

Possibilities for Developing an Emancipatory Political Economy in Nicaragua

A thesis presented to the Political Science Department at Bryn Mawr College

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Monday, April 27, 2009

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ABSTRACT

Through a Freireian lens, emancipation is understood as an entity that is sovereign and for itself. In this framework, the broadest possibilities for liberation can be best nurtured through dialogical processes that promote republican democracy and participatory economic systems. The analysis of forces that mold Nicaraguan political economic life in the post-Cold War era suggests that the most promising vehicles for emancipatory political economic developments in politically and economically dependent nations are local grassroots cooperative organizations that promote popular egalitarian deliberation and exchange. Similarly not-for-profit cooperative transnational models and international agreements may aid the realization of goals that are outlined by egalitarian grassroots deliberation, though the emancipatory nature of such larger structures are strained by the weights of bureaucracy, globally institutionalized power imbalances, and coexisting vested interests.

ACKNOWLEDGMENTS

Many thanks to my advisors Michael Allen and Steven Salkever; and to Deborah Harrold, Ahsiya Posner, Leslie Dwyer, and Christine Koggel for years of support, guidance, and inspiration in writing this paper. Gratitude is also due to the Center for Peace and Global Citizenship at Haverford College for supporting my fieldwork, Lillian Hall for her generous offering of time and networks for involvement in Nicaragua and beyond, Roger LaCayo for his gracious reception, and Madeline Kreider-Carlson and the entire Meza family for intellectual and familial support.

Introduction

Seeking Possibilities for a Second Day of Liberation in Nicaragua

On July 19, 1979, Nicaraguans marched through the streets of Managua singing songs of the popular revolution that had finally triumphed over the oppressive rule of U.S.-backed dictator Anastasio Somoza DeBayle. The song, *La Consigna*, or “the slogan,” was the most popular revolutionary call to the “brother of the mountain, brother of the city,” to unite in the struggle of “untying, the prolonged war against the oppressor... towards the sun of liberty, the trajectory of freedom.”¹ After decades of governance under the Somoza dynasty, Nicaragua’s Day of Liberation had finally come.

Yet thirty years after the Nicaraguan Revolution ushered in a brief period of popular governance under the socialist democratic leadership of revolutionary leader Daniel Ortega of the Sandinista Front for National Liberation political party (FSLN), Nicaragua is once again dependent on the will of a few to indicate the political economic policies that govern many.² This paper will analyze Nicaragua’s current political economic state in the world order, and suggest that the most promising vehicles for emancipatory change are local grassroots cooperative organizations that promote popular egalitarian deliberation and exchange. Similarly cooperative transnational models and international agreements may aid the realization of goals that are outlined by egalitarian grassroots deliberation, though the nature of such larger structures are strained by the weights of bureaucracy.

¹ Godoy, Carlos Mejia. *La Consigna*. Songs of the Nicaraguan Revolution, Volume 2. Mantica Waid & Co. Ltd., 2003.

² Vanden, Harry E. & Prevost, Gary. “Nicaragua.” *Politics of Latin America: the Power Game*. 3rd ed. Ed. Harry E. Vanden & Gary Prevost. Oxford: Oxford University Press, 2009. 524-555: 553.

The context of the world order was different in 1979, before the fall of the Soviet Union and the ascendance of the U.S. as a hegemonic world super power. As raw materials such as coffee, sugar and cattle are its primary exports, Nicaragua, the second poorest country in the western hemisphere, relies heavily on foreign aid to fill its national treasury; in the post-Cold War context, this renders Nicaragua subject to outside, particularly U.S. interests.³

As I will argue in the following pages, the slogan of the Nicaraguan revolution, *El Pueblo No Se Detiene* (you can't hold back the people), has been compromised by Nicaragua's reliance on outsiders to provide material and political resources.⁴ As efforts to achieve some of the goals of the revolution, such as improving healthcare and education, have been reliant on financial resources from outsiders who impose aid conditional policies, the foundational goals of the revolution, understood here as "emancipation" – that is, *freedom, liberty, equality, and the untying from the oppressor* - have become obscured.

The problems with current discourse on the subject of alternatives to capitalist democracy in Nicaragua are twofold. First, the scope of current scholarly discourse on alternatives to liberal democracy with unregulated free-market capitalism in Nicaragua has been limited to an analysis of possibilities for liberal democracy with state socialism there.⁵ The discussion's exclusion of other alternatives engenders a narrowly liberal vision of democracy that Habermas describes as a "form of compromises between

³ World Bank, "World Development Indicators," updated 2008. < <http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6>> Cited 16 October 2008.

⁴ Raby, D.L. Democracy and Revolution: Latin America and Socialism Today. Toronto : Between the Lines, 2006. 212.

⁵ See Stavenhagen, Rodolfo. "Between Underdevelopment and Revolution." Development in Theory and Practice. 1st ed. Ed. Ronald H. Chilcote. Oxford: Rowman & Littlefield Publishers, 2003. 34-38.

competing interests... [which] hinge not on the democratic self-determination of deliberating citizens but on the legal institutionalization of an economic society that is supposed to guarantee an essentially non-political common good by the satisfaction of private preferences,” has restricted the potential role of the scholarly community in developing, even at the theoretical level, emancipatory alternatives for Nicaragua.⁶ A second factor that undermines the fortitude of relevant scholarly discourse is the tendency of contributors to limit their discussion to the obstacles that hinder the renaissance of socialist liberal democracy in Nicaragua, such as U.S. economic interests, international financial institutions, corruption, national disunity, poverty, and other social problems.⁷ While these do present challenging obstacles to the achievement of a more emancipatory political economic system, instead of focusing only on their limitations, scholars would do better service to by illuminating possibilities for transcending them - particularly outside of the socialist framework, if this scenario is so unlikely.

As Raby argues, “The struggle for popular power has to start again from scratch.”⁸ Aside from free-market capitalist- or state socialist-liberal democracy, what other models of political economy may be more emancipatory to the Nicaraguan people, and how might such models be implemented in Nicaragua in the context of the post-Cold War world order?

This paper aims to analytically engage with, but ultimately transcend the limited nature of scholarly discourse of possibilities for political economy in Nicaragua, as *either* liberal democratic state socialism *or* unregulated liberal democratic capitalism. The

⁶ Habermas, Jurgen. “Three Normative Models of Democracy.” Theories of Democracy. 1st Ed. Ed. Ronald J. Tercher & Thomas C. Conte. Maryland: Rowan & Littlefield Publishers Inc., 2001. 236-250: 240.

⁷ Vanden, Harry E. & Prevost, Gary. Democracy and Socialism in Sandinista Nicaragua. Boulder: Lynne Rienner Publishers, 1993.

⁸ Raby, 212.

following pages are divided into five sections that precede concluding remarks. The first post-introductory section outlines the goals of building a new political economy in Nicaragua, drawing from Habermas' discourse theory, Sens' understanding of development as "freedom," Freires' theoretical model of realizing emancipation through dialogics, and Sandinista political development values, in order to characterize the implications of a political economic system that may be considered "emancipatory."

The second section clarifies the reasons why Nicaragua is an appropriate case study in the analysis of possibilities for peripheral countries to develop emancipatory forms of political economy in the post-Cold War era. The third section argues that the capitalist liberal democratic model may be counter-productive to achieving the goals of the Nicaraguan revolution and promoting emancipatory systems, while the fourth section argues that the state socialist liberal democratic model is unrealistic in Nicaragua's context of poverty; institutionalized reliance on the U.S. and international financial institutions for aid; and the failure of current FSLN leaders to promote socialist and democratic policies.

Recognizing the indispensability of a broader discourse to developing an alternative political economy in Nicaragua that promote national sovereignty, solidarity and popular governance, the fifth section argues that a political economic system based in discursive, republican democracy and participatory economic structures is a more pragmatic approach to fulfilling the goals of the Nicaraguan revolution, than either the capitalist, or socialist, liberal democratic models.

An analysis of grassroots movements in Nicaragua, as well as international and transnational anti-globalization (or anti-hegemonic) movements, will illuminate some

possibilities for a young, poor, largely dependent democratic nation like Nicaragua to develop discursive democracy and participatory political economic systems in light of the particular constraints to such governance in the post-Cold War era. Using a framework that synthesizes the emancipatory political philosophies described by Habermas, Freire, and Sen, this paper will clarify the goals of developing a new political economy in Nicaragua within a framework of emancipation, as well as the possibilities and constraints to achieving those goals in the context of the current world order.

Freire says, “The pedagogy of the oppressed must be forged with, not for, the oppressed,” which suggests that outsiders who dictate the way out of oppression *for* the oppressed are perpetuating a paternalistic system of oppression, regardless of their intentions.⁹ This paper does not intend to be prescriptive, but suggestive of possibilities for widening the forum of discussion on political economic *possibility space* with regard to Nicaragua. An analysis of what emancipation is and what its’ practice might look like when applied to structures of political economic governance informs the succeeding analysis of Nicaragua’s current civic and governmental engagement with domestic and international political economic structures that mold Nicaraguan political economy. The evaluation of possibilities in Nicaragua for emancipatory structures is embedded in the theoretical framework of ‘emancipation’ described in the upcoming section.

However, this paper does not provide a comprehensive doctrine of political economic emancipation by any means; for “the Nicaraguan people,” as this broad analysis conglomerates a population of over 5.5 million, are a diverse population whose “recognized values and virtues” do not fit “within one rather precisely articulated

⁹ Freire, Paulo. Pedagogy of the Oppressed. New York: Continuum, 2000. 47.

system.”¹⁰ The prescription of a list or doctrine would be, Wolin observes, “a strategy for establishing a liberal political hegemony,” which is contrary to our purpose here.¹¹

According to Wolin, “Political matters omitted from [weak theoretical models of democracy] include class structures, bureaucracy, military power in a liberal order that is constitutionalist and capitalist, economic institutions and their powers.”¹² In the following pages, I attempt to synthesize Wolin’s list of non-omissible political “matters” to paint a general picture of how these decisive factors have manifested in post-Cold War Nicaraguan political economic development. This picture will provide insight into desirable components of an emancipatory political economic system, and serve as the backdrop to an analysis of potential paths to such emancipation that extend through and around Nicaragua in the post-Cold War era.

Section 1

Fundamental Goals and Requisite Components of Emancipatory Political Economics

Freire says, “It is essential not to confuse modernization with development.”¹³ Instead, he suggests, “The basic, elementary criterion [of emancipation] is whether or not the society is a being for itself.”¹⁴ Sen seems to accept this assertion and defines development as freedom, or “having the capabilities to choose a life one has reason to value.”¹⁵ In his analysis of development, Sen considers freedom the *means* to its own *end*, quoting Aristotle, “Wealth is evidently not the good we are seeking; for it merely useful

¹⁰ Habermas, 238.

¹¹ Rawls, John. Quoted in Wolin, Sheldon. “The Liberal/Democratic Divide.” 1996. Excerpted in Habermas, 243-250: 246.

¹² Wolin, in Habermas, 247.

¹³ Freire, 161.

¹⁴ Freire, 161-2.

¹⁵ Sen, Amartya. Development As Freedom. New York: First Anchor Books, 2000. 74.

for the sake of something else.”¹⁶ He points out that achieving economic freedom can come at the risk of curbing of other kinds of freedoms and emphasizes the centrality of not limiting one freedom – such as political sovereignty and the capability to choose one’s economic and political policies - for the sake of achieving another freedom – such as those that may be derived by financial resources.¹⁷ Sen broadens the informational base of political economic progress to include basic capabilities, beyond financial or material acquisition, to live a life one has reason to value. Sen’s concept of the capabilities approach suggests that “rights” should be supplemented by capabilities, since a nominal right, such as the right to political participation, is useless unless a person is practically capable of exercising that right. Since “individuals need different levels of resources if they are to come up to the same level of capability to function” due to diversity in natural abilities, civic policies have a wide range of diverse impacts across any societies’ spectrum of human experience.¹⁸

Sen hesitates to endorse the formation of a specific list of “Central Human Capabilities,” a la Martha Nussbaum, because he is concerned that this practice could undermine freedom through the imposition of value judgments. In a diverse and imperfect world, individuals are prone to have and to value different capabilities, which are reflective of their natural or nurtured preferences. Therefore, *equal capability* should not be understood as homogenous conformity to a particular set of rights, but as a heterogeneous and fluid balancing of each individuals’ cumulative capability to live a life they have reason to value across a broad spectrum of values.

¹⁶ Aristotle, cited in Sen, 14.

¹⁷ Sen, 37.

¹⁸ Nussbaum, Martha. “Capabilities as Fundamental Entitlements: Sen and Social Justice.” *Feminist Economics* v. 9, nos. 2/3, 2003: 33-59: 35.

While Nicaragua faces limitations in part due to widespread poverty, Freire argues that understanding emancipation as primarily dependent on financial freedom is itself a limitation. He argues that philosophies that embody a “strictly material concept of existence [where] money is the profit of all things, and profit the primary goal,” is oppressive in nature. He equates such theoretical models with oppressors, writing, “For the oppressors, what is worthwhile is to have more... for them, *to be is to have*, and to be the class of the ‘haves.’ ”¹⁹ A Freireian emancipatory framework, then, transcends the ideology of material wealth as a primary goal of emancipation. Freire considers emancipation to be the liberation from all kinds of oppression, whether imposed by external force or internal mental oppression that is beget from poverty and disempowerment. He suggests that broad possibilities for liberation can be best nurtured through dialogical processes.²⁰

Similarly, Habermas says democratic processes are emancipatory when “civil society provides the social basis of an autonomous public sphere that remain as distinct from the economic system as from the administration.”²¹ In an emancipatory framework, it is people, not their property, which have value.

Freire would consider capitalist “development” projects in Nicaragua counterproductive to the development of emancipatory systems there because they are based in the values of the oppressors who promote “the myth that the dominant elites, ‘recognizing their duties’ promote the advancement of the people, so that the people, in a gesture of gratitude, should accept the words of the elites and be conformed to them... the myth of private property as fundamental to personal human development... as well as

¹⁹ Freire, 58.

²⁰ Freire, 140.

²¹ Habermas, 242.

the myth of the natural inferiority of the latter and the superiority of the former.”²² Freire would label the practice of injecting capitalist values or policies and the importance of private property such values engender, an act of colonialism.

Apffel-Marglin suggests, “Colonized peoples have three choices in response to colonization... to become ‘good subjects, accepting the premises of the modern West without much question, to become ‘bad subjects’ always revolting within the parameters of the colonizing world, or to become “non-subjects,” acting and thinking in ways far removed from the modern West.”²³ Within Apffel-Marglin’s tripartite classification of popular oppression-response options, Freire and Habermas would consider “non-subjecthood” the most emancipatory response to oppression because it entails sovereignty and a society that is “for itself.”²⁴ Freire calls structures that limit emancipation “limit situations,” which, he says, “imply the need for limit-tasks.”²⁵ Freire and Habermas suggest that dialogics are a fundamental limit-task for achieving “non-subjecthood.”

In his consideration of political philosophies that present potential limit-tasks to counter political-economic limit situations, Habermas contrasts liberal democratic philosophy with republican democratic philosophy. He notes that in liberal democracies, “Individual voters’ private interests exert pressure on the government that intends to reach collective goals;” while in republican democracies, “the members of somehow solitary communities become aware of their dependence on one another and, acting with full deliberation as citizens, further shape and develop existing relations of reciprocal

²² Freire, 140.

²³ Apffel-Marlin, Frederique. “Counter-Development in the Andes.” *The Ecologist* Vol. 27, No. 6 (November/December 1997): 221-224; 221.

²⁴ Habermas, 242.

²⁵ Freire, 102.

recognition into an association of free and equal consociates under law.”²⁶ Here, the republican philosophy of democracy emphasizes *solidarity*, which is, as he understands it, “The orientation to the common good.”²⁷ He argues that this political reality may be fostered in the philosophical framework of republican democracy, whose praxis should embrace deliberation by developing political institutions that facilitate an environment where members of a society “communicatively achieve consensus.”²⁸

According to Habermas, discursive republican democracy contrasts with liberal democracy whose limited channels for communication, such as voting and lobbying, Habermas argues, promote an unequal power struggle that a government must mediate, instead of a participatory, egalitarian structure that fosters solidarity. Habermas clarifies that discourse theory does not expect or require that everyone altruistically forego his or her own personal interests for the sake of the common good. The value of discourse lies not in some potential to create perfect consensus by establishing a system where citizens are conformed to have identical experiences of manifest policies, nor does it have delusional aims of achieving perfect consensus in a societal context where different people experience the same policy differently. Rather, discourse theory is credited for its potential to clarify societal understanding of, and active attention to its common internal needs *and* its internal disagreements. Habermas explains, “Discourse theory has the success of deliberative politics depend not on a collectively acting citizenry but on the institutionalization of the corresponding procedures and conditions of communication... proceduralized popular sovereignty and a political system [are] tied into peripheral

²⁶ Habermas, 237.

²⁷ Ibid.

²⁸ Ibid.

networks of the political public sphere.”²⁹ Governance structures are formed through and for civil dialogical engagement. In a discursive democracy, the role of the government structure is to facilitate and support legal decision-making processes that equally encourage and include every members’ equal participation in determining policies that will affect them differently. In Habermas’ description of this model, “Political legislature [is] determined in advance by a substantive ethical consensus... through various forms of deliberation and ... procedures that allow fair bargaining...[so that] a matter can be regulated in the equal interest of all.”³⁰ In juxtaposition with democratic liberalism, discursive democracy does not foster the evolution of competition and isolation, but one of cooperation and cohesion.

In the political system that arises from a model of discursive republican democracy, Habermas argues, members of civil society “shape and further develop reciprocal recognition into an association of free and equal consociates under law,” which fosters solidarity, though not necessarily identical policy interests. According to Habermas, cooperative civil society has potential to “gain the strength to hold its own against the two other mechanisms of social integration- money and administrative power,” which are two common skewers of participatory, egalitarian democracy. Wolin charges that liberal democracy is detrimental to societal flourishing due to its’ promotion of competitive politics, where individuals or groups with opposing interests fight each other in a boxing ring to win exclusive administrative support of their own interests.³¹ In this situation, both (or all) parties are harmed: the loser is down for the count, and even the victor has sustained injuries in the match.

²⁹ Habermas, 240-1.

³⁰ Habermas, 238-9.

³¹ Wolin, in Habermas, 245.

The competitive nature of liberal democratic governance implies that democracy is a zero-sum game, where one persons' gain necessarily implies another persons' loss. Oppositely, the inclusive nature of republican democratic governance implies that democracy is a positive-sum game, where one persons' gain necessarily implies a gain for the society as a whole. Further undermining the democratic potential of a competitive liberal framework are unequal financial and administrative resources of citizens and civil groups.

Habermas warns that liberal democracy in a diverse polity, "converts differences from a threat to an accomplice of stability, co-opting them so that in the end they are eviscerated, absorbed into a consensus that requires smoothing off the rough, possibly irrational edges of differences" that is then understood as "public reason."³² Juxtaposing liberal democracy with republican discursive democracy, he argues that in the latter, "substantive ethical consensus" is achieved via participatory dialogues in a diverse but egalitarian society because the process of deliberation "allow[s] better arguments to come into play." Subsequently, the conclusions (or policies) that arise from widespread deliberation are expected to benefit the various interests of each member of a diverse society in equal measure; the process clarifies every members' opportunity cost of a particular policy and makes it possible to minimize and balance every members' overall opportunity cost of subscribing to the institution of political economic governance. This model offers incentives for realizing solidarity without imposing punitive measures for acknowledging and cherishing difference. The embrasure of difference is requisite to

³² Ibid.

egalitarianism, which makes possible an increase in the overall quality of social, political and economic life for all.

Embedding governing structures that are guided by discourse theory in the republican democratic model ensures that common gains may be realized by policy sets that holistically impact individual capabilities so that all members of a society have the potential to experience an equal degree of overall capability, which simultaneously fosters and requires equality and solidarity, but does not necessitate conformity. In the discursive republican democratic context of solidarity, a society can invest its' resources in fulfilling the needs and wants of all citizens. In the liberal democratic context of competition, politically divided enclaves in a society have incentives to withhold resources from the social services and maximize investment in destroying the opposition. Such incentives undermine the wellbeing of an entire society because they lead to the misallocation of resources, which are funneled toward destructive declamation, rather than constructive fulfillment of diverse societal needs.

Habermas supports a model of governance where “democratic procedures and communicative presuppositions of democratic opinion- and will-formation function as the most important sources... of the decisions of an administration... [The people] do not just monitor the exercise of political power in a belated manner but more or less program it as well.” He considers the role of an administrative institution similar to that of a contract lawyer, acting as “a subsystem specialized for collectively binding decisions,” which are achieved through “communicative structures of the public sphere [that] comprise a far-flung network of sensors that in the first place react to the pressure of

societywide problematics and stimulate influential opinions... [that] can point the use of administrative power in specific directions.”³³

He again contrasts this theory with that of liberal democracy, noting that in the former, “The state’s *raison d’etre* lies not primarily in the protection of equal private rights but in the guarantee of an inclusive opinion- and will-formation in which free and equal citizens reach an understanding on which goals and norms lie in the equal interest of all.” In a functional republican “praxis of civic self-legislation,” he continues, “the paradigm is... dialogue.” He reasons, “Deliberative politics should be conceived of as a syndrome that depends on a network of fairly regulated bargaining processes and of various forms of argumentation, including pragmatic, ethical, and moral discourses, each of which relies on a different communicative presuppositions and procedures... Informal public opinion-formation generates ‘influence;’ influence is transformed into ‘communicative power’ through the channels of political elections; and communicative power is again transformed into ‘administrative power’ through legislation.” Instead of limiting civic participation to the electoral process, Habermas suggests that before its passage, all legislation should be agreed upon by civil society, whose members have arrived at consensus that was driven by equal satisfaction with the legislated policies, though citizens may feel or experience satisfaction with a certain policy for tangibly different reasons.

Wilkin would concur with these scholars’ philosophies in theory; however, his analysis of military, political and economic subjection of Nicaragua illuminates that the passage to a system of structural emancipation there may *sound* like a straight and simple

³³ Habermas, 242.

path, yet the directions are made complex by the obstacles. In the global context of political economy in the 21st century, it is important to note that discursive republican democracy can theoretically “guarantee not freedom from external compulsion but the possibility of participation- preeminently rights of [domestic] political participation and communication.”³⁴ The straight path one might imagine in an isolated model of Nicaraguan society becomes labyrinthine when placed on a post-Cold War map where the spectral palette of political economic cartography is no longer limited to black and white, and the world market and globalization are the new mixing brushes. Thus, what are the possibilities for Nicaragua to develop a successful, emancipatory republican democratic political economy in the current context?

Following Freires’ defense of dialogics as inherently resistant of oppression and Habermas’ support for discursive democracy, a foundational assumption of this analysis is that any revivification of political economic structures in Nicaragua should be self-directed; should strengthen channels for civic participation; and it should increase ones’ “substantive freedoms- capabilities- to choose a life one has reason to value.” Sen describes the latter assumption as the overarching mission of the often vague or over-defined notion of “development.”³⁵ Freire and Habermas contend that possibilities for emancipatory development flourish in polities who maintain structures of political economic governance that are primarily formed by uninhibited popular egalitarian discourse. The following analysis considers the possibility of discursive republican democracy as one potential model for the realization of an emancipatory political economic system in Nicaragua.

³⁴ Habermas, 237.

³⁵ Sen, 74.

Simultaneously recognizing the limitations of discursive republican democracy in achieving a societies' complete emancipation in a context of globalization, *and* mimetically embodying his theory, Habermas notes, "Deliberative politics remains a component of a complex society... just one action system among others."³⁶ The following analysis evaluates the possibilities for developing such a political economic system in Nicaragua with the understanding that such a strategy is one possible limit-act for countering the complex limit-situations that small, poor countries like Nicaragua face in the post-Cold War world.

Section 2

Why Nicaragua as a Case Study?

Apffel-Marglin says that "colonized peoples" include "most of the so-called third world... [because] the global market with its attendant intellectual and cultural colonization spread via the imperial road of development makes colonization a contemporary reality."³⁷ According to Wilkin, in the post-cold war era, the global market is a vehicle of the "U.S.-led Democratic Revolution" that is well underway in Nicaragua "as part of a continued imperialist strategy by the core capitalist states... to promote and instill a form of corporate government that reinforces private power against human needs and rights."³⁸ Wilkin describes the emergence capitalist democracy in Nicaragua in the post-Cold War era in terms of dependency theory, whose foundation, according to Chilcote, is that "the economy of certain nations is ... conditioned by the relationship to

³⁶ Habermas, 243.

³⁷ Apffel-Marglin, 221.

³⁸ Wilkin, Peter (2003). "Revising the Democratic Revolution - into the Americas," *Third World Quarterly*, 24:4. 655-669: 655.

another economy which is dominant.”³⁹ Wilkin argues that U.S. intervention in Nicaragua has entrenched a capitalistic liberal democracy there, which “promotes a form of global corporate governance that attempts to empty the substantive content of [democracy]” and exploit Nicaragua’s economy in order to pursue U.S. economic interests.⁴⁰

Nicaragua is an exemplary case of interest regarding the limits and possibilities for the sovereign development of emancipatory political economies in the post-Cold War context based on its history of U.S. oppression and popular struggles to resist U.S. policy impositions and domestic political, economic, and social structures that nurture oppression. As a country in Central America, Nicaragua is the backyard of the U.S. and especially before 1979, the country was firmly rooted in the U.S. sphere of influence. Somoza had strong ties with U.S. corporations: he armed the National Guard with weapons produced in the U.S., eschewed trade restrictions that would have limited demand for foreign imports, and refused to subsidize goods produced in Nicaragua that would have increased demand for Nicaraguan imports in the world market. These economic policies promoted U.S. interests in the world market by keeping U.S. exports to Nicaragua high, with minimal competition from Nicaraguan producers, particularly in the agricultural sector.⁴¹

In exchange for Somoza’s cooperation, the U.S. did not meddle with Somoza’s domestic political practices, such as corruption, embezzlement, and his wont to use violence in order to maintain control over the popular classes. Before he fled in 1979,

³⁹ Chilcote, Ronald H. “Dependency Theory: a Reassessment.” Development in Theory and Practice. 1st Ed. Ed. Ronald H. Chilcote. Oxford: Rowman & Littlefield Publishers, 2003. 30-34; 30.

⁴⁰ Wilkin, 656.

⁴¹ Vanden & Prevost, 2009: 529.

Nicaraguan society was sharply divided among economic, with Somoza and his small circle of business elites controlling the country's politics and economic resources, and the vast majority of the population living in dire poverty. Under Somoza, Nicaraguans had no political power or public social service provisions; even after a hurricane devastated the nation in 1972 and foreign aid poured in, Somoza distributed the \$30 million to his family and political allies.⁴²

When the popular revolution triumphed and the U.S.-supported dictator fled to Miami (taking the national treasury with him) the success of popular Sandinista policies threatened to reduce U.S. influence in the region politically and economically. Beginning with the Sandinista's expansion of Nicaragua's diplomatic relations to include the communist People's Republic of China, and their decision to join the Non-Aligned Movement and host international conferences with other non-aligned nations, the U.S. felt its influence diminishing.⁴³

Once the Sandinistas took power, poverty and economic inequality greatly decreased through land and wealth redistribution programs, which enabled many Nicaraguans to earn a living working for themselves. Furthermore, workers were allowed to form unions, which had the potential to undermine profit maximization for U.S. corporations that had factories in Nicaragua.⁴⁴ Government spending on social services drastically increased, which improved Nicaraguans' capacity for civic engagement and a legitimizing sense of entitlement to certain rights. Access to credit became more widespread as interest rates dropped, which empowered many Nicaraguans to invest in

⁴² Ibid: 533.

⁴³ Prevost, Gary. "The Status of the Sandinista Revolutionary Project." The Undermining of the Sandinista Revolution. Ed. Harry E. Vanden & Gary Prevost. New York: St. Martin's Press: 1997. 9-44: 14.

⁴⁴ Prevost, 1997: 10.

their own businesses, which could potentially compete with U.S. businesses in the world market, or at least diminish Nicaraguan dependence on U.S. imports. In the first two years following the FSLN victory, literacy rates jumped from 48% to 87% and political participation skyrocketed as mass organizations proliferated.⁴⁵

Prevost notes, “The revolution allowed Nicaragua to significantly break free of the United States economically, politically, and culturally.”⁴⁶ Nicaragua was a progressive democracy after the revolution, with the popular classes finally participating in the institutions that structured their political economic life. According to OXFAM, the Nicaraguan Revolution was, from the U.S. government perspective, “the threat of a good example” to other Latin American countries whose leaders had traditionally cooperated with the U.S. even when that was not in the best interest of their own citizens.⁴⁷

U.S. National Security Counsel 68, written in 1950, outlines a long-term foreign policy strategy designed to “build up ... the political, economic, and military strength” of the nation:

“[The U.S.] must lead in building a successfully functioning political and economic system in the free world. It is only by practical affirmation, abroad as well as at home, of our essential values, that we can preserve our own integrity... Our free society, confronted by a threat to its basic values, naturally will take such action, including the use of military force, as may be required to protect those values... Our aim in applying force must be to compel the acceptance of terms consistent with our objectives.”⁴⁸

⁴⁵ Bendana, Alejandro. “The Rise and Fall of the FSLN.” *NACLA Report on the Americas* Vol. 37, No. 6 (May/June 2004): 21-27; 24; and Prevost, 1997: 11.

⁴⁶ Prevost, 1997: 11.

⁴⁷ Wilkin, 660.

⁴⁸ National Security Counsel 68. “United States Objectives and Programs for National Security.” April 14, 1950. < www.fas.org/irp/offdocs/nsc-hst/nsc-68.htm > Cited 12 March 2009.

The goals set out in NSC 68 are reflected in U.S. Cold War policies in the Cold War era: in 1984 the U.S. government would not tolerate an emerging collectivist political economy in Sandinista Nicaragua that could demonstrate the legitimacy of non-capitalist, state sponsored economic models. Former U.S. president Reagan equated Sandinista collectivism with communism and, by extension, with the former USSR. In the last months of Reagan's first term in office, the U.S. backed a counter-revolution in Nicaragua to oust the Sandinistas from power and crush the exemplary potential of the collectivist political economic model. The Contra War embodied a tripartite strategy of military, political, and economic warfare. U.S. policies during the war would mold political economic development in a Nicaragua until well after Reagan was out of office and the war raged on.

By 1990, the Sandinista government was investing 103% of Nicaragua's GDP in the military, which diverted money from the social service programs that had once made the FSLN so popular.⁴⁹ The parties' instatement of a military draft further undermined the FSLN's domestic support base and gave their opponents ammunition because it was detrimental to the economy, as it diverted men of prime age for agricultural production from the labor force. Furthermore, a U.S. economic embargo imposed in 1985 resulted in record inflation levels: from 229% in 1985 to 13,000% by 1988.⁵⁰ The FSLN's inability to overcome U.S. military and economic pressures resulted in the election of the U.S.-backed economically liberal presidential candidate Violetta Chamorro in 1990. Her victory immediately resulted in the end of the Contra War that claimed 12,000

⁴⁹ World Bank, "World Development Indicators," updated 2008. <<http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQO/member.do?method=getMembers&userid=1&queryId=6>> Cited 4 November 2008.

⁵⁰ Ibid.

Nicaraguan lives and caused \$13 billion in damages in six years.⁵¹ The FSLN would not be elected to the executive branch again until 2006.

Chamorro cancelled the \$17 billion U.S. reparation debt to Nicaragua that was outlined by the International Court of Justice after the Contra War, and at the prodding of the U.S. government, refilled the national treasury with loans from the International Monetary Fund, accepting the U.S.-developed economic structural adjustment conditions such loans entail, instead.⁵²

The Nicaraguan experience engenders many of the limit-situations that poor countries face in light of U.S. political and economic power in the international arena both during and after the Cold War, which makes it a good candidate for a case study of obstacles and possibilities for small, poor countries to develop sovereign models of governance in the current world order.

Section 3

Dependency Theory & Capitalist Economics in Nicaragua: the Relying to the Oppressor?

Is the implementation of structural adjustment policies developed by international financial institutions in which the U.S. brandishes much might, indicative of oppression? Freire notes, “The pedagogy of the oppressed cannot be developed or practiced by the oppressors,” which suggests that politically dominant loan institutions do not present

⁵¹ McConnell, Shelley A. “Nicaragua’s Turning Point.” *Current History* . Vol. 106, No. 697 (Feb. 2007): 83-89; 84.

⁵² Wilkin, 661. Also Spalding, Rose J. Capitalists and Revolution in Nicaragua: Opposition and Accommodation, 1979-1993. Chapel Hill: University of North Carolina Press, 1994.

appropriate solutions to Nicaragua's struggle against the oppression of poverty.⁵³ A functional political economic system in Nicaragua, then, should overcome the limit-situation of Nicaragua's poverty; but the limit-act should not give rise to another limit-situation whereby oppression is caused by some other factor or limit-situation. One of Nicaragua's major limit-situations is its poverty; but the limit-act, acquiring financial resources in order to overcome this limit-situation, is presently fostered by sacrificing political sovereignty, which is in effect a trade-off of one unfreedom (poverty) for another (sovereignty in political policies), a situation which Sen would also disapprove.

When a country accepts loans from the International Monetary Fund and the World Bank, the people who directly experience the country's economic policies have little say in the economic policies. This itself is a form of oppression, regardless of any positive economic impacts gleaned from dictated structural adjustment policies. As Freire points out, "It is necessary to trust in the oppressed and in their ability to reason," that is, to make their own economic policy decisions.⁵⁴ As international financial institutions strip recipient nations of this basic right, they cannot lead the people in recipient nations on a trajectory of freedom through which they may surmount oppression. This is a central limit-situation facing Nicaraguans in the post-Cold War era. If conditional loans undermine sovereignty, why would any country choose to depend on such loans for their political economic development?

Dependency theory may inform this analysis. According to Chilcote, dependency theory holds that political and economic underdevelopment in the global south is the result of the colonial legacy of exploitation of labor and raw materials in poor countries

⁵³ Freire, 54.

⁵⁴ Freire, 66.

for the production of manufactured goods to export back at high mark-ups that enrich and empower the already rich and powerful.⁵⁵ Dependency theorists such as Chilcote and Stavenhagen argue that this cycle has undermined possibilities for the global south to acquire enough capital to build their own manufacturing industries, rendering them reliant on foreign economies for manufactured goods, and constantly producing raw materials for these foreign economies in order to earn enough money to buy some of the manufactured goods.⁵⁶ Nicaragua fits in this picture: its' main imports are manufactures (machinery, transport equipment and manufactured consumer goods), and its' main exports are mostly raw materials (coffee, peanuts, live animals, tobacco, and textiles.)⁵⁷

Stavenhagen says of the dependence paradigm, "This theory explains underdevelopment in throughout Latin America as a consequence of outside economic and political influence... the economy of certain nations is believed to be conditioned by the relationship to another economy which is dominant."⁵⁸ According to Stavenhagen, in the post-colonial world order, the global south's' dependence on the global north is maintained through continued foreign exploitation of resources in the global south, which is made possible by unequal power structures that facilitate controlling international trade and investment practices in the global south.⁵⁹ Henry Kissinger has said that the U.S., more than any other nation in the world, has "influenced international relations...decisively," and "passionately asserted that its own values were universally

⁵⁵ Chilcote, 31.

⁵⁶ Ibid; also Stavenhagen, 36.

⁵⁷ CIA, "World Factbook: Nicaragua." Updated 19 March 2009. < <https://www.cia.gov/library/publications/the-world-factbook/print/nu.html> >. Cited 23 March 2009.

⁵⁸ Chilcote, 30.

⁵⁹ Stavenhagen, 35.

applicable.”⁶⁰ Wilkin argues that international financial institutions such as the I.M.F. and the World Bank are mechanisms that have made Kissinger’s’ statement true.⁶¹

The International Monetary Fund and the World Bank offer loans to poor countries whose governments are willing to accept liberal, free-market economic policies in order to even out their balance of payments deficit and increase economic growth by attracting foreign direct investment.⁶² The strategy of these international financial institutions include ten policies that were outlined in the Washington Consensus in 1992. Some of these policies are aimed at redirecting government spending into infrastructure investment by: disciplining fiscal policy to restrain government spending on social services; reducing or eliminating subsidies to domestic producers; privatizing state-owned enterprises; raising citizens’ taxes. The strategy behind these four policies, which divert resources from social and domestic business support programs to infrastructure development, is to attract foreign direct investment, which proponents of the Washington Consensus believe will lead to economic growth and employment opportunities in developing countries.⁶³ In the interest of attracting foreign direct investment, these policies also include the strengthening of legal protection of property rights, the elimination of tariffs and minimization of taxes on foreign enterprises that operate in loan recipient countries, as well as abolishing other regulations, such as minimum wage requirements that may dissuade foreign investors from capitalizing on the Nicaraguan

⁶⁰ Treto, Carlos Alzugaray. “Governance, Security, and InterAmerican Relations: A Critique of the Liberal Paradigm.” NeoLiberalism and NeoPanAmericanism: The View From Latin America. 1st Ed. Ed. Gary Prevost & Carlos Oliva Campos. New York: Palgrave MacMillan, 2002. 47-66: 48.

⁶¹ Wilkin, 656.

⁶² Stahler-Sholk, Richard. “Structural Adjustment and Resistance: The Political Economy of Nicaragua Under Chamorro.” The Undermining of the Sandinista Revolution. Ed. Harry E. Vanden & Gary Prevost. New York: St. Martin’s Press: 1997. 74-114: 74.

⁶³ Williamson, John, “What Washington Means by Policy Reform.” Latin American Readjustment: How Much has Happened. Ed. John Williamson. Washington: Institute for International Economics, 1989.

market. In order to promote growth through increasing economic participation in the world market, these policies also include the liberalization of trade policies, such as tariffs on imports, to increase the country's ability to purchase imported goods and capital to invest in infrastructure growth; and the devaluation of the country's currency, so that exports are relatively inexpensive in the world market and thus can attract high levels of demand and encourage high levels of domestic production and economic growth.

Since accepting I.M.F. and World Bank loans and the policies that come with them in the early 1990s, Nicaragua's per capita GDP growth rate increased from -2% in 1989 to 19% in 2007 and the balance of payments deficit as a percent of GDP dropped from -43% in 1992 to -16% in 2006. But are the benefits of this economic growth evenly distributed?

Since 1993, the richest 10% of Nicaraguans have controlled between 49% and 55% of GDP, while the poorest 10% of Nicaraguans have control of just 2% of GDP. The gini index, which indicates equitable distribution of wealth, with 1 meaning perfectly equal distribution and 100 meaning that one individual holds all wealth, is 43 in Nicaragua, indicating a high level of wealth inequality (worldwide, gini indices range from a low of 22 in Denmark, to a high of 70 in Namibia).⁶⁴ The Nicaraguan government spends \$68 per capita every year on social services (the lowest government social service investment in Latin America) and only 66% of the relevant age group attends secondary school.⁶⁵ Despite the recent decrease in the unemployment rate, over 50% of the population lives in poverty, 80% of the population lives on \$2 or less a day, and twelve

⁶⁴ United Nations Human Development Report 2007-2008. <<http://hdr.undp.org/en/>> Updated 2008. Cited 10 March 2009.

⁶⁵ McConnell, 2007: 86.

families control assets of over \$100 million each.⁶⁶ John Williamson, who developed the strategy of the Washington Consensus in 1989, noted in 2002 that structural adjustment reforms that emphasized economic growth did not focus enough on equality in the distribution of this growth in developing countries.⁶⁷

Prior to signing a loan contract with the I.M.F. in 1994, 19% of the Nicaraguan labor force was unemployed; after nine years of economic policies based in the Washington Consensus model, the unemployment rate shrank to 8% in 2003 (though underemployment is at 46.5%). Much of Nicaragua's labor force is employed in the free trade zone that was established in the structural adjustment program. Inside the geographic perimeters of the Zona Franca, foreign companies operate free from potential government limitations such as minimum wage policies, workplace health standards, limits on hours worked in a day, minimum employment age, or other workers' rights, including the right to form unions and organize.

While the structural adjustment policies have increased economic growth in Nicaragua and positively impacted the country's balance of payments deficit, one questions whether they have actually improved Nicaraguan's capabilities to live a life they have reason to value.

Since the early 1990's, there have been numerous demonstrations in Nicaragua to protest structural adjustment policies. More often than not, protests have been in response to particular aspects of structural adjustment: the privatization of 350 formerly state-sponsored utilities and subsequent price increases on basic utilities like electricity; cuts in

⁶⁶ World Bank, "World Development Indicators," updated 2008. < <http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6>> Cited 8 March 2009.

⁶⁷ Williamson, John. "Did the Washington Consensus Fail?" Outline of speech at the Center for Strategic & International Studies, Washington, D.C. Delivered 6 November 2002. < <http://www.iie.com/publications/papers/paper.cfm?ResearchID=488> >. Cited 12 March 2009.

government spending on health and education, and the revocation of government subsidies for basic goods and in the agricultural production sector. Stahler-Sholk observed graffiti in Managua in the 1990's that said, "Death to the Enhanced Structural Adjustment Facility!" and "Privatization deprives us."⁶⁸

Post-1990, per capita income in Nicaragua is lower than it was even in the Somoza years; income inequality has increased, rendering Nicaragua one of the most economically inequitable countries in Latin America; and while in 1990 Nicaragua ranked 85th (out of 175 countries) on the U.N.'s Human Development Ranking, it ranked 118th in 2002.⁶⁹

Nicaragua faces a foreign debt of over \$4 billion (almost 54% of the country's GNI) and an average of 14 percent of government expenditure over the last 16 years has gone toward loan interest payments, while public health services from 2001-2005 averaged 13.6% of government expenditure, and investment in public education between 1998-2002 averages 11.4% of government expenditure.⁷⁰ This data begs the question of whether these policies are, in fact, designed in a way that maximizes benefits to the recipient countries of conditional loans, rather than the dominant economies of the world market.

Rodrik opposes the reasoning behind the Washington Consensus, criticizing the policies as exploitative efforts to open up the labor market in poor countries to wealthy multi-national corporations who take advantage of the peoples' poverty by paying low wages and minimizing the cost of production before selling the goods on the world

⁶⁸ Stahler-Sholk, 74.

⁶⁹ Bendana, 2004: 23.

⁷⁰ World Bank, "World Development Indicators," updated 2008. < <http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6>> Cited 6 March 2009.

market at high mark-ups.⁷¹ He argues that currency devaluation and the lifting of trade protections deprives poor countries of a chance to build competitive industries, and maintains the dependency cycle of poor countries providing cheap raw materials to rich countries, maximizing the profits of wealthy corporations of the global north at the expense of the citizens of the global south. If Rodrik's argument that neoliberal policies outlined in the Washington Consensus and promoted through the I.M.F., the World Bank, and USAID are not in the best interest of loan recipient countries, why wouldn't Nicaragua shift back towards a socialist economic model that was successful in the early 1980's?

Section 4

The FSLN in the Post Cold-War Era: An Emancipatory Resurgence of Socialism?

Stavenhagen notes, "In the economic sphere, the transition to socialism will require the most difficult step of all: breaking external dependency."⁷² This is a formidable challenge; Brown argues that the FSLN's socialist strategy in the 1980's was unrealistic because it "has not based its political strategy on the economic view that social and political consciousness is ultimately determined or revealed by one's relation to the means of production," meaning industry and U.S.-controlled capital. Brown says the Sandinistas' socialist-democratic slant is faultily modeled on a politics of human rights more suited to "the advanced capitalist nations" who have more technological,

⁷¹ Rodrik, Dani. "Goodbye Washington Consensus, Hello Confusion?" *Journal of Economic Literature*. Vol. 44, No. 4. (December 2006). 969-83.

⁷² Stavenhagen, 38.

political, and economic resources than post-war Nicaragua.⁷³ While his assumption that *human* rights are entitlements that should be understood as reserved for the wealthy is oxymoronic, his observation that a socialist democracy is not a sustainable political economic model in Nicaragua merits analytical consideration.

In 2007, Nicaragua exported almost \$900 million of goods and services to the U.S. of the country's total \$2.7 billion in exported goods and services. In the same year, Nicaragua imported just over \$1.6 billion in goods and services from the U.S. of the country's total \$5.2 billion in imported goods and services.⁷⁴ About one-third of Nicaragua's exports are dependent on U.S. demand for their products, and almost 31% of their export market depends on U.S. demand for Nicaraguan products.

In 2007, Nicaragua's main export partners were the U.S. (31.7%), El Salvador (14%), Honduras (9.3%), Costa Rica (7.2%), Canada (5.8%), Guatemala (5.5%), and Mexico (4.8%). In the same year, the country's main import partners were the U.S. (22.5%), Mexico (13.5%), Costa Rica (8.4%), Venezuela (6.4%), Guatemala (6.2%), and El Salvador (4.8%).⁷⁵ The U.S. occupies 27% of Nicaragua's international trade activity, and international trade accounts for 60% of Nicaragua's overall economic activity.⁷⁶ According to these numbers, Nicaragua's economy is currently 16% dependent on ties with the U.S., a country that not only cut ties to Nicaragua during its experiment with

⁷³ Brown, Doug. "Sandinismo and the Problem of Democratic Hegemony." *Development in Theory and Practice*. 1st Ed. Ed. Ronald H. Chilcote. Oxford: Rowman & Littlefield Publishers, 2003. 315-325; 316.

⁷⁴ U.S. Census Bureau, "Trade Statistics: Nicaragua." Updated 2009. < <http://www.census.gov/foreign-trade/balance/c2190.html#questions> >. Cited 2 March 2009. Also, World Bank, "World Development Indicators," updated 2008. < <http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6> > Cited 6 March 2009.

⁷⁵ CIA, "World Factbook: Nicaragua." Updated 19 March 2009. < <https://www.cia.gov/library/publications/the-world-factbook/print/nu.html> >. Cited 23 March 2009.

⁷⁶ Ibid; World Bank, "World Development Indicators," updated 2008.<<http://ddpext.worldbank.org.proxy.brynmawr.edu/ext/DDPQQ/member.do?method=getMembers&userid=1&queryId=6>> Cited 6 March 2009.

socialist democracy, but also even violently opposed the development of a socialist economy there in the 1980's.

Since 1990, Nicaragua has had four presidential elections, and Ortega has been the FSLN candidate in each one of them. However, in 1990, 1996, and 2002, Nicaraguans elected candidates who were members of the Sandinista opposition during the revolutionary period and the Contra War. These leaders are affiliated with the National Opposition Union (UNO: Chamorro, term 1990-96), the Constitutionalist Liberal Party (PLC: Alemán, term 1996-2002), and the Nicaraguan Liberal Alliance (ALN: Bolaños, term 2002-06), all economically liberal political parties supported by the U.S. If mass protests against structural adjustment policies are an indication of most Nicaraguan's economic policy desires, why were the economically liberal pro-business parties continuously elected to the executive branch?

Castenada and Mangabeira explain Nicaraguan's choice to elect economically liberal leaders as the result of external coercion that rendered the voter population war weary, hungry, and desperate: "[Latin America's] incipient democracies are constantly threatened ...by the understandable apathy of a population drained by the daily struggle for survival."⁷⁷ Sluka has noted that the psychological effects of fear can impact political choices: "The terror regime creates a context in which a person must choose between the lesser of two evils- the obvious dangers of resistance, or relative safety and the potential advantage of cooperating with the regime."⁷⁸ In the case of Nicaragua, the economic and literal shackles that bound a population living in fear could be dissolved by cooperating with the U.S. through the symbolic election of Chamorro and implicitly supporting her

⁷⁷ Castaneda and Mangabeira Unger, 1998: 58; cited in Treto, 49.

⁷⁸ Sluka, Jeffrey A. Death Squad: The Anthropology of State Terror. Philadelphia: University of Pennsylvania Press, 2002. 16

subsequent policies. In effect, Nicaraguans made a trade: they could accept relative safety and possible economic recovery, or continue resisting an economic, political and militaristic war against the most powerful nation in the world. Wilkin notes, “After a decade of terror carried out against a weary population the choice offered at the 1990 election was stark: more of the same or support the pro-U.S. business party.”⁷⁹ He argues that the threat of U.S. military deployment and economic embargoes continued to undermine popular support for the FSLN in subsequent elections.

If it was fear that swayed the Nicaraguan vote in subsequent elections, that fear was well-founded: in 2006, Chairman of the Subcommittee on the Western Hemisphere, Dan Burton, stated that if Ortega returned to power, the U.S. would cut ties to Nicaragua, suspend aid, and block remittances, which made up 12% of the country’s GDP in 2006.⁸⁰ Is U.S. hegemony in the post-Cold War era such that the superpower is capable of waging structural warfare to maintain power through economic means, as the dependency theorists above have argued? Burtons’ comments were not direct threats of direct physical violence, but graffiti on Ortega’s 2006 presidential campaign posters stated, “We don’t want another war!”⁸¹

It was in this context that Ortega won the 2006 presidential election. What changes made the FSLNs’ return to the executive branch possible?

In 1999, Ortega signed a pact with the corrupt former president Arnaldo Alemán when he was still in office but under investigation for corruption, money laundering, and embezzlement. The pact divided power over state institutions between the FSLN and the

⁷⁹ Wilkin, 661.

⁸⁰ McConnell, 2007, 85.

⁸¹ Buncombe, Andrew. “The Fight for Democracy: The Return of the Sandinista.” The Independent. Updated 31 August 2006. < <http://www.independent.co.uk/news/world/americas/the-fight-for-democracy-the-return-of-the-sandinista-414059.html> > Cited 19 March 2009.

Nicaraguan Liberal Alliance. This was beneficial for both of the historically opposed politicians, primarily because it limited the potential for new political parties to gain official legitimacy and thus benefited their respective parties. Furthermore, the pact included clauses that rendered anyone who has served as president immune to judiciary action and lowered the percent of votes a presidential candidate needs to win an election. The former aspect assured Alemán that he would be immune to judicial action for embezzlement, and Ortega, for recent allegations that he had sexually abused his stepdaughter.⁸² The latter part further assured Ortega that, by shutting out other political parties and lowering the voter percentage threshold needed for the presidency from 51% to 35%, he had a chance at being president for a second, and (under current Nicaraguan law) final term, which he had been vying for, for almost a decade.⁸³

The post-pact electoral system stipulated that a president-elect would need to have received at least 35% of the votes. The Sandinista Renovation Movement party, which split from the FSLN when Ortega began to cut deals with the ALN, threatened to divide the Sandinista voter base until the party's presidential candidate Harry Lewites suddenly died, allegedly of a heart attack, a few months before the 2006 presidential election.⁸⁴ Prior to his death, polls showed Lewites had almost 4% of voter support.⁸⁵ Ortega won the election with 38%.⁸⁶ In 1996, Ortega had lost the election with 42% of votes.⁸⁷

⁸² McConnell, 2007: 83.

⁸³ Ibid.

⁸⁴ BBC News. "Nicaragua Candidate Dies Suddenly." Updated 3 July 2006. <<http://news.bbc.co.uk/2/hi/americas/5139566.stm>>. Cited 29 October 2008.

⁸⁵ BBC News. "Ortega Wins Nicaraguan Election." Updated 8 November 2006. <<http://news.bbc.co.uk/2/hi/americas/6117704.stm>> Cited 11 November 2008.

⁸⁶ Ibid.

⁸⁷ Allison, Michael E. "The Transition from Armed Opposition to Electoral Opposition in Central America," *Latin American Politics and Society*, 48:4 (2006): 137-162; 142.

Under pre-pact electoral laws, Ortega would not have won the presidential election in 2006, but the former leader of the Sandinista Revolution did ascend to the presidency.⁸⁸ Is Ortega and the FSLN's return to power likely to shift Nicaragua's political and economic policies back towards the democratic-socialist side of the spectrum? An analysis of Ortega's policies during his current presidential term may inform this question.

One year before the 2006 presidential election, Ortega signed another pact, this time with then-president Enrique Bolaños of the PLC. Ortega pledged that his party would cooperate with I.M.F. loan stipulations at the legislative level (the FSLN held almost half of the seats in the National Assembly), and if Ortega won the upcoming presidential election, in the executive branch.⁸⁹

In light of Nicaragua's economic dependency on the U.S., it is not surprising that Ortega swore to maintain the policies of a free-market economy in light of domestic fears that a return to the FSLN would mean a return to economic war against a superpower. After Ortega announced his candidacy (without holding an internal primary) in February 2006, *La Prensa* published an article by former U.S. state department official Otto Reich, in support of the PLC candidate. Reich explained, "Nicaraguans have to choose between a future of economic opening and social progress or a return to a past of poverty and isolation."⁹⁰

⁸⁸ McConnell, 2007: 83. Also: Silva, Jos Adn. "Nicaragua: Economic Woes Cause Ortega's Ratings to Plummet." *Global Information Network* June 4, 2008. <<http://proquest.umi.com/pqdweb?index=0&did=1489730471&SrchMode=2&sid=1&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1240807811&clientId=42764>>. Cited 29 October 2008.

⁸⁹ Revista Envio. "The Hands that Rock... Just About Everything." No. 292. Updated November 2005. <<http://www.envio.org.ni/articulo/3109.htm>> Cited 29 October 2008.

⁹⁰ McConnell, 2007: 84.

Running as Vice President as a symbol of Ortega's national unification strategy, former Contra soldier Jaime Morales Carazo assured the population that the FSLN would maintain a free-market economy, but also establish state-supported universal healthcare.⁹¹ With the opposition divided between the PLC and the ALN after Alemán's scandalous term in office, Ortega's pacts - and subsequent national reunification campaign strategy - bore fruit. Does his presidency hold promise for Nicaraguan resistance to U.S., I.M.F., and World Bank policies?

Shortly before Ortega's second term, the director of the I.M.F. mission to Nicaragua published a press release stating, "President-elect Ortega has emphasized to me his commitment to prudent macroeconomic policies... In particular, the President-elect expressed his intention to work with the Fund... and move ahead with reforms critical for raising investment and sustainable growth... We at the IMF look forward to working closely with the incoming authorities to support their objectives."⁹² By October 2007, Ortega and the I.M.F. had signed another loan contract for \$111 million.⁹³

While Ortega appealed to the I.M.F. to increase limits on government expenditure in social services, he ceded to I.M.F. pressures and accepted responsibility to increase the "efficiency," instead of the amount, of government spending on social services.⁹⁴ Nonetheless, since he took office, government investment in the public sector has increased from 5.8% of GDP in 2006 (under Bolaños), to 7.3% and 7.8% in 2007 and 2008, with projected investments of 8% and 7.9% for this year and 2010, respectively.

⁹¹ Ibid.

⁹² Singh, Anoop. Statement by Director of the IMF's Western Hemisphere Department, in Nicaragua Press Release No. 06/292. December 20, 2006. <<http://www.imf.org/external/np/sec/pr/2006/pr06292.htm>> Cited 10 March 2009.

⁹³ International Monetary Fund: "IMF Executive Board Approves US\$111.3 Million PRGF Arrangement for Nicaragua." Press Release No. 07/224. October 5, 2007. <<http://www.imf.org/external/np/sec/pr/2007/pr07224.htm>> Cited 10 March 2009.

⁹⁴ Ibid.

Simultaneously, government investment in the private sector has declined from 23.7% of GDP in 2006 to 21.4% in 2008, with 20.7% of GDP projected for private sector investment in 2010.⁹⁵ In 2007, Ortega accepted 24% of the amount the I.M.F. offered Nicaragua, which sharply contrasts with Bolaños' 100% acceptance of I.M.F. money offered in 2002.

According to the U.S. State Department, "Nicaragua's economy... is 1.6% less liberal than it was in 2006, it ranks 14 (out of 29) in the Americas. Nicaragua's economy is 62.7% free with high levels of fiscal, government, labor, investment, financial, and trade freedoms."⁹⁶ It is noteworthy that the State Department uses the term "freedoms" in an economic context to describe policies that dependency theorists like Rodrik would interpret as "liberalization," and promotive of economic dependency on external powers. Stavenhagen writes that only by "breaking external dependency... [will] other measures of economic policy come." Desirable policies in Latin America, he argues, include: "Redistribution of income, elimination of structural marginality and internal colonialism, increase in standards of living of the population, popular participation in decision making, etc."⁹⁷ Does the recent decline in the State Department's interpretation of "freeness" in Nicaraguan economy suggest Ortega may be taking steps to resist I.M.F. and U.S. pressures for liberalization?

Nicaragua's relationship with socialist Venezuela suggests that he might be: Ortega solidified ties with Venezuelan President Hugo Chávez when he signed Nicaragua into the leftist international economic bloc Bolivarian Alternative for the Peoples of the

⁹⁵ Ibid.

⁹⁶ U.S. State Department. "Nicaragua: Economy." Updated September 2008. < <http://www.state.gov/r/pa/ei/bgn/1850.htm#econ> > Cited on 2 November 2008.

⁹⁷ Stavenhagen, 38.

Americas (ALBA) in 2007 at Chávez's prodding. Alba means "dawn" in Spanish, and the full title references an icon of the revolutionary war for independence from Spain in Latin America in the 1820's, Simon Bolivar. The organization, which is a free trade agreement among member nations initiated by Chávez and former Cuban President Fidel Castro in 2004, aims "to promote the 'social' side of development, eliminating poverty and combating social exclusion in a cooperative effort by Latin American nations" that excludes superpower nations in order to resist existing structures of economic and political dependency.⁹⁸ Currently, ALBA includes Cuba, Venezuela, Honduras, Bolivia, Nicaragua and Dominica. After Ortega signed on, Chávez subsequently forgave the Nicaraguan government of \$31 billion in debt.⁹⁹ Ortega also joined the Central American Integration System (SICA) which, like ALBA, offers possible alternatives for liquid assets to Nicaragua that do not entail the same degree of structural adjustment policies as loans from the IMF or the World Bank.

In terms of international trade, SICA expands possibilities for Nicaragua to have closer ties with trading partners in the region. The SICA statement of purpose includes goals to: Establish a regional system for wellbeing and economic and social justice for the Central American people; create an economic union and strengthen the Central American financial system through interdependence and minimizing dependence on the U.S., E.U., and the I.M.F. and World Bank; fortify the region as an economic bloc that

⁹⁸ Harris, David & Azzi, Diego. ALBA – Venezuela's Answer to "Free Trade" : The Bolivarian Alternative for the Americas. Sao Paulo: Hemispherical Social Alliance, 2006: 8. See <<http://www.alternativabolivariana.org/index.php>>

⁹⁹ Wilper, Gregory. venezuelanalysis.com "Nicaragua Joins Venezuela in Regional Association and Cooperation Agreements." <<http://www.venezuelanalysis.com/news/2171>>. Updated 12 January 2007. Cited 15 December 2008.

can successfully insert itself in the world economy on favorable terms; and reaffirm and consolidate the autonomy of Central America in its external relationships.

However, when his agreement to join ALBA and SICA is measured against an agreement he brokered with Bolaños in October 2005, Ortega's politics seem less leftist. On October 10, the day he signed the Bolaños pact, the National Assembly was debating whether or not to approve the Central American Free Trade Agreement with the United States. After the private pact was signed that day, CAFTA passed through the legislature, but the protests the FSLN threatened to lead through the streets against CAFTA did not.¹⁰⁰ Ortega seems to be making some strides leftward with ALBA and SICA and some strides rightward with CAFTA. On the political-economic spectrum, where is Ortega standing in 2009 – right or left of center?

While not as left as he was during the revolution, the people may have propelled Ortega's post-1990 shift to the right. According to polls cited by McConnell, 69% of Nicaraguans strongly agree or agree that “only with a market economy can Nicaragua become a fully developed country,” rendering it the third most supportive country of a market economy in Latin America. Only 22% of Nicaraguans agree that democracy involves “an economic system that ensures a dignified income.” Rather, most Nicaraguans identified elections and civil rights as the precepts of a democratic system.¹⁰¹

So, Ortega's cooperation with the I.M.F. and CAFTA may not seem socialistic, but is it democratic to the extent that the 1990 free and fair election of Chamorro was democratic? Do Ortega's economic policies represent the political will of a population that enjoys civil rights, practices fair elections, and has simply bowed to U.S. hegemony?

¹⁰⁰ Envio, November 2005.

¹⁰¹ McConnell, 2007: 87.

Are his ties with Chávez, SICA and ALBA an effort to transcend Nicaraguan dependence on international superpowers?

A Gallup poll in March 2008 indicated that just 20% of Nicaraguans supported Ortega. By the time municipal elections rolled around in November 2008, Nicaraguan support for the FSLN was further dwindling after over \$500 million in aid money from Venezuela was not accounted for in the government expenditure accounts. According to the director of the Managua branch of Transparency International Roberto Courtney, “No one knows what is done with that money, and the president’s most visible social investment is in the huge signs with his photograph and the phrase, ‘Rise up, poor of the Earth!’”¹⁰²

When Ortega refused to allow transnational organizations to monitor the municipal elections that ended in a swooping victory for FSLN candidates who won 87 of 153 municipalities, protesters filled the streets. Ortega remained silent until Nicaragua lost \$64 million in financial support from the U.S. and \$54 million from the E.U. and he declared that Nicaragua was “free” from U.S. and European dependence.¹⁰³ Other, non-capitalist nations such as Venezuela, Russia, and Iran have increased political and financial support to Nicaragua, presenting possibilities for Nicaragua to diminish its dependence on U.S. financial support and, by extension, diminish some of the external forces that have pushed the country towards a neo-liberal economic model in the past.¹⁰⁴

¹⁰² Silva, 2008.

¹⁰³ General, Karla E. “Venezuela Offers to Replace U.S. Aid to Nicaragua.” *Impunity Watch*. Updated 2 December 2008. < http://www.impunitywatch.com/impunity_watch_north_amer/2008/12/us-pulls-aid-amid-allegations-of-election-fraud-against-nicaraguas-daniel-ortega.html > Cited 10 January 2009.

¹⁰⁴ Associated Press. “Nicaraguan Leader Ortega Gets Warm Moscow Welcome” <http://www.nytimes.com/aponline/2008/12/18/world/AP-EU-Russia-Nicaragua.html?_r=1> Updated 18 December 2008. Cited 18 December 2008. Also Wilper, Gregory. *venezuelanalysis.com* “Nicaragua Joins Venezuela in Regional Association and Cooperation Agreements.” < <http://www.venezuelanalysis.com/news/2171>>. Updated 12 January 2007. Cited 15 December 2008. And BBC News. “Iran and Nicaragua

Chávez pledged \$100 million in aid to Nicaragua to replace the \$118 million the government lost post-election, and has encouraged Ortega's efforts to extend Nicaraguan presidential term limits so Ortega can run for a third term in 2012.¹⁰⁵

How effective was Ortega's strategic alignment with I.M.F. economic policies before and right after the 2006 election in quelling U.S. and conservative Nicaraguan voter pressures? To what extent, if any, did this strategy alienate his popular voter base? Did his decision to break with this earlier strategy, through his renouncement of I.M.F. and U.S. aid policies after the contentious November 2008 elections and subsequent reinforcement of his ties with Chávez, reaffirm his traditional voter supporter base? Since changing his tone, has Ortega been able to retain any support he may have previously gained among the opposition? In his most recent song, singer-songwriter Carlos Mejia Godoy sings, "I want a Nicaragua that is free, where nobody destroys the flower of my happiness, nor puts a straitjacket on my way of thinking." After the November 2008 election, Godoy made a public statement that he wanted the Ortega administration to stop equating the messages in his lyrics with the FSLN.¹⁰⁶

By strengthening ties to Chávez and supporting the Colombian Revolutionary Armed Forces of Colombia militant group, spending money on propaganda billboards, slowly increasing federal public spending, and defying E.U., U.S., and I.M.F. meddling – or criticism of his lack of transparency - Ortega may garner support from the left. By

Vow Close Ties." <<http://news.bbc.co.uk/2/hi/americas/6261721.stm>>. Updated 14 January 2007. Cited 14 December 2008.

¹⁰⁵ Romero, Simon. "Chávez Decisively Wins Bid to End Term Limits." *New York Times*. Updated 16 February 2009. <<http://www.nytimes.com/2009/02/16/world/americas/16venez.html?scp=7&sq=nicaragua%20election&st=cse>>. Cited 30 March 2009.

¹⁰⁶ Lacey, Mark. "Sandinista Fervor Turns Sour for Former Comrades of Nicaragua's President." *New York Times*. Updated 24 November 2008. <http://www.nytimes.com/2008/11/24/world/americas/24nicaragua.html?_r=1&scp=3&sq=nicaragua%20election&st=cse> Cited 24 November 2008.

signing on with the I.M.F., condemning political opponents and critics within the FSLN, “suppressing [popular civil society] groups,” and banning therapeutic abortion, Ortega may garner support from the right. Or this “national unification” strategy may alienate both.

Ortega’s strategy for national unification, according to Kampwirth, is “Neither Left nor Right,” yet she does not contend that Ortega’s policies fall in the middle of the political spectrum.¹⁰⁷ Rather, by supporting far right- and far left wing pacts and policies, Ortega has alienated moderate voters, conservatives, and liberals, not to mention international political actors. Far from bringing national unification, widespread mistrust came to a head in street violence after the November 2008 municipal elections.

In addition to undermining support in both camps, the lack of transparency in that election, in the context of Ortega’s closeness with Venezuelan president-for-life Hugo Chávez; his efforts to change presidential term limits; and government seizure of documents produced by civil society groups, beg the question of whether Nicaraguan democracy is more than a rhetorical buzz word in Ortega’s’ speeches. According to Human Rights Watch, Ortega is more concerned with staying in power than he is with strengthening democracy.¹⁰⁸

Raby says any anti-capitalist revolutionary party must consolidate power in order to gain the degree of momentum that is needed to free their people from external capitalism-imposing oppressors.¹⁰⁹ However, if the goal of a revived political economic

¹⁰⁷ Kampwirth, Karen. “Neither Left nor Right: Sandinismo in the Anti-Feminist Era.” *NACLA Report on the Americas*. Vol. 41, No. 1 (Jan/Feb 2008): 30-35.

¹⁰⁸ Human Rights Watch. “Nicaraguan President ‘Repressing’ Rights Groups.” Updated 24 October 2008. < us.oneworld.net/places/nicaragua/-/article/358166-raid-fuels-concern-about-civil-rights-nicaragua >. Cited 26 October 2008.

¹⁰⁹ Raby, 68.

system is emancipation from all kinds of oppression, is developing an economy that may become less dependent on the U.S. worth the trade off of democratic political pluralism in Nicaragua, a la the strategy of president-for-life Hugo Chávez in socialist Venezuela?

Ortega is losing domestic *and* international support across the spectrum in the context of continued poverty, lack of transparency, and the questionability of Ortega's commitment to even basic, liberal democratic practices. What can emancipatory governance look like in the era of globalization and capitalism? Despite existing limitations in the context of U.S. hegemony and Ortega's leadership, are there possibilities for reshaping Nicaragua's political economic system to be more emancipatory? Ortega may not be the man to lead the movement towards a more emancipatory national structure, but are there other agents who may be involved? How might we reshape decision-making processes in the current climate in order to build this new political economy?

Section Five

Deliberative Approaches to Emancipation in Nicaragua from the Bottom-Up

The pages above have suggested that Nicaragua faces a great number of obstacles to achieving an emancipatory political economic system, including economic dependency on the U.S., international financial institutions, and other capitalism-oriented entities. In this context, top-down approaches to developing discursive systems may not be the most appropriate strategy for Nicaragua. In order to overcome oppressive forces, the Nicaraguan people may opt to claim their emancipation from the bottom-up. As Raby

argues, “Popular power must be based on autonomous community organizations.”¹¹⁰

They must “be ideologically pluralist... encouraging the free discussion of all ideas.”¹¹¹

Rabys’ understanding of emancipation as rooted in deliberative practices echoes Freire’s assertion that “The task of the dialogical teacher is an interdisciplinary team working on the thematic universe revealed by their investigation is to ‘re-present’ that universe to the people from whom he or she first received it- and ‘re-present’ not as a lecture, but as a problem.”¹¹² These ideologies suggest that channels for emancipatory structures are less likely to form from the top-down, or from an academic prescription, than they are from the bottom-up.

The recent ascendance of the solidarity economics movement in Latin America, which “embraces a plural and cultural view of the economy as a complex space of social relationships in which individuals, communities, and organizations generate livelihoods through many different means and with many different motivations and aspirations -- not just the maximization of individual gain,” offers an alternative political economic model to socialism and capitalism in Nicaragua.¹¹³ The movement’s supporters, including Venezuelan President Hugo Chávez, international and transnational activists engaged in the World Social Forum movement, ALBA, and SICA, and Nicaraguan grassroots organizations, present bodies of power who reject coercive policies of heretofore

¹¹⁰ Raby, 226.

¹¹¹ Raby, 257.

¹¹² Freire, 109.

¹¹³ Miller, Ethan. “Other Economies are Possible: Organizing Toward an Economy of Cooperation and Solidarity.” Updated July 2006. <<http://www.dollarsandsense.org/archives/2006/0706emiller.html>>. Cited 14 December 2008.

hegemonic bodies that promote dependency through the imposition of neo-liberal policies.¹¹⁴

Miller casts his model in emancipatory, republican terms, noting, “Solidarity economics rejects one-size-fits-all solutions ... embracing instead a view that economic and social development should occur from the bottom up, diversely and creatively crafted by those who are most affected.”¹¹⁵ He cites “worker, consumer, and housing cooperatives, community currencies, urban gardens, fair trade organizations, intentional communities, neighborhood self-help associations... savings and credit associations, collective kitchens, and unemployed or landless worker mutual-aid organizations” as possible components of an economy that is built on solidarity, a system Miller considers “a democratic alternative to both capitalist globalization and state socialism.”¹¹⁶

In their quest for alternatives to capitalist and socialist economic models, Albert and Hahnel developed a “participatory” model of solidarity economics, which is “based on public ownership and a decentralized planning procedure in which workers and consumers propose and revise their own activities until an *equitable*, efficient plan is reached” (my emphasis).¹¹⁷ The difference between participatory economics and market economics lays in the factors that push the supply and demand curves toward equilibrium: instead of following the guidance of Adam Smith’s “invisible hand,” guidance is derived from deliberation among the people and their stated needs and

¹¹⁴ A transnational “alternative globalization” movement that rejects capitalism and world power hegemony that promotes neo-liberalism in less powerful nations. World Social Forum. Updated 3 January 2009. <http://www.forumsocialmundial.org.br/index.php?cd_language=2&id_menu=>. Cited 6 January 2009.

¹¹⁵ Miller.

¹¹⁶ Ibid.

¹¹⁷ Albert, Michael & Hahnel, Robin. The Political Economy of Participatory Economics. Princeton: Princeton UP, 1991. 4.

provisions; no one is invisible, or excluded from production planning to meet their basic needs. As Albert and Hahnel describe it:

*“Consumers request goods and services in light of their needs and desires knowing that others will not approve unreasonable requests and that they will have to play an equitable role in producing whatever it is to be consumed. Producers respond to consumer requests in light of their own needs and growing awareness of social circumstances. They balance their desires to work less and in more favorable circumstances against their own and other consumers’ desires to consume more.”*¹¹⁸

Is a political economy based in democratic solidarity possible in Nicaragua? If so, under what conditions? According to Miller, “The first task of solidarity economics is to identify existing economic practices—often invisible or marginal to the dominant lens—that foster cooperation, dignity, equity, self-determination, and democracy.”¹¹⁹

Nicaragua is home to a plethora of non-governmental organizations, including farmer cooperatives, women’s rights and empowerment organizations, workers cooperatives, indigenous interest groups, consumer organizations, and literacy programs, which represent alternative political economic systems at the grassroots level.¹²⁰ An analysis of one grassroots organization, ACODEMA, illuminates the power of civil society groups in forming a participatory political economy in Nicaragua, despite the powerful obstacles imposed by local and foreign actors described above.

The Association of Consumers of Masaya, ACODEMA, is a non-governmental organization that helps Nicaraguans deal with the negative impacts of neo-liberal structural adjustment policies, such as basic utility privatization, by providing free financial and legal advice to consumers who are struggling to make ends meet.

¹¹⁸ Albert & Hahnel, 117.

¹¹⁹ Miller.

¹²⁰ Vanden & Prevost, 2009: 545-52.

ACODEMA works to educate, organize and mobilize Nicaragua's popular classes in a movement to oust multinational corporations from Nicaragua, de-privatize basic utilities and social services, and discourage Nicaraguan political leaders from accepting loans from international financial institutions whose conditions stand in the way of Nicaragua's economic, social, and political sovereignty.¹²¹

Some of the premises of ACODEMA's work, particularly in the realm of consumer rights education and the greater movement against global capitalism that is engendered in the World Social Forum movement, reflect Freire's philosophy that "In order for the oppressed to be able to wage the struggle for their liberation, they must perceive the reality of oppression not as a closed world from which there is no exit, but as a limiting situation which they can transform."¹²² This premise directly addresses the implicit goals of NSC 68, which states, "At the ideological or psychological level, in the struggle for men's minds, the conflict is worldwide. Practical and ideological considerations therefore both impel us to the conclusion that we have no choice but to demonstrate the superiority of the idea of freedom by its constructive application, and to attempt to change the world situation by means short of war."

During the Contra War, the Reagan administration made huge investments in military operations to ensure Nicaraguans internalized the inevitability of its subservience to world powers through "participation" in the capitalist world market. As an activist organization, ACODEMA is involved in the struggle to counter the internalization of this political and economic oppression and open up public spaces for discourse on possibilities for political and economic transformation.

¹²¹ Neus, Andreu & Olive, Xavi Valls. "Masaya Consumer Rights Association." Updated 30 July 2008. <acodema.blogspot.com> Cited 9 January 2009.

¹²² Freire, 49.

ACODEMA's reasoning that grassroots activism can bring about the banishment of international financial institutions and the legacy of related policies may seem unrealistic, considering the vast power discrepancy that exists between grassroots activists and the structures they aim to overcome. However, ACODEMA's "illogical" reasoning is in tune with that of Tsing's thesis: "Utopian critiques are critical perspectives we cannot do without – even if they will not be realized... Through them, the utopianism of a mobilization for ... justice becomes a challenge rather than a reason to give up."¹²³

In 2001, Stiglitz won the Nobel Prize for a study that illuminated the ways in which access to information affects markets and empowers some (those with access to information, who are usually in positions of power to begin with) at the expense of others (those without access to information, who usually have less power to begin with), who are then further disempowered.¹²⁴ Stiglitz's reasoning reverberates in ACODEMA's work to provide information to the less powerful. As former Sandinista soldier and ACODEMA president Roger Lecayo said, "One good thing that came out of the revolution is I can say what I want... We go like little ants to say, 'Yes, you do have rights. This is how you fight for them.'¹²⁵

A major component of the ACODEMA campaign is the dissemination of information to consumers regarding their rights, with particular importance attached to the right of full disclosure of information about products for consumption, prices, alternative products and providers, and the responsibilities of suppliers and distributors to

¹²³ Tsing, Anna Lowenhaupt. *Friction: An Ethnography of Global Connection*. Princeton: Princeton UP, 2005. 268.

¹²⁴ Akerlof, George A., Spence, Michael and Stiglitz, Joseph E. "Markets with Asymmetric Information." Updated 10 October 2001. <http://ideas.repec.org/p/ris/nobelp/2001_002.html#provider>. Cited 15 December 2008.

¹²⁵ Lecayo, Roger. Lecture & discussion on consumer rights in Nicaragua. ProNica Volunteer Headquarters, Managua, Nicaragua. Lecture notes 3 June 2008.

consumers. ACODEMA hopes to empower Nicaraguans not only to know the rights they have been “granted” as consumers in a capitalist market, but also to organize in defense of their right to self-determination in creating and developing the economic structures in which they participate (see Appendix A).

This feature of the ACODEMA campaign displays the organization’s “bad subject” strategy, which they adopt in light of the fact that Nicaragua is currently embedded in the capitalist world economy in a vulnerable position – a position that ACODEMA is trying to change *within* the institution of capitalism. Simultaneously, the organization’s commitment to confront the coercive neo-liberal capitalist forces that help keep Nicaraguans in a vulnerable position is a strategic step toward “non-subjecthood.” ACODEMA’s long-term campaign against utility privatization and other I.M.F. and World Bank policies seeks to illuminate existing structures of injustice that affect Nicaragua, and may prompt discourse about alternative political, economic, and social structures that Nicaraguans may want to develop.

Conclusion

Finding Possibilities for a Second Day of Liberation in Nicaragua

Stavenhagen argues, “Rarely in history has there existed over an entire continent, as there currently is in Latin America, such a generalized awareness among the most diverse social groups as to the necessity of carrying out major modifications of the political and social structure.”¹²⁶ Inclusive, accessible activist organizations such as ACODEMA strengthen the movement for non-subjecthood and equal rights to self-

¹²⁶ Stavenhagen, 35.

determination and offer a major contribution to “development” efforts and discourse in local and global contexts. “Insider” organizations like ACODEMA (the entire ACODEMA staff is Nicaraguan) can empower subjects of oppressive structures to understand forces of oppression and how to overcome them. They can also create a space for deeper discourse on alternative structures since they are constrained by fewer limitations (whether ideological, logical, or political) than mainstream spaces provided by institutions like the United Nations. Many existing channels for such discourse were founded on, and are maintained by, as Freire would argue, a political ethnocentricity that strengthens unequal structures of power and protects the hegemony of their beneficiaries.¹²⁷ Grassroots organizations like ACODEMA, which are created and maintained by activists with a personal stake in the outcome, are well suited and informed to facilitate discursive “non-subject” activism through participatory systems. Organizations that engage in discourse locally with minimal outsider influence are also in a position to broaden the scope of development discourse in a global context.

The tumultuous development of Nicaragua’s political economic system since 1979 demonstrates that neither the capitalist democratic model, nor the socialist democratic model, has sustained the aims of the revolution in post-revolutionary Nicaragua, due largely to external pressure from the U.S., internal poverty and the nominal nature of liberal democracy in Nicaragua under Ortega’s leadership.

While the capitalist-dominated, nominal liberal democracy that currently governs Nicaragua is not likely to dissipate in the near future due to the aforementioned political and economic power imbalances in the post-Cold War era, there are already participatory

¹²⁷ Freire, 58.

mechanisms at work on the grassroots level in Nicaragua, which present possibilities for a more emancipatory system even in the face of power inequality in the international arena and oppressive domestic political leaders.

Appendix A

The following is excerpted from ACODEMA's English language web site (full text available at acodemaenglish.blogspot.com. For Spanish, see acodema.blogspot.com)

The Association of Consumers of Masaya (ACODEMA) was legally constituted in Masaya in the year 2000 as an exercise of one of the rights provided by the Nicaraguan Law of Consumer Defense passed in 1994: the right to form consumer associations.

The strength of consumers radiates from the fact that we are all consumers: the entire population performs acts of consumption every day. Therefore, the market depends on the decisions we each make when we buy something. But in order to be able to exercise our strength as consumers, we need to be organized and well acquainted with our Rights and the procedures we must follow to defend them. For this reason, ACODEMA's slogan has been since the beginning:

Only with unity and organization can we successfully defend our consumer rights!

ACODEMA, in conjunction with the Association of Alternatives, is attempting to raise awareness about the Rights of consumers among the Nicaraguan population, and to find International solidarity and support through our English-language website.

We are attempting to transmit the importance of being organized in order to exert pressure on major enterprises, corporations and the State, in order to not only ensure that existing laws for consumer defense are applied, but also to strengthen and improve them.

Appendix A: 1

Andreu, Neus & Rubey, Virginia. The Association of Consumers of Masaya, Nicaragua. Updated August 2009. < acodemaenglish.blogspot.com > Cited 5 December 2009.

Consumers are in a position of misinformation or missing information, which puts them at a disadvantage, and makes them weak players compared to companies and corporations. Consumption today is more risky, and even dangerous, than more basic consumption in the past.

In order to rectify the inequality that exists between the consumer and the producer, the Rights of the Consumer was created to establish a series of rights for consumers, as well as obligations of the producer to protect the well-being of consumers.

In Nicaragua, in 1994, the National Assembly approved Law 182 for Consumer Defense. Five years later, in 1999, the regulation of the law actually permitted the application and enforcement of the law...

Law 182 Recognizes the Following Consumer Rights (art. 12):

1. Protection of the health and security of the consumer of goods and services.
2. Education for the consumer.
3. Information that is true, accessible, clear, and adequate with regard to the goods and services available on the market.
4. Good and equal treatment on the part of producers of goods and services.
5. Reparation that is integral, accessible, and adequate in case of any harm and suffering experienced by a consumer, if they are caused by the producer.
6. To demand the realization of promotions, sales and offers if the producer does not follow through with their word.
7. To associate with other consumers and create consumer groups.

Appendix A: 2

Andreu, Neus & Rubey, Virginia. The Association of Consumers of Masaya, Nicaragua. Updated August 2009. < academaenglish.blogspot.com > Cited 5 December 2009.

8. To access the administrative or judicial entities that protect consumers' rights and legitimate interests.
9. Adequate preservation of the environment that guarantees the conservation and development of natural resources.
10. To make claims to State institutions when there is negligence of public services and loans that have done direct harm to a consumer.
11. To be protected in regard to life, security and property when a consumer makes use of public overland transportation, water transportation, and air transportation. In the event that this right is not realized, the affected consumer must be compensated at the expense of the producer of these services.

In order to facilitate their explanation we have divided these rights into five sections:

1) The right to information: Consumers need to know what they are buying! Therefore, producers are required to give us sufficient information so that our purchase does not assume risks. In certain cases, this information is not necessary (for example if one is buying a broom), but in other cases, this information is fundamental to protect the security of a consumer who is buying, for example, medicine.

2) The right to education: In order to consume without risks and with necessary information, the population should be educated to this end. Therefore it is fundamental that Law 182: the Consumer Defense Law, should lead to the acquisition of new attitudes that favor its enforcement.

3) In order to protect the physical and economic security of consumers, the law recognizes the following rights:

Appendix A: 3

Andreu, Neus & Rubey, Virginia. The Association of Consumers of Masaya, Nicaragua. Updated August 2009. < acodemaenglish.blogspot.com > Cited 5 December 2009.

- Protection of ones' health and safety in the consumption of goods and services.
- Good and equal treatment.
- Reparation that is integral, accessible, and adequate in case of any harm and suffering experienced by a consumer, if they are caused by the producer.
- Adequate preservation of the environment that guarantees the conservation and development of natural resources.
- To be protected in regard to life, security and property when a consumer makes use of public overland transportation, water transportation, and air transportation. In the event that this right is not realized, the affected consumer must be compensated at the expense of the producer of these services.

4) All of these rights would be meaningless if the law did not also recognize the right of consumers to make claims against producers for their possible violations. Therefore, consumers also have the rights to:

- Access the administrative or judicial entities that protect consumers' rights and legitimate interests.

Make claims of negligence against the State for public services that have produced direct harm to the consumer.

5) Finally, the law recognizes another right, which seems to us the most important right of all since, if it is used in the right way, it can guarantee the fulfillment of all consumer rights: the right to form consumer associations. As always, the organization of civil society is a fundamental part of any social accomplishment we wish to pursue. United consumers have already pursued major goals in other parts of the world that would not have been possible to accomplish if consumers had worked individually.

Unión Fenosa, the sole distributor of electricity in Nicaragua, would not have gone back on their plan to raise rates for electric use if the Nicaraguan population had not protested

Appendix A: 4

Andreu, Neus & Rubey, Virginia. The Association of Consumers of Masaya, Nicaragua. Updated August 2009. < acodemaenglish.blogspot.com > Cited 5 December 2009.

by boycotting their electricity for two days. This kind of boycott means major losses for an enterprise. These kinds of actions raise the power of the consumer and are only possible when consumers are organized and work together. This is the only way we can accomplish real social changes!

Appendix A: 5

Andreu, Neus & Rubey, Virginia. The Association of Consumers of Masaya, Nicaragua. Updated August 2009. < academaenglish.blogspot.com > Cited 5 December 2009.

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