EXECUTIVE SUMMARY

On November 4, 2001, Nicaraguans demonstrated their unwavering commitment to democracy by turning out in large numbers to cast their ballots in favour of the Constitutionalist Liberal Party’s (PLC) candidate, Enrique Bolaños Geyer. The election results were an obvious rejection of the leftist Sandinista leader, Daniel Ortega, who captured an estimated 44.7 per cent of the vote compared to 53.7 per cent for Enrique Bolaños. The elections were not “perfect”, due to serious delays in tabulating the votes, but international as well as national observers deemed them free and fair. In fact, these elections were, as Janelle Conaway, an OAS observer expressed, “inspiring and humbling” because they demonstrated the country’s commitment to democracy.

This paper will illustrate why these elections are a victory and a step forward for Nicaragua’s democracy while recommending to Canada and the international community how they can assist President Bolaños to further advance and/or consolidate democracy in Nicaragua.

RÉSUMÉ


Ce document illustrera en quoi ces élections sont une victoire et un pas en avant pour la démocratie nicaraguayenne et établira également certaines recommandations pour le Canada et la communauté internationale pour assister le président Bolaños afin de solidifier la démocratie au Nicaragua.

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RESUMEN
El pasado 4 de noviembre de 2001, los nicaragüenses demostraron su firme compromiso con la democracia cuando acudieron en masas a las urnas electorales para depositar sus votos que dieron como ganador al candidato del Partido Liberal Constitucionalista (PLC), Enrique Bolaños Geyer. Los resultados del escrutinio evidenciaron la derrota del líder sandinista de izquierda, Daniel Ortega, quien obtuvo el 44.7% de los votos, frente al 53.7% alcanzado por Enrique Bolaños. Las elecciones no fueron perfectas debido a serias demoras en tabular los votos, pero tanto observadores internacionales como nacionales las catalogaron de libres y justas. De hecho, estas elecciones fueron, en las palabras de Janelle Conaway, observadora de la OEA, alentadoras y humildes porque demostraron el compromiso del país con la democracia.

El presente trabajo pretende exponer por qué se considera que estas elecciones fueron un triunfo y un paso hacia delante para la democracia nicaragüense, y ofrece recomendaciones de cómo Canadá y la comunidad internacional podrían apoyar al Presidente Bolaños en continuar consolidando la democracia en Nicaragua.

Democracy in Historical Perspective
Developing a vibrant and lasting democracy is the greatest challenge facing Nicaragua. This is largely due to the fact that Nicaragua has no history of democratic rule or democratic political culture that can be drawn from to inspire a new wave of democratization. Unlike many Eastern European or South American nations, such as Argentina or Chile, which had a history of democracy interrupted by periods of fascism or communism, there is no historic basis for democratic rule in Nicaragua’s history. In other words, liberal democracy, defined in the Schumpeterian manner as a system where the people choose their leaders through periodic, competitive elections, has not been a common practice in Nicaragua. Since the nineteenth century, political polarisation between Conservatives and Liberals prevented Nicaragua from developing a bargaining, compromising political culture. Power simply shifted from one party to another without public opinion. During the Somoza dictatorship (1936–1979) power remained within the Somoza family, which consequently prevented the development of democratic political institutions associated with civil society. The periodic foreign interventions in Nicaraguan politics also meant that domestic groups looked externally, rather than internally, for support to settle conflicts among themselves. Thus, the prolonged history of the Somoza dictatorship, the outward looking or excluding nature of politics and the record of foreign intervention prevented Nicaragua from experiencing a meaningful form of democratic political culture. It was not until the Somoza dictatorship was overthrown in 1979 that the popular sectors of the Nicaraguan population begun taking an active role in the political process.

Prior to the 1979 Sandinista revolution, politics in Nicaragua evolved around the elite. Though opposition groups and opposition movements were emerging and becoming increasingly active, they did not have a unified political direction. Nevertheless, the deterioration of living standards and the regime’s unwillingness or failure to address severe inequalities and deprivation in the countryside exacerbated class divisions and increased hostility towards the dictatorship. The 1972 earthquake fed dissatisfaction at all levels of Nicaraguan society: the elite, workers, students and peasants in the countryside. The magnitude of the destruction led to the closure of many factories and businesses, which increased unemployment tremendously. Overcrowded shantytowns assembled on the edges of towns as a result of forced migration and popular demonstrations were unleashed. The wave of corruption and the mismanagement that existed within the regime at that time weakened the ability of public institutions to solve social problems and thus deal with the discontent of the Nicaraguan people. Hence, Nicaraguans gave their support to the Sandinista revolution and rebelled against the government, which at that time represented the status quo.

Much of the initial energy of the Sandinista revolution was intended to mobilize those who were traditionally excluded or marginalized during the Somoza dictatorship. The result was the creation of a participatory political culture, which, unfortunately, the same Sandinistas undermined by eliminating and imprisoning competing social forces, namely those who opposed or criticized their policies. Hence, the commitment to liberal democracy during the Sandinista period is highly debated. What is clear, however, is that
the incorporation of the masses into the political process was a meticulous political strategy to consolidate the revolution, but not necessarily democracy. The Sandinistas did hold elections in 1984, but their status as “democratic” was stained by the fact that a significant portion of the population, the elite and masses included, refused to participate in what they saw as unfair elections. Consequently, Nicaragua had to wait until elections were held again in 1990 to inaugurate its democratic transition.

**Democratic Transition**

The atmosphere in Nicaragua prior to the 1990 elections was in a word chaotic. The economy was in severe crisis and the country was being torn by a civil war, known as the Contra war, which was at its worst in levels of violence. Based on their own confidence in victory, the need to end violence and the pressure from external actors, the Sandinistas, led by Daniel Ortega, held elections in February 1990. Because of the chaotic atmosphere, the level of distrust among the population and the major political actors at that time was deeply rooted. Consequently, to legitimize the electoral process, the competing parties, the Sandinista National Liberation Front (FSLN) and the National Opposition Union (UNO), agreed to invite members of the international community, namely the United Nations (UN), the Organisation of American States (OAS) and the US-based Carter Center for Democracy (CCD), to monitor the 1990 elections. The victory of Violeta Chamorro over the FSLN’s Daniel Ortega on February 25th marked the beginning of a democratic transition in Nicaragua not only because it opened up political space, but also, and perhaps most significantly, because it clearly demonstrated Nicaraguans’ willingness to change through peaceful, rather than violent, means.

The Chamorro administration was concerned with achieving national reconciliation and state reform. Although her government inherited political polarisation and a destroyed economy with a massive international debt, Ms. Chamorro’s policies enabled the government to demilitarize the state, to privatize many state-owned enterprises, to increase political participation and to peacefully guarantee a second democratic election in 1996. For the first time in Nicaraguan history, one democratically elected government transferred power to another popularly elected government. Mr. Arnoldo Alemán of the Constitutionalist Liberal Party (PLC) became the new President and the FSLN led by Daniel Ortega remained the dominant opposition party. This peaceful transition of power was unquestionably a major step forward in the effort of achieving a more democratic society in Nicaragua. Nevertheless, Mr. Alemán’s personalistic governing style strongly undermined the democratic efforts that had been advanced under Violeta Chamorro, who in 1991 received the Democracy Award from the US-based organization, National Endowment for Democracy (NED).

Arnoldo Alemán, a lawyer who represented banks and other commercial enterprises before the 1979 revolution, was Mayor of Managua before becoming President in 1996. As Mayor (1990–1996), Alemán implemented many social programmes (i.e., repaired roads, planted trees, installed fountains, cleaned up the city, etc.), which were remarkably popular among Nicaraguans of all sectors and thus these programmes became the basis of his popularity during the 1996 elections. Once he assumed power on January 10, 1997, President Alemán surrounded himself with two political actors: traditional politicians, some of whom had worked with the Somoza dictatorship, and technocrats, who maintained structural adjustment measures, which emphasized the strengthening of the construction and agricultural sectors. Alemán led a government that aspired to regain the economic ground that was lost during the revolution and attempted to recreate a pre-revolutionary society, where citizens were immobilized and where authoritarian rule and corruption were customary. Nevertheless, those days of immobilized citizenry, open authoritarianism and concealed corruption had long ended; President Alemán simply did not conceive that concept fully when taking office.

Corruption has been a tiresome reality in Nicaraguan politics, but the lack of accountability and financial transparency has left its full magnitude unknown. Under the Alemán administration, allegations of corruption became widespread and thus the issue of corruption became targeted by Agustín Jarquin, who was appointed Comptroller General by the President. Jarquin’s first target was the outgoing Chamorro government (1990–1996). He discovered financial irregularities in the Central Bank from which $500 million had disappeared. During further investigations into state services and individuals, Jarquin disclosed corruption among high-level officials, conspiracy between the presidents of the Nicaraguan Investment Fund and the National Development Bank (BANADES) over awarding...
unauthorized loans and overdrafts, corruption of public servants and public services that resulted in million dollar fines. These findings not only uncovered corruption, but they also politicized the issue of corruption, especially when Jarquín turned to investigate President Alemán's personal accounts. In 1999, Jarquín accused Alemán of diverting funds from state services and facilities to buy properties from farmers impoverished by Hurricane Mitch, which had devastated the country in October 1998. Jarquín also criticized the 1999 annual budget because approximately 20 per cent of the budget was given to the President and the Central Bank for "discretionary or confidential use".

The President voluntarily admitted that public funds were used to build infrastructure at one of his estates and that his personal assets had increased in value during his time as Mayor and as President; but he refused to put his finances on public record even though he was legally required to do so. As his term progressed, President Alemán became cannier in his methods of concealing corruption. His government adopted an anti-corruption attitude and created an Anti-Corruption Commission headed by then Vice-President and today's President of Nicaragua, Enrique Bolaños. This act, however, did not alter the public perception of the level of corruption of his government. In fact, it did the exact opposite. The level of distrust not only increased, but more Nicaraguans (45%) began thinking that Alemán's government was more corrupt than the two previous governments: Chamorro (2%) and Ortega (17%).

The economy only grew by 3.6 per cent, fuelled by a 7 per cent growth in the construction sector. This increase, however, did not alleviate the unemployment rate, which was at 60 per cent. Inflation rose to 18 per cent, exports declined by 13 per cent and imports increased by only 1.4 per cent. The trade deficit, as a result, rose to its highest level ever, equivalent to 38 per cent of GDP, which was maintained by remittances sent from Nicaraguans living abroad. On the political front, Alemán's governing style "frustrated" many sectors of society, including the Sandinista opposition. Alemán was concentrating power in his own hands, appointing his own people to the executive and the committees to secure and increase his demand for re-election in 2006. Nevertheless, he could not consolidate his power without the support of the FSLN because the Constitution required reforms. Such support was not difficult to obtain as President Alemán resorted to the traditional "backroom deal making" with the leader of the FSLN, Daniel Ortega. That is, President Alemán engaged in private negotiations with Daniel Ortega and signed "El Pacto" or the Liberal-Sandinista Pact, which guaranteed important power positions for both parties. To the Sandinistas, this political agreement, which included the sharing of power in key government institutions (i.e., Supreme Court, the Office of the Comptroller General, and the Supreme Electoral Council) among other things, represented an important stepping-stone to achieving political power in 2001. To Alemán supporters, it represented a consolidation of their current political control as well as a protection of the economic benefits they had achieved while in government.

After eleven meetings, a final version of "El Pacto" was drafted and in August 1999 it was signed and legalized through Constitutional reforms. Despite national opposition and rejection of the pact in public opinion, the reforms, which included more than nine amendments to the Constitution, received legislative approval and became law in January 2000. One of these key reforms was to the Electoral Law, which according to legal experts, contained many irregularities and/or ambiguous articles, of which approximately only one-quarter were fundamental. In El Pacto, 86 of 208 articles in the Electoral Law were eliminated and 70 were re-written. The end result, however, created a two-party system, where Liberals and Sandinistas alternate presidents of the electoral councils at both the provincial and municipal levels after each serving a term. Moreover, rules were introduced that effectively excluded most third parties for competing for office. For a political party to register and run for government, it must have 3 per cent of support from registered voters (approximately 73,000 voters); the party must be comprised of a nine member national directorate, a seven member departmental directorate, must have five representatives

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in each of the municipalities and it must achieve legal recognition at least one year before a national election and six months before a municipal election. Independent candidates can be eliminated from running through a popular petition and must belong to a political party in order to run for the presidency. Needless to say, these reforms make it extremely difficult for small parties to organize and register to run in an election. As a result, political competition and participation, which are crucial for any practicing democracy, are undermined by these changes.

Other constitutional reforms of El Pacto that could be detrimental for democracy in Nicaragua were the lowering of the threshold for obtaining an electoral victory and the restructuring of the Office of the Comptroller General. A candidate running for office can win an election with 40 per cent of the vote, lowered from 45, but if a leading candidate has 35 per cent of the votes in the first round and is 5 per cent ahead of the second place candidate, the leader wins the election. For the FSLN, the party with the single largest bloc of votes, a lower percentage would increase their odds of regaining power in 2001. El Pacto also restructured the Office of the Comptroller General so that the comptroller and his deputy are appointed by and answer to a committee of five members, who are appointed by both Liberals and Sandinistas. This amendment weakens the autonomy and the ability of the comptroller to investigate, publicize and pursue governmental corruption. Immunity and impunity are also guaranteed because after serving a term, the President automatically joins the National Assembly and is protected for life from prosecution. These reforms not only institutionalized corruption and created a system where the PLC and the FSLN dominate the political scene, but they also represent a major challenge for Enrique Bolaños, the new President of Nicaragua.

**Signs of Democratic Consolidation**

Although, these constitutional reforms weaken the true meaning of democracy and not to mention the prospects for economic development, it must not be overlooked that Nicaragua has made progress in its democratization process. Politicians, the political elite and Nicaraguans at large now recognize that legitimacy and the necessity of participating and winning elections in a transparent manner are the requirements to achieving political power. Nicaraguans have no desire for a return to authoritarianism or revolution and the recent election of Bolaños in November 2001 underscores that. Though liberal democracy may not have immediately provided the substantial benefits many might have expected, competition among citizens through free and fair elections is seen as the only way of achieving a more stable and prosperous society. The question that remains unanswered is whether or not the administration of President Bolaños will be able to clean up Nicaragua’s ‘political mess’ and consolidate democracy once and for all. Though it is premature to predict the outcome of President Bolaños’ newly inaugurated government, if he sets out to accomplish what he promised during his campaign and as President-elect, then Nicaragua has a good chance of becoming a more democratic society.

President Enrique Bolaños Geyer is a 73-year-old successful industrial engineer and businessman, who started his professional life by taking over the family businesses and turning them into the largest cotton company in Central America. He has also worked as Director of the Agricultural Producer Union (1979–1983), the Chamber of Industries of Nicaragua (1981–1986) and was President of the Nicaraguan Development Institute (1983–1988). During his early years as an entrepreneur, Bolaños implemented many human resources initiatives creating well-remunerated jobs that awarded him respect and recognition from many national and international business and civic associations as well as academic institutions. In October 1995, Enrique Bolaños assumed the leadership of the electoral campaign of the Liberal Alliance (the PLC) and in May 1996 he was selected as the running mate of Arnoldo Alemán for the October 1996 elections, which were won with 51 per cent of the votes. From the Vice-Presidency, Bolaños worked to reinforce the legal framework to guarantee transparency and modernization of public administration. But, on January 2000 Enrique Bolaños resigned the Vice-Presidency and was elected by the ruling PLC to run as their presidential candidate for the 2001 elections, which he won with 54 per cent of the popular vote.

The recent election on November 4th demonstrated the solid commitment that Nicaraguans have for democracy and freedom. Political analysts argue that Nicaraguans have the capacity to defend democracy by exercising their right to vote. The overwhelming turnout (approximately 2.4 million people) and the historic low abstention levels on Election Day established just that. This remarkable event was, as President-elect Bolaños stated, “a victory for Nicaragua because we (Nicaraguans) have taken another step toward the consolidation of
democracy”. The President-elect called the Sandinistas “worthy and able opponents”, who had “shown respect for the institutions of democracy” when recognizing and accepting the will of the Nicaraguan people. The leader of the opposition, Daniel Ortega, congratulated the President-elect and promised to continue working for national reconciliation and for a free-market economy from within the newly formed National Assembly. The civility evidenced during the November 2001 elections, particularly the amicable exchanges between the President-elect and the leader of the opposition, is in itself a victory for Nicaragua and for democracy, as no such episode has ever been recorded in Nicaraguan history.

Similarly, the election process received international recognition for its peaceful and balanced approach. Aside from the national observers and the party representatives, the Nicaraguan government, the Supreme Electoral Council (CSE), political parties and civic groups invited the international community to take an active role in the election process. The Organisation of American States (OAS), the Center for Democracy (CCD), the European Union (EU), the International Republican Institute (IRI) and the National Democratic Institute (NDI), among others, sent delegations to observe the 2001 elections. According to these observers, particularly those from the CCD, the presidential elections met international electoral standards and the results were an accurate reflection of the will of the people. Nicaraguan citizens demonstrated their strong democratic commitment and were congratulated for their civic spirit. What remains to be seen, however, is whether or not President Bolaños, who is a democrat, a diligent defender of inalienable rights and freedoms for men and women and a strong believer of freedom of speech and information, will be able to deliver his promises.

As presidential candidate, as President-elect and as newly inaugurated President, Enrique Bolaños promised a different administration from that of his predecessor, which became known for its widespread corruption. He promised to create the necessary economic, social and political conditions to support small, medium and large-scale investment. To accomplish this, Bolaños vowed to eradicate the major vices that have plagued Nicaraguan society in the past, namely corruption, the illicit use of power and the culture of the strongman (i.e., caudillismo). In an interview with Karla Marenco of the Nicaraguan Prensa, then President-elect Bolaños reaffirmed that “no one will be above the law, not Enrique Bolaños, not Vice-President José Rizo or former presidents Alemán or Ortega.2 He guaranteed that he would not conceal corruption and that immunity will no longer protect those who have committed criminal acts against human rights. For a nation to develop politically, economically and socially it must be governed by the principles of social representation, civil society, justice for all and transparency at all levels. This democratic government is what Enrique Bolaños pledged to lead when he was inaugurated as Nicaragua’s thirty-eighth President on January 10, 2002.

Challenges and Recommendations for Action

Many analysts, however, are sceptical about the President carrying out his most important promises, namely job creation, poverty reduction and the prosecution of corrupt officials. The basis of this scepticism rests on the fact that Nicaragua is the second poorest country in the Western Hemisphere after Haiti, with more than 40 per cent of its 5 million people living on less than one dollar a day. It has a foreign debt of $6.3 billion and a “fragile” economy, which was aggravated by Hurricane Mitch in 1998, by prolonged droughts, the collapse of international coffee prices and the North American economic slowdown that followed the terrorist attacks of September 11th. On the political front, the number one challenge for President Bolaños will be to position himself in front of a Congress, where former presidents Alemán and Ortega will sit for life as a result of their infamous Liberal-Sandinista Pact. Although, the country’s colossal foreign debt, unstable economy and possible deadlocked Congress, which may not leave President Bolaños much room to manoeuvre, Nicaraguans from all sectors of society, as well as international analysts, are willing to give the new President the benefit of the doubt. He is determined to “roll-up his sleeves and work hard to build a Nicaragua where integrity and fairness for all prevail and where all Nicaraguans, from the poorest to the wealthiest, are treated with dignity and respect”.

President Bolaños confirmed that his government would create the necessary economic, social and political conditions to promote entrepreneurial initiatives, which are the foundation for investment. He is conscious that the solution to the problems will not be easy to come by; but Bolaños recognizes that to revive the country,
it is imperative to develop democratic institutions that work together in harmony to serve the people. At the international level, President Bolaños assures that his government is committed to the war against terrorism, drug trafficking, money laundering and also supports the Free Trade Area of the Americas (FTAA) and regional integration, which are the basis for securing international assistance. Although President Bolaños has promised to create a more prosperous, democratic society, he cannot do the job alone. To succeed, Bolaños needs the support of Nicaraguans, but most importantly, he needs the assistance of Canada and the international community. Rather than abandoning Nicaragua, the international community could more actively encourage both the consolidation of transparent democratic institutions and the growth of the country's economy. Particularly, key actions could be taken to:

- Encourage economic reforms to attract investment. Offering Bolaños technical advice to help create a favourable business climate will do more to help Nicaragua's economy than offering short-term aid to recover financially. Free Trade Agreement negotiations, particularly those with Canada and the United States, should be advanced and signed to provide national as well as regional stability.

- Influence members of the National Assembly, through embassy contacts and congressional visits, to revisit the constitutional reforms that politicized key governmental institutions and which granted Assembly seats to former presidents Alemán and Ortega, both of whom may try to block Bolaños' agenda.

- Cooperate in the efforts to achieve a more democratic society in Nicaragua. Assisting Nicaragua to prosecute criminal actions (i.e., drug or arms trafficking, corruption, etc.) would not only benefit the region, but also the hemisphere.

Democracy at Last?

In conclusion, the election of Enrique Bolaños in Nicaragua is above all a victory for democracy. Though, this victory does not necessarily mean that democracy has been consolidated; it is definitely a step forward and it can be seen in several different aspects. First, the political process is still one that engages a high degree of citizen knowledge and participation. Voter turnout is high in elections and the public seems eager to participate. Secondly, there is no real alternative to democracy. Nicaraguans do not wish a return to the past authoritarian and Marxist regimes. Their memories of obligatory military service, weekly rations and widespread corruption are so ingrained that Nicaraguans have adopted competitive democratic elections as the only method of achieving political power. This realization, according to many political analysts, is universally seen as one of the requirements for democratic consolidation. Hence, while it will be difficult for President Bolaños to govern in the midst of an economic crisis and a restricted Legislative Assembly, the future of his government and of democratic consolidation in Nicaragua appear relatively bright because of the absence of alternatives and the growing acceptance of democratic procedures, namely transparency and good governance.