work together and avoid the political polarization of the past.

Xabier Gorostiaga asserted that the abundance of land in Nicaragua makes titling it a relatively simple task that has not been performed because of a lack of initiative on behalf of the government. The problems of poverty and limited access to credit, technical aid, and training faced by the country's campesino population can be addressed by serious investments in human capital formation in rural areas.

Shirley Christian pointed out the need to avoid confusing credit with grants or gifts, a problem that has been present in Argentina and El Salvador as well.

Another audience member brought up that the absence of guarantees in Nicaragua due to current instability would prevent investor confidence and yet the generation of wealth was essential to improving the country's situation. He asked Alvarez Montalván how he felt about the likelihood of political consensus in order to facilitate investment. Alvarez replied that this rested on the capacity of the government to implement reforms that would promote production.

Ambassador Robert White commended President Chamorro's attempt to form an alliance with the opposition and criticized the efforts of some to eliminate the Sandinistas from the political process. He pointed out that investor confidence will not be promoted until investors sense agreement among the various components of Nicaraguan society.

In response, Ramiro Gurdián argued that he was not advocating the elimination of the Sandinistas, but was criticizing their role, not as an opposition party, but as a part of the actual government. Shirley Christian agreed that the FSLN seems to have a veto on executive decisions and that fact gives the impression that an electoral pact will be forged in the future.

Forrest Coburn from Princeton University asked for a description of how the private sector and the Sandinista party have changed since the 1980s. Ramiro

Gurdián responded that the private sector has not changed because it continues to advocate the same principles of free trade and democracy that it promoted from the beginning. Chamorro stated that various changes had taken place within the FSLN. He described how the party had supported the economic reforms toward privatization and the creation of a market economy, despite the fact that it had once advocated state-run industries. The party has also "democratized" itself by moving away from state control of unions, the media, et cetera, and moving toward public debate and a more open relationship with civil society. It also condemns political violence, despite its roots in a revolutionary movement.

Ken McKay, an investor in Nicaragua, asked Shirley Christian for evidence of the likelihood that his properties would be confiscated, and challenged her assertion about a lack of work ethic on the part of Nicaraguans. Christian responded by assuring him that the confiscation of property bought today is unlikely. What he should be concerned with, she said, was the potential failure of the police and courts to uphold his property rights if a dispute were to arise regarding the title to the land. As for the allegation about work ethic, Christian asserted that while there are many hardworking people in Nicaragua, an attitude prevails that citizens deserve handouts.

Panel III: Achieving Political Consensus

Luis Humberto Guzmán

Luis Humberto Guzmán, President of the UNO coalition, pointed to the need to discuss additional criteria that characterize the essence of the transition in Nicaragua and determine the obstacles to and real possibilities for producing agreements able to stabilize the country politically.

The transition in Nicaragua did not begin in 1990, but in 1979, with the fall of the Somoza regime. The Somoza regime was characterized by authoritarian power resting on the perversion of political processes, and ultimately on the possibility of using force through the National Guard. Political conflicts were resolved by violence or corrupt political processes.

The Somoza regime, which had been in place for fifty years, was overthrown by the Sandinista front and the unanimous participation of the Nicaraguan people in July 1979. The Sandinistas put an end to the artificial bipartisanship that had been imposed by the Somoza regime, recognized the political pluralism that already existed in the country, and removed barriers to the participation of other political parties. *Sandinismo* allowed a relative opening of the political process, understood as the basic rights of mobilization, organization, and freedom of the press. The opening should be described as "relative," however, because of the frailty of these rights and the intermittent way in which they were able to be exercised. The Sandinista government also recovered the participation of previously marginalized sectors such as ethnic groups, labor, and women.

Perhaps the Sandinistas' greatest contribution to the political culture of Nicaragua was their recognition of the electoral results and the transition of the 1990 elections. However, a legacy from the years of Sandinista government was the excessive concentration of power in the hands of its leadership. The development of political institutions had been poor and scarce. The concentration of power in the hands of political leaders was and still is a persistent characteristic of Nicaraguan politics.

The Chamorro government has also implemented many changes in Nicaragua. Among these has been the reduction in violence through the demobilization of the contras, and the reduction of the armed forces. In the political realm, the Chamorro government has removed all restrictions on basic political rights. Yet the concentration of power in the executive branch persists. In addition, the country seems to be on the brink of instability, as evidenced by rising crime and impunity.

Nicaragua still suffers from expanding poverty, evident in the growing number of poor as well as in the worsening conditions of those already impoverished. The country also faces the threat of militarization. The recent

attempts of the army to become involved in business adds a new danger to the country's social and political development, by reducing the power of civilian authorities, competing with the private sector, and creating a source of privilege and corruption. There is an urgent need for intelligence organizations to be subject to the law and under civilian authority. The solution to the threats posed by the military rests not in the reduction of the armed forces but in the need for mechanisms to permit civilian control of the military.

A United Nations poll revealed that Nicaraguans feel a deep distrust of politicians and political institutions. A political culture persists that is dominated by authoritarianism and exclusion, which has led to the polarization of Nicaraguan politics. Yet the country is not divided linguistically or regionally; there are some conflicts with ethnic minorities, but they do not constitute a movement to create another state. There are no major disagreements regarding medium and long-term political goals. An interpretation of programs offered in 1990 reveals similarities between the Sandinista and UNO parties. Despite all this, polarization has re-emerged.

The essence of the disagreements in Nicaragua refers to what Chamorro termed the country's "democratic deficit" and, as a consequence, the lack of political institutions. While the Chamorro government has liberalized politics, political stability cannot be achieved without the creation of political institutions able to mediate power conflicts without the need to turn to violence. The state must be reformed, both through changes in the Constitution and the creation of new institutions. The constitution must be modified to respond to the new reality in Nicaragua. An intimate link is evident between the need for institutional reform and the country's social and economic development. Currently, the country's legal and constitutional system generates a parallel legal system. Both the National Assembly and executive can legislate, with the executive at a certain advantage. Laws passed by the National Assembly require subsequent executive approval, while the executive makes decrees that immediately go into effect without approval by other branches. The legal system also blurs the distinction between private and public interests. The power given to the government in the economic realm introduces an element of uncertainty for economic sectors.

UNO is concerned with the urgent need for economic recovery and the alleviation of poverty, as well as demilitarization and property rights. It is committed to finding solutions through dialogue and negotiation, but also recognizes that it could be the last opportunity for the country to address its problems through dialogue because of the growing instability in the country. Guzmán stressed the party's commitment to do whatever was needed to resolve the country's problems. He concluded by emphasizing the need for the U.S. government to show a new ethic in its external policies. It would be unethical to withdraw from Nicaragua given its interventions during the country's civil war. Today, the United States has the opportunity to develop consistent policies and make an effective contribution to the political modernization of Central America.

Sergio Ramírez

Sergio Ramírez, former Vice President of Nicaragua and current Sandinista Representative to the National Assembly, pointed out that even before the Cold War, the relationship between the United States and Nicaragua was characterized by crisis. The political class within Nicaragua has looked upon the United States as the ultimate judge of the country's internal disputes, but as a judge able to be influenced, deceived, or manipulated into taking sides. Meanwhile, the United States has repeatedly involved itself in Nicaraguan affairs on the assumption that Nicaraguans are incapable of ensuring their own internal stability.

Examples of U.S. intervention include the 1912 Dawson Agreements, successive military missions to Nicaragua until 1933, the creation of the Nicaraguan army, the dictation of financial policies, the recommendation and forced imposition of electoral laws, and the organization of elections. In addition, in the past the United States chose who would become president of the country.

U.S. intervention supported the fifty-year military dictatorship of the Somoza family. Afterwards, the United States opposed the Sandinista government and utilized methods deemed unethical and divisive in order to overthrow it. In both cases, national security was given as the justification for U.S. actions. The fear that Nicaragua would fall into Soviet hands led to an economic embargo and extensive, illegal undercover operations. Shortly after the end of the Cold War and with the election of President Chamorro, the United States again intervened in Nicaragua by siding with Chamorro's disenchanted former allies and withholding aid.

Following the election of Chamorro, the Sandinistas left the government and became the opposition, allowing a peaceful transition to take place. Yet the newly elected government was criticized for coexisting with the Sandinista Front and promoting a policy of national reconciliation. The Sandinistas support the national reconciliation policy proposed by the Chamorro government. They are expressing their disagreements through public opinion and congressional channels in an effort to make possible a climate of tolerance and peace.

In order to change U.S.-Nicaragua relations, the United States end its ideological approach and begin to treat Nicaragua from a neutral perspective while striving not to commit errors that will lead to disastrous consequences as have previous mistakes. Withholding bilateral economic aid to Nicaragua has resulted in irreparable damage to the economy and that, in turn, has exacerbated political polarization. The United States should stop taking sides in Nicaragua.

Senator Helms's ability to convince the new presidential administration of his views toward Nicaragua has become a source of concern for Nicaragua. New relations between the countries should not be characterized by paternalistic views. Policy toward Nicaragua should be renovated and modernized, abandoning past tendencies to take sides in Nicaragua's internal disputes.

Some political sectors within Nicaragua are encouraged by the sentiments expressed by Senator Helms. These are people seeking power even at the expense of the country's stability. They want to provoke a new military confrontation toward this end.

The Cold War is over and it is ridiculous to continue to apply Cold War policies to Nicaragua. The Clinton administration should send a clear message to Nicaragua, expressing its firm support for democratic institutionalization, its respect for the country's constitution and laws, and its support for peaceful solutions to any internal conflicts. It should also state that it will not condition its diplomatic relations or its economic cooperation, and that it will not ally itself with any party in Nicaragua.

It would be a mistake to continue considering the Sandinistas as enemies of the United States. The Sandinistas occupy an important political space in Nicaragua. Their goal is to return to power, but to do so via a legitimate electoral process. The idea that they pose a threat to democracy is refuted by their recognition of the 1990 electoral results. They have supported internal stability despite disagreement with the government's adjustment policies. They have not insisted on maintaining ties with the armed forces, but have supported the institutionalization and reduction of the army as well as the professionalization of the police. They have also supported negotiations in El Salvador and Guatemala.

The true enemies of stability and economic development are poverty, unemployment, economic recession, and adjustment programs without a social safety net. Drug trafficking poses another threat. Wealth must be generated and distributed with justice. Poverty and drug trafficking should be the two essential issues on the agenda between the United States and Nicaragua. Both countries should learn from past mistakes, leave behind past antagonisms, and together share a new vision of the future.

Antonio Lacayo

Antonio Lacayo, Minister of the Presidency in Nicaragua, began his presentation with a quote from the book, *The Capitals of Hispanic America*. The passage described the impressions of a U.S. envoy visiting Nicaragua in 1886. The description revealed conflict among citizens from the various major ports as to which city was rightly the capital of the country. The observer pointed to the country's history of significant bloodshed in civil war, which curbed its economic prosperity, despite abundant natural resources. Lacayo asserted that not much had changed in Nicaragua since that description, pointing to the Zelaya revolution in 1893, U.S. intervention in 1908 and again in 1912, and the imposition of the Somoza regime in 1932. The trajectory seemed to end in 1979 with the fall of the Somoza dynasty and the first steps toward political consensus.

Yet polarization reemerged in Nicaragua and was reinforced by Reagan administration policies in the region. The contra war initiated in 1982 generated huge expectations among the anti-Sandinista population and an electoral process as a means toward consensus seemed more and more unlikely as the United States once again promoted a military solution. Events did not begin to move away from a military focus until the Central American presidents signed the Esquipulas accords and contra aid was defeated by the U.S. Congress in 1988. Free elections were held in February 1990, a second step toward political consensus in Nicaragua.

President Chamorro won the support of the international community through her policy of national reconciliation, her commitment to peace and disarmament, as well as her efforts to strengthen democracy, economic reform, and civilian control of the military. The combination of a civilian president, the support of the international community, and the support of the U.S. government reaped impressive results. In the first two years of the Chamorro administration, peace was achieved in Nicaragua. More than 22,000 contras were demobilized; the army was reduced from 86,000 to 20,000. A strong stabilization and economic reform program was put in place to promote the liberalization of trade. The inflation rate was reduced, and eight years of declining GDP was reversed. Private banks renewed operations, while more than 50 percent of state corporations were given back to former owners or were otherwise privatized. Public freedoms were restored and the four different branches of government began operating independently.

President Chamorro was also able to promote dialogue, agreements, and consensus. In 1990 and 1991, business organizations and labor unions met under the leadership of the government to reach agreements. The National Assembly became a real forum of debate with open media coverage.

Yet the process of reconciliation was attacked by right-wing Nicaraguans whose expectations had not been fulfilled and who were dissatisfied with their positions of power in the political spectrum. They worked together with supporters of contra aid in the Senate in order to block economic aid to Nicaragua. The

blocking of that aid undermined the process of democratization and reconciliation, the legitimacy of the first freely elected president, and her efforts toward political consensus. Polarization ensued and all economic reforms were obstructed, thus generating increased unemployment, social tensions, and political conflicts. Respect for the decisions made by Nicaraguans, as well as an unwillingness among Nicaraguans to promote U.S. involvement, is the key missing element for political stability in Nicaragua. The ten-month long period without U.S. aid has demonstrated that political consensus and stability requires more than the elimination of Somoza and the introduction of a freely elected civilian president.

As argued by Congressman Lee Hamilton in his letter to Secretary of State Christopher, U.S. policy in Nicaragua must be based on the premise that Nicaraguans need to find the solutions to their own problems and that Washington should not try to micromanage Nicaragua's internal politics through imposed conditionality. U.S. policy, as stated by Undersecretary Clifton Wharton at the Council of the Americas, should be committed to the strengthening of democratic institutions, the defense of human rights, the struggle for social justice, the support of economic reforms and the free market, the protection of the environment and population growth, insurance of efficient and accountable forms of government, and the reduction of poverty and glaring income inequalities. If the United States complies with these descriptions, the third and final condition for achieving political consensus in Nicaragua would be met and Nicaragua would be able to enter the 21st century as a solid partner in the American community of democracies.

President Chamorro's government is committed to assuming full responsibility for promoting political consensus and national reconciliation. That commitment has resulted in the national dialogue declared on May 3, 1990. The government is committed to doing whatever necessary to reach agreements that will consolidate peace, democracy, and economic development. The joining together of various sectors at the meeting reflects the commitment shared by all to reach the necessary consensus for finding solutions to Nicaragua's problems.

Lacayo expressed his faith in that commitment as well as Nicaragua's ability to move away from dependence on the United States. He expressed the country's willingness to begin a new relationship with the United States that would allow political consensus in Nicaragua.

Gustavo Tablada

Gustavo Tablada, President of the Nicaraguan National Assembly, described how the goal of defeating Sandinismo and bringing an end to the socialist political system in Nicaragua, as well as the desire to achieve democracy and development in the country, resulted in the joining together of the fourteen parties that formed UNO and achieved the electoral victory of 1990. Consolidating a democratic system after more than forty years of a military dynasty and eleven years of an ideological dictatorship posed a challenge, unique among the transitions experienced in the developed world and other Latin American countries. However, after the Sandinista party was defeated in the 1990 elections, the alliance was substantially weakened. There was a lack of coherence and sense of unity, a lack of faith in the future, and a lack of faith in the values of freedom and democracy among the Nicaraguan people.

In response to this crisis, the government enacted a project of national reconciliation aimed at solving the country's problems. Political parties, labor organizations, business, and other sectors involved in the country's development were called together to find a rational and coherent resolution to the crisis. The President's call to dialogue and *concertación*, peace, forgiveness, disarmament, and unity -- elements that together or separately are valuable elements of consensus -- is evidence of the government's awareness that it is the product of a popular and pluralistic alliance.

Yet, personal and party interests grew, replacing solidarity and unity with rivalry and distrust. Conflicts over power became a central feature of the National Assembly, resulting in the extreme polarization of the political parties within the legislative body. Communication and dialogue became increasingly difficult as the Assembly became a forum for politics and arguments. Members sought to rule Nicaragua from within the National Assembly, pursuing radical positions that were ultimately contrary to popular sentiment and the commitment made by UNO to establish the foundations for a democratic system. A cadre of party leaders within the National Assembly placed itself in opposition to the central authority of the government in an attempt to illegally govern the nation. Calls to civil disobedience, failure to recognize the rulings of the country's Supreme Court, and other anarchic actions began to take force as an instrument of political pressure in favor of this group. Its thirst for power contributed to the discrediting of the government and damaged the reputations of the country's highest ranking officials.

Nicaragua's political sectors still fail to understand how the leaders and representatives of their political parties, primarily lawyers familiar with the country's laws, not only permitted the National Assembly to operate illegally but continue to defend and justify having done so. In so doing, they undermine the laws they as legislators have passed and the rule of law. As such, the decision made by President Chamorro to send the police to occupy the National Assembly building was an opportune and necessary measure. Not to have done so would have

allowed the anarchic sector that refused to participate in dialogue to take over the National Assembly and continue its refusal to recognize the country's authorities in disrespect for the country's laws. The occupation by the police hurt, not because it challenged the independence of the National Assembly, but because certain politicians lost a bastion in their struggle for power.

These same sectors collaborated with leaders in Washington to obstruct aid and thus damage possibilities for economic recovery and democratic consolidation. They were not concerned with the damage they did to the people who supported them with their votes and who trusted them to work toward the improvement of their living conditions. Instead, they contributed to the destruction of the Nicaraguan economy; Nicaragua reached the highest levels of unemployment and poverty in its history. They rejected invitations to dialogue extended by President Chamorro, choosing instead to consort with Senator Helms.

Today these political sectors have consented to participate in national dialogue and the National Assembly has resumed legitimate operations. Members are working toward a climate of consensus that will promote policies for the benefit of the nation and will decrease the political polarization that has posed so many challenges to Nicaraguan stability. The present leadership of the National Assembly and Group of Center has always been committed to dialogue and negotiations. Laws, such as the Labor Code, have been presented to both business and labor organizations, not only to benefit from their input, but also to provide a point of communication between the two sectors. The National Assembly is taking a similar approach toward municipalities. Municipal mayors for a long time were an obstacle to all government efforts to promote economic development and restore national harmony in Nicaragua. But that attitude has gradually been subsiding, in part because of the positive contributions made by the National Assembly and the Group of Center. In honor of the Chamorro government's third anniversary, 31 mayors signed a document expressing support for her administration.

Political parties' acceptance of national dialogue is evidence that consensus is gradually gaining ground nationally, but international support is evident as well in the aid and support offered by the Paris Club, the support of the Central American Presidents, and high-level agreements made with President Chamorro. The government has demonstrated a high degree of commitment to the establishment of a democratic and progressive political system. International support has strengthened the government's efforts to decrease political polarization in the country, combat extreme postures, and create an environment conducive to the consensus that will help consolidate democracy and end the country's economic crisis. The search for consensus has not been a process imposed by political trends that opposed the Chamorro government, but an essential element of the government's attempts to achieve national reconciliation, a rising standard of living, economic recovery, fair property rights, peace, and democratic consolidation.

Nicaraguans have demonstrated their commitment to democracy by clearly rejecting the reactionaries of the Somoza regime and the abuses of the Sandinistas. The Group of the Center in Nicaragua aspires to the kind of democracy that is practiced on a daily basis and is based on civil liberties, economic recovery, and social justice. When UNO was formed, it formulated a concept of government that would be civilian, republican, democratic, and representative, and that would be comprised of four branches -- executive, legislative, judicial, and electoral. It created a government program that guaranteed campesinos' rights to the legitimate ownership of land and that would provide special programs for women and children. UNO also made a commitment to the institutional strengthening of both Nicaragua's public and private sectors. Families, political parties, businesses, social and economic organizations, and state institutions must perfect their functioning and organize themselves better.

National efforts continue toward overcoming the Nicaraguan crisis, but external factors must be addressed as well. The existing unequal economic exchange in international trade adversely affects the country's development. Unfair prices for Nicaraguan products contributes to the deepening of Nicaragua's economic crisis ,which in turn exacerbates social and economic inequalities. These inequalities delay and obstruct the consolidation of democracy by highlighting the contradiction between the labor exerted and the unfair norms and prices imposed internationally.

Tablada concluded by emphasizing the need for both national and international support and President Chamorro's attempts to address the country's national crisis and promote the development of an authentically democratic society in Nicaragua.

Discussion

Francisco Mayorga, former President of the Central Bank of Nicaragua, proposed that the concept of national security in Nicaragua is obsolete and in need of reform. The concept was based on sovereignty, yet Nicaragua, as a country dependent on external aid, is not sovereign and cannot afford to devote the bulk of its resources to the military. He mentioned the National Assembly, the building's occupation, and the imposition of a new leadership committee. He asked Tablada if he would be willing to step down as president of the National Assembly and allow the post to be occupied by a member of UNO, the majority party. He asked Lacayo whether the executive branch would be willing to limit its legislative functions in order to reinforce a system of checks and balances. And he asked Ramírez first about the FSLN's willingness to reconsider the property rights question and agree to the COSEP suggestion for the various sectors to pay for collective lands, and then whether the FSLN would be willing to support UNO's program for constitutional reform.

Tablada responded by saying first that the occupation of the National Assembly was part of a normal procedure for the physical preservation of the building, deemed necessary because of Alfredo César's threats to prevent entry of representatives returning from vacation. Second, due to a series of errors within UNO, the party had lost its majority in the Assembly. As to his resignation, Tablada asserted that if the representatives were to vote for his re-election he would accept it to promote the country's stability.

Lacayo said that the party's first loyalty belonged to the government program and the existing constitution, which gives the presidency the right to make executive decrees in the fiscal and administrative realms--not in all areas. If this right were to be removed, it would affect dealings with the international financial institutions because the debate regarding the legitimacy of the National Assembly would leave the country without a clear agency to enforce its negotiations. To limit executive functions with the current ambiguity surrounding the National Assembly would be irresponsible.

Ramírez told Mayorga that from February 25 to April 5, 1990, the Sandinista government made legal and legitimate transfers of property and enterprises with the approval of a National Assembly, whose mandate was still in effect. He opposes the return of properties to former owners who purchased land and enterprises without assuming their debts and without accounting for the value added by the investments made by the Sandinista government. He assured Mayorga that he opposes all abuses surrounding the property issue.

Regarding constitutional reform, Ramírez stated that some UNO proposals were of interest to him and that in general the FSLN was interested in discussing reform. He recognized the need to modify the 1987 Constitution in order to reflect a

new era. Many concepts resulting from the revolution are no longer timely, and social changes have taken place which demand political reforms.

A member of the audience asked Ramírez whether, in the interest of national reconciliation, the FSLN would be willing to change the military's title so that it is not formally associated with a particular party or movement. Ramírez responded affirmatively.

Another audience member addressed the need to attract investment in order to promote economic recovery, although a political agreement had to be reached first. He asked Ramírez to define the position of the FSLN in this regard and how the FSLN proposed to attract investment without first achieving political stability, clear rules of the game, and a well-planned economic development plan.

Ramírez asserted that constitutional reforms should be put in place that would establish the principle of private property and protect it against confiscation and expropriation for political reasons. The country should not continue to be subjected to experiments in the economy and the principle of property. The democratization of property introduced by the revolution should be respected as should other kinds of property ownership. He highlighted the need to reach some basic points of agreement around a long-term economic and social development plan that would provide the democratization of property and security for investments.

Lacayo commented on the assertion that political stability must precede investment. He indicated the danger of assuming that economic growth accompanied a desirable political system by pointing out that Nicaragua experienced 6 percent yearly growth while under dictatorial rule. He emphasized the need for political and economic stability to go hand in hand and the danger in separating the problems. He also pointed out that while economic problems often generate political ones, the opposite relation cannot be assumed. Both political and economic stability are needed in Nicaragua; progress needs to be made in both areas.

A member of the audience asked Lacayo about the possibility of an international mediation such as that which took place in El Salvador. Lacayo responded by underlining the differences between the Nicaraguan and Salvadoran cases. Unlike El Salvador, Nicaragua is facing a triple transition from peace to war, from socialism to democracy, and from a destroyed centralized economy to a market economy. El Salvador, however, already has a democratic and free market tradition. In addition, El Salvador received billions of dollars of aid throughout the war to consolidate those systems, while Nicaragua received similar amounts but for the war. A comparison of the two is unfair and constitutes a failure to recognize the unique challenges of the Nicaraguan transition.

Final Comments

Tablada

Tablada asserted that although two important elements of national life had been discussed -- economic recovery and constitutional reform -- many members of the private sector were unwilling to contribute to the economic recovery. In addition, he argued that there is a need to combat the tendency to implement constitutional reform simply as an instrument of revenge against the Sandinistas and the constitution established during their period in government. Reforms should aim for the modernization of the state and should reflect democratic development and social justice for the future.

Lacayo

Lacayo addressed the concern expressed by Christian over whether he would act as a statesman or in the interest of personal ambition by reaffirming his commitment to the well-being of his country. He reiterated his commitment to the Chamorro government and its program and his commitment to combat any efforts in 1996 to turn back the tide of democracy in Nicaragua.

As for Nina Shea's concern regarding the agreement initiated by Carter, Lacayo pointed out that it was publicized and printed in Nicaragua and by the Carter Center. Lacayo challenged Robert Leiken's conception of two kinds of transitions [those favoring democratic outcomes and those aimed at finding a middle ground between the old regime and a new order]. Lacayo disagreed with the division, stating that a policy of reconciliation is an issue separate from that of the speed with which reforms take place. Significant reforms have taken place in Nicaragua, he argued. As stated by Guzmán, Nicaragua now has complete political freedom. A week earlier, a member of COSEP also stated that Nicaragua had complete economic freedom. Both constitute profound changes that reflect true expressions of democracy.

Lacayo challenged the idea that the state is viewed in Nicaragua as a means for acquiring wealth, arguing that in both the Sandinista and UNO administrations, many had left lucrative opportunities to work in low-paying government jobs.

In conclusion, he expressed support for three points made by other panelists: the need to support Gorostiaga's plan for *finqueros*, Gurdián's point that the ultimate problem in Nicaragua is production and unemployment, and Nuñez's emphasis on the need to put the past behind and build a new relationship with the U.S.

Ramírez

Ramírez assured the audience that the Nicaraguans on the panel are in continuous dialogue in Nicaragua and were not airing their differences for the first

time. He expressed concern over how many of the audience members seemed out of date with regard to events in Nicaragua and encouraged them to keep informed and avoid absolute judgements. Dialogue between the United States and Nicaragua needs to be maintained in the present and future, he said. In response to Christian, Ramírez asserted that her recommendation that Nicaragua should become more xenophobic was unacceptable as it would only add evil to evil.

Guzmán

Guzmán ended the panel by emphasizing that state reform is essential to improving the Nicaraguan crisis and should not be viewed as a mere mechanism for revenge. Constitutional reform is necessary as the present one establishes a political system that is deficient and promotes conflict. In addition, while it may be argued that the executive branch can only make fiscal and administrative decrees, the fact that the limitations surrounding these are not clearly defined in the constitution has allowed legislation in other areas, and therefore is a source of conflict among the branches.