3-8-2012

Venezuelan President Hugo Chávez's Cancer Reports Put ALBA-Dependent Nicaragua On Alert

Benjamin Witte-Lebhar

Follow this and additional works at: https://digitalrepository.unm.edu/noticen

Recommended Citation


This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Venezuelan President Hugo Chávez's Cancer Reports Put ALBA-Dependent Nicaragua On Alert

by Benjamin Witte-Lebhar
Category/Department: Nicaragua
Published: 2012-03-08

A huge question mark for Venezuela, President Hugo Chávez’s ongoing health problems are also making waves in Nicaragua, where President Daniel Ortega has good reason to pray for his cross-Caribbean counterpart’s full and speedy recovery.

One of the Nicaraguan president’s only international allies, the 57-year-old Chávez has also been a tremendous benefactor in recent years, channeling an estimated US$2 billion Nicaragua’s way since 2007, when Ortega reclaimed the presidency after a 17-year absence from power. It is little wonder that, on Feb. 21, upon learning that Chávez would be returning to Cuba for further cancer treatment, Ortega was so quick to offer his "solidarity and greetings."

"God will know to stay with him in this battle," the recently reelected Nicaraguan president said during an event in Managua.

Chávez’s health woes have been making headlines since last June, when he first traveled to Cuba for treatment on a cancerous abscess in his pelvic area (NotiSur, Aug. 12, 2011). Doctors there removed a "baseball-sized" tumor and later administered radiation treatment. Five months later, the fiery Venezuelan president pronounced himself cured. "No abnormal cellular activity exists," he said. "I've begun to exit the cave."

Two weeks ago, however, Chávez admitted that doctors had detected a new, possibly cancerous growth. Within days, surgeons in Cuba extracted the tumor. The Venezuelan president said later that the surgery was a success, announcing via Twitter that he is "soaring like a condor." But he also confirmed that the tumor was cancerous and that he will again begin receiving radiation treatment.

Embracing ALBA from the start
Chávez’s health is sure to impact Venezuela’s upcoming Oct. 7 election. The incumbent, now in his 13th year as president, is hoping to win a fourth term in office but faces a stiff challenge from Henrique Capriles, a 39-year-old state governor (NotiSur, Feb. 24, 2012). But his ongoing fight with cancer also has huge implications for Chávez’s Latin American allies, especially Cuba and Nicaragua, which have become particularly dependent on Venezuelan largess.

Upon regaining the presidency in 2007, Ortega—the longtime leader of the Frente Sandinista de Liberación Nacional (FSLN)—threw his lot in with Chávez immediately. One day after his inauguration, Ortega took advantage of Chávez’s presence in Managua to join the Venezuelan-led Alianza Bolivariana para los Pueblos de Nuestra América (ALBA). The trade bloc also includes Bolivia, Ecuador, and Cuba, along with the Caribbean island nations of Dominica, St. Vincent and the Grenadines, and Antigua and Barbuda.

Since then, Ortega and his Sandinista allies—operating through various ALBA-linked business operations—have received a windfall of Venezuelan money in the form of loans, donations, and
preferential energy deals that by some estimates total upward of US$500 million per year. At the same time, Nicaragua has greatly increased exports to Venezuela.

As a result, Nicaragua’s overall economy has grown in the past two years by more than 4% annually. That growth served Ortega well during last year’s successful re-election campaign (NotiCen, Oct. 13, 2011). Extra-budgetary funds from Venezuela have also bankrolled the president’s signature social programs, which proved to be another effective selling point for Ortega. In addition, critics allege that the FSLN used off-the-books ALBA money to cover campaign expenses.

"Nicaragua now has three economies: a formal economy, an informal economy, and a parallel, dark-side economy of Venezuelan dollars controlled by Daniel and a small group of people who are his closest associates and main beneficiaries," former opposition lawmaker Francisco Aguirre told the Christian Science Monitor last April. "Without Venezuelan aid, Nicaragua’s economy would be limping along with anemic levels of growth, if any at all."

Ortega went on to the win last November’s election in a landslide—even though his candidacy was in open violation of the country’s term-limit laws (NotiCen, Nov. 17, 2011). In January—with Chávez again by his side—he was sworn in for a controversial third term as president (NotiCen, Feb. 16, 2012). Ortega first held the post between 1985 and 1990 following several years as the head of the FSLN’s post-revolutionary junta government.

What Ortega wants, Ortega gets

The two leaders met again three weeks later at an early February ALBA summit in Caracas, Venezuela, where Ortega and the member-state heads agreed to provide seed money for the Banco de ALBA (BALBA) project. Designed as an alternative to US-dominated institutions like the World Bank and International Monetary Fund (IMF), BALBA would provide condition-free loans for development and social programs. A BALBA borrower, its backers promise, could have access to capital without submitting to IMF-style demands that it, for example, privatize particular state entities.

While in Caracas, Ortega pledged to provide BALBA with 1% of Nicaragua’s approximately US $17 billion in international reserves, currently spread among banks throughout the world. He later promised to include a US$4 million payment to BALBA in this year’s budget. "The Banco de ALBA gives us a lot of security because we are talking about a bank that is socialist and just, where we can go to ask for money for productive activities, for social projects, for land titling," the Nicaraguan president said.

When Ortega squeezed his way back into office in 2007 after winning less than 38% of the vote in the previous year’s election, he still faced some limits on his power, particularly in the Asamblea Nacional (AN), where the divided-yet-still-viable opposition held a majority—at least on paper. As he proved in recent weeks with his handling of the BALBA issue, those limits have since evaporated.

Upon returning from Caracas, Ortega’s first order of business was to secure control of the Banco Central de Nicaragua (BCN), a presumably autonomous institution that holds the purse strings of Nicaragua’s international reserves. On Feb. 14, he ousted the BCN’s president Antenor Rosales, who had made the mistake a week earlier of suggesting that decisions such as where to invest Nicaragua’s reserves are not subject to "personal whims." Ortega replaced Rosales, who officially resigned for "personal reasons," with then Finance Minister Alberto Guevara.
The president made good on his other BALBA pledge on Feb. 21, when he tested out his new two-thirds supermajority in the AN to easily clear his 2012 budget. Among other things, the US$1.8 billion budget earmarked US$3.8 million for BALBA. Opposition lawmakers voted unanimously against the budget proposal but are now so outnumbered by the FSLN they are powerless to block any of the president’s bills.

"This is about more than just the specific case of BALBA," said opposition Deputy Eliseo Núñez Morales. "The principal thing here is that Ortega is keen to drive the country’s economic policy with as little control as possible, and this could have serious consequences in the short term."

A call for changes "now, rather than later"
Until just a few weeks ago, such warnings might have fallen mostly on deaf ears in Nicaragua, where the opposition—even if it wanted to move the economy in a different direction—has virtually no power to do so. Fresh concerns about the fate of ALBA’s powerful frontman, however, may end up changing the dynamics somewhat.

Ortega’s choice to put so many of Nicaragua’s eggs in the ALBA basket is suddenly less a theoretical problem and more a pending one. After fading to the point of near irrelevance, the opposition may finally have an issue it can use to really rally people—and business leaders—against Ortega.

Nicaragua’s precarious dependence on Venezuela came up repeatedly during a late-February business-leaders’ conference held by the Fundación Nicaragüense para el Desarrollo Económico y Social (FUNIDES), the Consejo Superior de la Empresa Privada (COSEP), and the Instituto Centroamericano de Administración de Empresas (INCAE).

In a follow-up essay published by the online portal Confidencial, one of the conference participants, Edmundo Jarquín of the dissident Movimiento de Renovación Sandinista (MRS), urged Nicaraguans to "pay attention to the uncertainty that surrounds Venezuela’s cooperation, on which we’ve been so strongly dependent, especially now that President Chávez’s health problems have resurfaced."

Jarquín, the fourth-place finisher in the 2006 presidential election, ran in Nicaragua’s most recent election as the vice presidential candidate for Fabio Gadea, the runner-up.

"Our dependency on Venezuelan help has led to certain imbalances in the economy," Jarquín added. "It would be good if the government, taking advantage of this time of plenty and of the high prices that our export products are fetching, would face these imbalances now and not later, when the remedies will more painful, expensive, and prolonged."

Ortega is hardly obliged to listen to opposition leaders like Jarquín, whose running mate in the November election, Gadea, finished with just 31% of the vote compared with the incumbent’s 62%. But given what Ortega stands to lose should Chávez’s condition worsen, he may want to.

-- End --