1-24-2008

Nicaragua's Daniel Ortega Losing Support As Inflation And Charges Of Authoritarianism Take Their Toll

LADB Staff

LADB Article Id: 51212
ISSN: 1089-1560

Nicaragua's Daniel Ortega Losing Support As Inflation And Charges Of Authoritarianism Take Their Toll

by LADB Staff
Category/Department: Nicaragua
Published: 2008-01-24

A year into his reprise presidency, Nicaragua's Daniel Ortega finds himself in difficulty on several fronts. The legislature is brutally critical of what deputies see as authoritarianism, and inflation is into double digits, stressing a population already among the hemisphere's poorest. Leading the critics in the Asamblea Nacional (AN), leader of the opposition Alianza Liberal Nacional (ALN) Eduardo Montealegre slammed the economic record, focusing on the 16.88% inflation for 2007 in a special session. Montealegre ran second to Ortega in the 2006 presidential election (see NotiCen, 2006-11-09). Montealegre's ALN was a split-off from the once-powerful Partido Liberal Constitucionalista (PLC), the party of convicted ex-President Arnoldo Aleman (1996-2001).

Now these two opposition parties are healing old wounds by signing an alliance to run together in municipal elections this November. The centerpiece of the alliance is the candidacy of Montealegre for mayor of Managua and a joint boycott of this year's presidential state-of-the-nation address. Ortega countered by arranging a special permit for Aleman to attend the event despite his 20-year sentence for money laundering and embezzlement. On the occasion of the speech, with these opposition parties absent, Ortega put aside his prepared text and instead spoke about various rulings of the Corte Suprema de Justicia (CSJ), which will facilitate the revival of an old alliance between Aleman partisans on the PLC and Ortega's Frente Sandinista de Liberacion Nacional (FSLN).

Among his judicial successes was the ruling that enabled the creation of the Consejos del Poder Ciudadana (CPC) as an extension of the executive. Another was the decision that chafed the ALN, modifying Aleman's conditions of detention from house arrest to freedom of movement within the country. The Ortega-friendly CSJ also declared unconstitutional the laws establishing new agencies controlled by the AN, the Superintendence of Public Services (SISEP) and the Institute of Rural and Urban Property, (INPRUR). The court also annulled the law that froze the Ortega-inspired constitutional reforms of 2005. While these reforms reduce the power of the presidency by lowering the majority needed to override a veto from two-thirds to a simple majority and require congressional ratification of presidential appointments, they suit Ortega's longer-term aims as a "step toward creating a parliamentary system" that would allow him to maintain power as party leader long after his presidency is over.

Prices up, Ortega approval down It is not only the AN that is disenchanted with Ortega's performance. A recent opinion poll by M&R Associates for La Prensa found only 21.2% of Nicaraguans would give him a vote of confidence now. This translates to just over half the population that elected him. Authoritarianism aside, citizens are upset at the upward trajectory of inflation, in great measure fueled by high fuel prices. The new year saw regular gasoline reach US $1 a liter and diesel, US$1.08. Even government-regulated fuels rose. A 25-pound (11.34 kg) tank

LADB Article Id: 51212
ISSN: 1089-1560

of cooking gas went to US$13.23, up US$0.11. These increases triggered others. Union Fenosa, the privatized electric company, raised January prices 3%. Water, public transportation, food have all gone up in turn. In public services, utilities and water went up 20% in Managua. Ruth Herrera, head of the state-owned ENACAL, the water and sewage company, blamed the hikes on the fuel bill, which, she said, had gone up 50% in the last few months. The National Transport Committee (Comite Nacional de Transporte, CNT) said it would raise fares by 50%, bringing a total increase since November 2006 to 70%. As a result of a 20% decrease in fuel subsidies by the Regulating Institute of Transport (Instituto Regulador de Transporte Municipal, IRTRAMA) in Managua, bus driver co-ops announced a fare increase from US$0.13 to US$0.15, but the increase would only be in effect for one week a month.

In a year's time, rice, beans, sugar, cooking oil, potatoes, chicken, and eggs, as components of the basket of basic products, went from US$100 to US$250. Meanwhile, wages have stagnated. Workers brought home paychecks pegged in real terms lower than those of 1996; their purchasing power is 12.6% less than it was 11 years ago. This figure is actually an amalgam of a fork in the road. White-collar wages veered upward 36%, while agricultural wages turned downward 45%. Where Nicaraguans got hit hard was in the basket of basic products, the index that measures monthly costs for a family of five. This index hit US$393, a 165% increase since November 2006.

None of this was Ortega's doing; he just presided over it. According to the Banco Central de Nicaragua (BCN), it was the weather, droughts, Hurricane Felix, excessive rainfall, and flooding that took a toll along with the fuel prices (see NotiCen, 2007-09-06). The contrary elements more than halved bean production from 113 million kg in 2006 to less than 424,000 kg in 2007. But it is to Ortega that citizens are looking for relief. Union leader Jose Angel Bermudez said the government must reduce oil dependency, raise private-vehicle taxes, and restructure the internal debt to free funds for social spending. More than 15% of the 2008 budget will go to internal-debt service. Workers saw a minimum-wage hike in June, but this was very far from sufficient to keep heads above the rising tide of inflation.

Unions now want a 25% increase. So far, employers are offering 9%, but Bermudez said the minimum wage is sustaining poverty. Maquila workers make US$92 a month, rural workers US $54. "It can't be that every price on the market adjusts to new fuel costs except the price of labor," said Bermudez, executive secretary of the Federacion Nacional de Trabajadores (FTN). Failure to deal with the workers' situation is unlikely to end well. Teachers have said they will go on strike if they do not get a 40% raise. They demonstrated outside the AN to protest a budgeted raise of 20% of their average pay of US$132 a month for seven pay periods. The Ministry of Education is, for the moment, ignoring the demand on the grounds that the 25,000-member non-Sandinista Unidad Sindical Magisterial (USM) does not represent the majority of teachers. The Sandinista Asociacion Nacional de Educadores de Nicaragua (ANDEN) is the organization the ministry recognizes.

Seeing no good solutions on the horizon, hordes of Nicaraguans are leaving the country. Many went to fill a 40,000-person temporary worker opening in Costa Rica so many that Costa Rican authorities turned back some 12,000 people. Ortega seems to have screwed himself onto the horns of a dilemma. He's negotiated an IMF deal that will bring in US$694 million for each of the next three years, but this is contingent on his keeping public expenditures below US$1.5 billion. He is banking

LADB Article Id: 51212
ISSN: 1089-1560

on oil from Venezuela to relieve inflation pressures. But how he will spend his savings will remain unknown. The national budget is not a matter of public record.

-- End --