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Interview: Nicaraguan Economy Minister Luis Carrion

by Deborah Tyroler

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[Luis Carrion Cruz, the youngest of the nine-member national directorate of the Sandinista National Liberation Front, has served as Minister of Economy, Trade, and Commerce since early 1989. The following interview was conducted by Ralf Leonhard, and distributed on 07/12/89 by the Regional Coordination for Economic and Social Research of Central America and the Caribbean (CRIES, Managua).] Leonhard: Over the past 10 years, the government has shown inconsistency in its attempts to satisfy popular demands at the same time as taking into account the desires of the agro-bourgeoisie. Can you explain this inconsistency? Carrion: The contradictions exist in reality, not in the policy. In the Nicaraguan economy especially the agricultural sector private producers contribute a significant proportion of total output. The search for a policy that balances the costs and benefits among the population is the only viable one that can guarantee the eventual stability of the mixed economy. Big producers always want more; they are never satisfied. And the workers always demand a fair share, proportional to their contribution. Our role is to maneuver between these contradictions, guaranteeing that a share of the country's wealth is distributed among the poorest sectors, and also that big private producers have profits. Leonhard: The private producers have always demanded security, or that their land will not be expropriated. Carrion: The country has not enjoyed security since 1979. The most important things which have been endangered are the country's sovereignty, national independence, and the social and economic gains which came about after the revolutionary triumph. In this environment of overall political insecurity, it is very difficult to guarantee absolute security to private producers. To the degree that the threat of military aggression has diminished and the Esquipulas II accords have been complied with, it has been possible to act more in favor of stabilizing the situation for private property on the domestic economic front. The improvement of international political conditions will help create better conditions for the security of private property. Leonhard: Is the current policy of economic "concertacion" a qualitatively new one? Carrion: What is qualitatively new is the effort being made by the government to stabilize the base of the mixed economy. We are making an effort to bring together all the sectors of the nation, including the private sector, in order to deal with the economic crisis. This could lead to a qualitatively new style of government in the economic arena, a style which would assure that the points of view and interests of all sectors are taken into account when it comes to formulating economic policy. But that can only be consolidated if the private sector adopts a constructive stance, if it shares the sacrifice along with the rest of the nation, if it makes a contribution to the struggle against hyper-inflation. Wealth distribution cannot go back to the way it was before. Leonhard: Does this mean a planned economy with private sector participation? Carrion: At this point we no longer talk of a planned economy. I'm referring to defining overall policies that will impact on all businesses. A planned economy becomes less and less possible to the extent that the policy we have been following grants more and more weight to market forces in the functioning of the economy. Leonhard: In the last year and a half, drastic economic measures have been implemented. Were other options discussed? Carrion: We had very few options. Only two were considered: the one being applied and that of a war economy, or returning to the experience of past years but with more rigor, such as price controls, rationing of foodstuffs, planned distribution of products. From the point of view of domestic policy and military defense, the war economy

option was attractive because it would have meant an egalitarian distribution of resources and would have been received well by the poorest. Leonhard: But control mechanisms never worked before. Carrion: After analyzing all the angles, we concluded it could not be done for economic and political reasons and that it would have resulted in a worse crisis. Perhaps there would have been a momentary positive political impact, but it would have aggravated the economic situation and also caused international isolation. There is a contradiction between that kind of economic regime and a process of increasing political openness. And the truth is, we never had the option of controlling agricultural production. Leonhard: The measures adopted appear to have saved the budget but strangled production. Carrion: Both were affected. The budget was slashed, affecting employment and social services. Credit [to producers] was expensive early in the year, but not so much now. Leonhard: But the more favorable credit terms were announced when the agricultural cycle was already well-advanced. Carrion: It was not that advanced because the rains came late and so planting did not begin until June. There was plenty of demand for credit in order to plant. But we cannot really finance these programs with domestic resources so we are searching for fresh ones. Leonhard: The \$50 million that President Ortega brought back from Europe? Carrion: Of those \$50 million, only \$20 million are in cash. The rest is credit granted by the governments and it will go toward purchases of machinery and equipment. Some of it can be used to buy anything, some to buy products anywhere in the world, and some has to be used here in the country. Leonhard: [Interior Minister] Tomas Borge once said that propositions which at the outset had a tactical character such as mixed economy and political pluralism become strategic... Carrion: I do not entirely agree. At the time of the triumph of the revolution, we had general ideas about what was happening but we did not have the practical experience to lead a revolutionary transformation. Some thought it was possible to move quickly towards a socialist society. Others thought that was not feasible and that...the process had to be characterized by a mixed economy and political pluralism for a long, indefinite period of time. Through the course of the struggle, the criteria not just of the [FSLN] national directorate but also of mid-level leaders were coming together around these basic propositions. Previously they could not be more strongly developed precisely because of the military aggression. In wartime, we had to solve domestic contradictions using wartime methods. We paralyzed opposition political activity; we closed down La Prensa and other media. But we did not confiscate their property or break up the parties. We put a stop to their activities because we were defending the democratic framework, pluralism, and the mixed economy, even though wartime methods had to be employed. But we didn't do anything that affected pluralism or the mixed economy in an irreversible way. To the extent that better international conditions were being created and the military aggression was diminishing, it rapidly became possible to establish more or less normal functions in political and economic terms. Now the methods of domestic struggle are changing. We are embarking on an electoral process in which there will be an ideological battle, using techniques which correspond to a pluralist political system. Leonhard: Were events such as the break with Alfonso Robelo and Violeta Chamorro [who resigned from the five-member governing junta in the first years after the revolution], the conflict with the [Roman Catholic] bishops, or the trade embargo foreseen? Carrion: In the case of Robelo and Violeta Chamorro, we could see it coming for some time, when the advances of the agrarian reform were creating tensions within the governing junta. From the start, we knew that this alliance could not last indefinitely since Robelo and Chamorro represented interests that did not coincide with those of the revolution. They got involved in the fight against Somoza at the last minute in order not to be excluded and to be able to represent their interests from within the new government. In the case of the bishops, we were somewhat more surprised because they had been closer to us. Some months after the

revolution, they began to put out pastoral letters that questioned and confronted the government until the point when Cardinal Obando y Bravo was playing a main role in the political opposition. The other things were expected: the development of the counterrevolution, the hostility of the US government, the eventuality of an embargo... Leonhard: Were there contingency plans since the beginning in order to respond to these events? Carrion: No, we were too occupied with the agrarian reform, the literacy campaign, reorganizing the military forces...into an army, expanding health services, getting ourselves involved in a big way in foreign policy. Basically, we dealt with the big challenges as they came up. Leonhard: What was the most difficult stage for the revolution? Carrion: The most difficult years were 1984 and 1985: the blockade was imposed, the CIA became directly involved, the ports were mined, the contras reached their highest level of development and aggressiveness, and the number of US troops in Honduras increased. It was a very complex time and was the time of greatest threat to the revolution. Now we are going through another very difficult stage, marked by the enormous economic and social tensions left by the war. Leonhard: Do you think changes since 1979 in Nicaragua are sufficient to consider the revolution a success despite the high price paid by the people? Carrion: The revolution has achieved things that cannot be measured. Only in this way is it possible to explain the fact that tens of thousands of people were willing to risk their lives to defend the [revolutionary] project. The right to independence was won. The people gained a real democracy which allows the poor to speak with their own voice and to participate in deciding the country's destiny. Political freedoms which had historically been denied were won: the right to participate in national political power, to have an army which the people feel is theirs and cannot be used to repress them. Those are gains that have made it worthwhile to fight. Nevertheless, as revolutionaries, we are never completely satisfied and now we have another big challenge: improving the living conditions of the people. Leonhard: Nowhere in the world is there an example of a revolution that has accepted the western democratic model and maintained the capacity to push forward revolutionary change. Could Nicaragua be the first? Carrion: That's what we are trying to accomplish. The means are not described in any book, nor has any other country lived through such an experience. We cannot predict how things will turn out. At best, our task in the next few years will be to consolidate the political, social, and economic changes that have already been made. Perhaps it will not be necessary to undertake major modifications, but the country does have to recover from the suffering and destruction. We are going to continue being revolutionaries and continue to respond to the interests of the workers and poor campesinos.

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