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President Bolanos in Legislative Contest

by LADB Staff

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Nicaraguan President Enrique Bolanos completed his first month in office Feb. 10. During that time, he moved quickly to place his legislative agenda before the National Assembly, as former President Arnaldo Aleman, now Assembly president, attempted to set his own political direction for the new administration. Luis Humberto Guzman,

Assembly president during the administration of Violeta Chamorro (1990-1997), said that some aspects of the Bolanos administration inspired confidence, but that Aleman cast a "menacing shadow," and Bolanos had not yet confronted him. However, the confrontation began even before Bolanos took office as he announced through aides that upper-echelon officials would take a deep salary cut in the new administration.

An austerity plan went into effect Feb. 1 that cut salaries of the president, vice president, and Cabinet ministers and vice ministers by up to 35%. Bolanos' salary was set at US\$6,700 per month, plus a US\$4,000 monthly expense account. Aleman's salary was US\$10,000 per month in addition to a monthly expense account of US\$233,000.

In making the announcement, Treasury Minister Eduardo Montealegre said administration officials would receive no other compensation "either under the table or on top of it." Along with the salary reductions, these same officials are to have no government credit cards, no per diem for attending board meetings of state institutions, a 30% reduction in travel expenses, a 50% reduction in the use of cellular phones, and no first-class flights for anyone but the president and vice president. Officials will be limited to one government car and no new ones will be bought in 2002. Savings from the austerity measures are estimated at US\$5.1 million per year. The austerity plan is a direct response to the inflated government salaries and expense accounts characteristic of the Aleman administration. One of the measures is already being questioned.

Per diem allowances were outlawed in 1979, and officials were supposed to return any payments received. Days before leaving the presidency, Aleman issued an executive decree overriding the law and legalizing the payments his officials had received. Legal experts say the decree is invalid. Comptroller Luis Angel Montenegro has ordered that all per diem paid in the past administration be returned to the Treasury. That order applies also to Bolanos, who, as vice president under Aleman, belonged to the board of the Empresa Nicaraguense de Energia Electrica (ENEL) and collected numerous payments. But so far in the Bolanos administration, no payments have gone back to the Treasury. Montealegre refused to accept US\$6,671 in payments Comptroller Arguello Poessy tried to return. These payments are not trivial amounts.

Former treasury minister Esteban Duque Estrada, for example, sat on six boards and received between US\$500 and US\$1,000 per meeting. He has said the payments equaled his annual salary. As for the 1979 law, he said it was passed in an "exceptional period" of Sandinista rule and had

been tacitly abrogated. Per diem during the Aleman administration cost the state US\$17.2 million. Comptroller Montenegro said the Bolanos administration's failure to collect the illegal payments was "an obvious and censurable protection by the new government of former and current Liberal functionaries who received illegal per diem."

Aleman makes first move on legislation

Meanwhile, Aleman proposed legislation, which the press has called the "mochilazo." On Jan. 15, Aleman introduced a bill (Ley de la Mochila Escolar) that would force employers to give workers a bonus equivalent to two-weeks pay to buy school uniforms and supplies such as backpacks (mochilas) for their children. Critics immediately attacked the proposal as demagogic and superficial, and said the Assembly should address the education budget instead of proposing expenditures of little consequence. Luisa Molina Arguello, director of the Fundacion de Proteccion de los Derechos de los Ninos, said the mochila law would do nothing significant to help children.

Requests for aid to education that organizations like hers developed last year call for more and better schools, better salaries for teachers, and better wages and access to credit for parents. Molina said the mochilazo was a political maneuver for the benefit of the governing Partido Liberal Constitucionalista (PLC). Paying for a backpack, Molina said, does nothing to guarantee education for the 80% of Nicaraguans who live in poverty.

Mario Quintanilla, director of the Asociacion Nacional de Educadores Nicaraguenses (ANDEN), said that, despite promises to improve education, as president Aleman reduced the education budget for 2002. Quintanilla believes Aleman's purpose with the mochila bill was to force Bolanos to choose between signing a frivolous bill or vetoing it and appearing to be anti-education. Some business leaders said the bill could undermine the stability of the new administration. Members of the business organization Consejo Superior de la Empresa Privada (COSEP) argued that the private sector is already in trouble and cannot take another tax in the form of the mochila law.

Agriculture Minister Augusto Navarro said Bolanos is not in favor of the bill because the bonus would not benefit campesinos, the unemployed, or self-employed. Bolanos puts agenda before Assembly Departing from the traditional report presidents send to the Assembly outlining their legislative ideas, Bolanos appeared personally in January to present an integrated package of bills and to lay out specific proposals that will be forthcoming. Since the PLC controls the legislature, the move is being seen as a challenge to his own party and to Aleman's attempt to control lawmaking. The weekly newspaper Confidencial said Bolanos had retaken the initiative that Aleman tried to grasp by proposing the mochila bill and that the administrations's agenda would force the PLC majority to confront major issues left unattended during the Aleman administration.

Bolanos gave first priority to proposals aimed at modernizing the state, reducing corruption, and meeting goals set by the International Monetary Fund (IMF). In the latter category are bills designed to comply with IMF requirements for reducing Nicaragua's US\$6.5 billion foreign debt under the World Bank's Initiative for Heavily Indebted Poor Countries (HIPC). Nicaragua was accepted into the HIPC last year (see NotiCen, 2001-01-11) but has yet to enact the necessary reforms such as the

creation of a civil service to modernize government and legislation to curb corruption. Rather than waiting for the Assembly to pass reforms of the penal code to deal with corruption, Bolanos wants bills specifically aimed at creating transparency and honesty in government. These bills include an ethics code for government officials and laws penalizing illicit enrichment, influence peddling, fraud, and coverups of illicit acts of government officials.

Also in process are a freedom-of-information bill, bills reforming nationality laws, child adoption, fishing, the duty-free zones, maritime spaces, victims rights, pardons, public security, capital markets, property-title registry, demarcation of indigenous lands, family law, forest use, and the autonomy of the Atlantic Coast regions (Regiones de la Costa Atlantica). Some of the bills went before the Assembly during the Aleman years but were not passed. Bolanos has also begun a drive to reform the judicial system, also a priority with the donor countries. He has appointed a presidential commission chaired by Ivan Escobar to recommend reforms. The administration's agenda received approval from representatives of the donor countries, and Aleman said he supported all but a proposal to reform the electoral law.

However, the opposition Frente Sandinista de Liberacion Nacional (FSLN) has reservations about the agenda. While he did not repudiate it, FSLN secretary general Daniel Ortega said the agenda did nothing for the depressed economy, especially the coffee industry. He complained that all the proposals were similar to Sandinista bills that never made it through the PLC-dominated Assembly.

Five deputies form new faction

During Bolanos' first month, four PLC deputies Jaime Cuadra, Augusto Valle, Miguel Lopez, and Alfredo Gomez joined with the lone Partido Conservador (PC) Deputy Jorge Matamoros to form an independent faction in the Assembly called Azul y Blanco from the colors of the national flag. Cuadra unsuccessfully challenged Aleman for the Assembly presidency and has since been under pressure from the party to resign. "We are here for Nicaragua, not for the party," said Cuadra, explaining that he was not worried about expulsion. PLC leaders then sent Aleman a directive calling for the four Liberal defectors to be expelled from the party for "betraying the public's vote." The party has also circulated documents purporting to show that Cuadra was negligent in paying his rent, telephone, and other personal bills. The party lineup in the Assembly is now considerably altered as the PLC drops from 53 seats to 49 and the PC delegation of one disappears, leaving the opposition to the Frente Sandinista de Liberacion Nacional (FSLN), which has 38 seats. Though the PLC still has a working majority, Matamoros said other deputies might also join Azul y Blanco.

Pressure mounts to revoke political pact

The early battles over backpacks, official salaries, and the rearrangement of seats in the Assembly could pale in importance compared to the possibility that the provisions of the infamous PLC-FSLN pact might be scuttled. One of Bolanos' campaign promises was to undo the reforms that went into effect in 2000. The reforms divided institutional power between the PLC and the FSLN, freezing out minor parties, disqualifying them from participating in election campaigns, allowing the two parties complete control over primaries and legislative slates, and providing nonelected seats in the Assembly for the outgoing president and losing presidential candidate (see NotiCen, 1999-12-23).

The pact has been unpopular both with voters and with some Sandinistas who challenged Ortega's position in the party (see NotiCen, 2000-02-24).

The daily La Prensa reported that a movement to abrogate the reforms is growing in strength. Luis Humberto Guzman proposed that Bolanos lead a national debate on depoliticizing the Corte Suprema de Justicia (CSJ), the Contraloria General de la Republic (CGR), and the Consejo Supremo Electoral (CSE), whose memberships were divided between the PLC and FSLN. The FSLN has begun to consider negotiating a new pact to replace the old one.

In the FSLN legislative agenda that Ortega unveiled in early February are proposals to do away with the reformed electoral law and replace it with another approved in consultation with the public. "We are not repentant," said Ortega. "We simply believe that everything has its moment, and at this moment it is not convenient to keep the electoral law." Ortega said the system was too rigid, and the smaller parties should have more participation. This would include the smaller parties that supported Ortega's bid for the presidency last year by joining the FSLN's Convergencia alliance. Should they be free to run candidates in coming elections, the PLC could theoretically lose its majority. Changing or doing away with the 2000 reforms would mean a constitutional change requiring support from both parties to make the necessary 56 votes in the Assembly. There are two major parties but four factions in the Assembly since, in addition to the FSLN, the PLC is split among the Azul y Blanco, the Aleman, and the Bolanos factions. How negotiations among them will pan out is unclear.

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