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Contra Goal—bleeding Nicaragua To Death Economically

by Deborah Tyroler
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[The following article by David C. Morrison was distributed by Pacific News Service on January 11-17. The LADB has received authorization from PNS for publication. Morrison, national security correspondent for the National Journal in Washington, DC, spent December in Nicaragua.]
CONDEGA, NICARAGUA Viewed from this hamlet of 12,000 some 30 miles from the Honduran border, Nicaragua's contra war takes on a very different complexion from Washington's bloodless policy debate over funding the guerrillas. Since last September 7, Colorado nurse Laura A. Janssen, who has worked here three years, counted 15 people killed in contra ambushes on the Pan American Highway and in surrounding farms. Those 15 casualties are only a few of the 7,000 Nicaraguan war deaths during 1987 a stunning 19 deaths per day in a population that numbers only 3.5 million. As many as 47,000 civilians and contra and Sandinista combatants are estimated to have been killed over the past seven years. But the war's toll is far more debilitating than these statistics imply.
In a Dec. 2 attack on the San Ramon state tobacco farm near here, for example, the contras not only killed two men but destroyed two large tobacco curing sheds. Without them the region's key cash crop cannot be processed. Few contra officials, or their American supporters, hold out much hope that the guerrillas can seize power by sheer dint of arms. A more realistic goal is to bleed Nicaragua to death economically. In a recent speech US Southern Command's deputy commander, Air Force Maj. Gen. Eugene Fischer, praised the contras for "hitting soft targets...that are putting an economic strain on the Sandinistas." The strain grows more staggering every day. Last December, for example, Central Bank vice president Roberto Gutierrez told the pro-government daily Barricada that salaries had increased by 900 percent during the course of 1987. But the inflation rate spiraled upward at 1,800 percent. The government, quite literally, can't print new money fast enough. In early December, it issued a 50,000 cordoba note produced by the simple expedient of over-printing the new denomination on existing 50 cordoba bills. The new bill is worth roughly $3.33 and only half that on the black market. Galloping inflation "is an affliction," says Chepita Lazo Ruiz, who with her husband Cristobal lives in a middle-class barrio of Managua. Today their household income of just over 1 million cordobas comes from her pension, his pay as a supermarket administrator and rent from two rooms of their house. But the monthly tab for feeding seven family members now runs at 1.2 million cordobas. A liter of milk recently jumped from 1,000 to 2,400 cordobas. If conditions don't improve, the Ruizes say, they will have to sell the house they have scrimped most of their lives to own and move into a poorer barrio. Nicaraguans of all political stripes complain vociferously about the government's role in their plight especially that of the bureaucracy's foot-dragging paper pushers. One newspaper reported on Dec. 30 how the manager of a state-run supermarket in Jinotepe bought 11,000 more pounds of chicken than he could store, leaving most of it to rot before it could be sold. But no one denies the role of the war in the mounting economic crisis. "What really hurts us is the war and the economic blockade," says Cristobal Ruiz. "We are getting screwed over by Mr. Reagan." Said central bank Gutierrez, "the costs of the war account for slightly more than half of our exports." Last year those earnings amounted to $248 million only one-third the cost of Nicaragua's imports. The plunge in world coffee prices makes it likely Nicaragua will earn even

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less in 1988. One consequence of this foreign exchange loss is an ever worsening oil shortage. In late December, long queues of cars and trucks were lined up at the filling stations, but gasoline was available only at those stations authorized to take dollars rather than cordobas. Though the Soviet Union still supplies petroleum on credit, Mexico and Venezuela have shut off their taps until Nicaragua pays $150 million in outstanding debts. The resulting transportation bottlenecks further hamstring the economy. Though little reported in the US media, Nicaragua is also suffering from a catastrophic drought which has dried up rivers, created water shortages in Managua, and killed 40% of the coffee yield and 80% of the latest bean and corn harvest. The grain loss has prompted the declaration of a national food emergency. Meanwhile the US trade embargo, in place since May 1985, reverberates thoughout the economy. As most of Nicaragua's vehicles and appliances are American-made, routine breakdowns can be disastrous because of the unavailability of parts. At a state tobacco farm in Esteli, American fungicides against blue mold are no longer available. In their place, less effective sprays must be applied more often, says a labor official. Had the Sandinistas set out to construct a classic Marxist-Leninist economy, some of their problems today might be more manageable. To a surprising extent, however, the Nicaraguan economy is still largely in private hands. Only 500,000 of Nicaragua's 1.2 million work force is covered by national wage scales the rest are self-employed artisans, vendors and so on. When the government doubled salaries in December, shopkeepers simply doubled their prices. Even coffee production is 70% private, as is 87% of all agriculture in Nicaragua, including the cooperatives. The one exception the Somoza-owned tobacco industry was expropriated after the 1979 revolution.

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