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The Political Economy of the Nicaraguan ntation at the “Coloquio sobre las Crisis Complutense de Madrid, April 15, 1990, eam, Conroy was present at the interview

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Recent History, Part 2

The Conservative* Restoration and the Return of Daniel Ortega

In the two decades following the 1990 electoral defeat of the Sandinistas, many if not most of the much acclaimed *logros* (achievements) of the revolution, both social and institutional, would be reversed—some slowly, some almost immediately. Strikingly insensitive to the welfare of the poor majority, the three conservative governments in power until 2007 worked from the start to implement policies that undermined the social gains the poor majority had enjoyed since 1979 in health care, education, housing, land tenure, and so on. And starting a bit later, the two dominant rival *caudillos* of the period, Arnaldo Alemán and Daniel Ortega, would make a series of self-serving pacts that would subvert and corrupt the very institutions of the rule of law and democracy so carefully created in the 1980s under governments in which Ortega, ironically, had played a central role.

*The terms “conservative” and “liberal” as used in Nicaragua and, indeed, most of Latin America, may be confusing to the U.S. reader. Both are based in nineteenth-century history (Chapter 2) and both describe parties (Liberal and Conservative), persons, and phenomena the U.S. reader today would see as conservative. Hence, in this and subsequent chapters, “conservative” (lowercase “c”) is used in the generic sense to describe all three administrations in power from 1990 to 2007, even though two bore the Liberal (uppercase “L”) label.

THE CHAMORRO YEARS: 1990–1997

The Chamorro years are difficult to evaluate.¹ On the one hand, the new administration was truly reactionary in social and economic matters, and the poor majority suffered noticeably.² On the other hand, Violeta Chamorro's administration succeeded in taming inflation and, after several years, achieving modest economic growth. What is most laudable, however, is that President Chamorro was a peacemaker who believed that binding up the political wounds of the Nicaraguan family was essential for both successful governance in the short run and democratic consolidation in the future.

Economic and Social Policy

It would be unfair to say that the Chamorro administration introduced economic neoliberalism to Nicaragua. In fact, the Sandinistas had implemented harsh economic stabilization measures in the late 1980s in response to the hyperinflation caused mainly by spending on the Contra War. However, the new administration embraced neoliberalism with enthusiasm and intensified its implementation. Government properties were privatized, government expenditures were cut, budgets were balanced, and tariff barriers were lowered.

Though these policies curbed inflation and eventually resulted in slight economic growth, they inevitably pummeled the poor majority. The downsizing of government, the cutbacks in social services, the privatization of state enterprises, and the credit emphasis on agro-export rather than peasant production of domestic foodstuffs combined to exacerbate the misery of ordinary Nicaraguans. Unemployment, underemployment, drug addiction, crime rates, homelessness (especially among children), and domestic violence all soared.

Further aggravating the grim social picture, the demobilization of the *contras* and the bulk of the national armed forces threw tens of thousands of young men—with little training or experience in anything except violence—into the streets. Though the Chamorro administration promised ex-combatants land and resettlement benefits in the peace agreements of 1990, it ultimately fell far short of fully meeting these commitments. Sporadically throughout the 1990s, rearmed *contras* (*recontras*), ex-Sandinista

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The vanquished and the victor: On April 25, 1990, Violeta Chamorro receives the presidential sash from Daniel Ortega. (Photo courtesy of *Barricada*)

military (*recompas*), and mixed units of both (*revueltos*) engaged in renewed guerrilla activity or banditry in rural areas.³ Though organized armed conflict declined after the mid-1990s, such cases continued even into the late 1990s.⁴

Politics and Government

Given that in its two recent wars—the War of Liberation (1978–1979) and the Contra War (1981–1990)—Nicaragua had lost almost 3 percent of its population, it is not surprising that the period of the Chamorro administration was marked by intense political invective and conflict that sometimes turned violent. Indeed, what is really surprising is that this period also saw considerable progress toward national reconciliation and democratic consolidation and that there were almost no assassinations of high-level political actors.

Grassroots organizations—representing the poor majority of Nicaraguans—played a significant role in the politics of this period. The Rural Workers' Association, the National Union of Farmers and Ranchers, and mixed *contra/compa* groups of ex-combatants were involved in the negotiations regarding the privatization of state farms, successfully insisting that some of the land be deeded to former workers and ex-combatants. The National Workers Front did the same in the privatization of urban state-owned properties. At other times, when the government was unresponsive, these and other groups staged marches, demonstrations, and strikes to force government respect for the interests of ordinary people.

Meanwhile, the Chamorro administration steadfastly eschewed pressure from the United States (from 1990 through 1993) and right-wing members of UNO to engage in a vengeful “desandinization” program. Instead, the administration wisely allowed Sandinista General Humberto Ortega to remain at the head of the military. Assured in this way that there would not be an anti-Sandinista bloodbath, the FSLN accepted the demobilization of the army from more than 80,000 to less than 15,000 troops. In addition, the Chamorro government, the FSLN leadership, and a wide spectrum of politicians engaged in frequent bargaining, negotiating, and pact making. This ultimately resulted in a majority consensus in the National Assembly, which made possible the promulgation of a new Military Code (1994), increasing civilian control over the military; some revisions

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of the 1987 constitution (1995), including prohibiting reelection of the
president and curbing the powers of that office; and the passage of Prop-
erty Stability Law 209 (1996), which created a framework for dealing with
property disputes arising out of the revolutionary period. Clean elections
for the second autonomous government on the Atlantic coast in 1994 also
seemed to bode well for a successful consolidation of democracy.

However, all may not have been as well as it seemed. Many in the UNO
coalition that had brought Violeta Chamorro to power in 1990 were alien-
ated by her attempts at pact making, especially her gestures of reconcilia-
tion toward the Sandinistas. Many of their leaders had won positions as
mayors in Nicaragua’s largest cities. Nurtured by USAID funds destined
exclusively for municipalities that had voted the Sandinistas out, these in-
dividuals engaged in public works and neopopulist politics that won them
wide popular support. Under their leadership, the old Liberal party—the
majority party of Nicaragua until it became corrupted by the Somozas—
was resuscitated as various splinter Liberal parties were fused under the
banner of the Liberal Alliance. The Liberals did well in the Atlantic coast
elections of 1994, and they would win the national elections of 1996.

The 1996 Election

As an official observer at the 1984 and 1990 elections, coauthor Walker
found the character of the 1996 election, which he also observed, to be a
disappointment. In the politically polarized atmosphere of Nicaragua at
the time, the right wing insisted on a series of last-minute changes in the
electoral law and in the personnel of the Supreme Electoral Council. The
procedural modifications were hard to operationalize on such short no-
tice, and the personnel changes introduced many people into the system
who were inexperienced or lacking in commitment to democracy. Each
step of the election was flawed by anomalies—from registration and cam-
paigning to election-day voting and postelection vote-counting.

The worst problems occurred in the counting of the vote after the polls
had closed. There were so many irregularities that the Supreme Electoral
Council did not announce official results for more than a month after the
election. Such confusion reigned in some places that the entire tallies of hun-
dreds of voting stations were ultimately thrown out. Perhaps significantly,
the bulk of them occurred in Managua, Jinotega, and Matagalpa—the three

departments whose electoral councils were under newly appointed Liberal presidents.

Against this background, the Liberal Alliance was triumphant. Its presidential candidate, Arnaldo Alemán, beat perennial FSLN candidate Daniel Ortega by winning 51 percent of the vote; only 37.7 percent of the vote went to Ortega. In the National Assembly, the Liberals took forty-two seats, the FSLN took thirty-six, and fifteen seats were divided among nine minor parties. Both Ortega and the presidential candidate who placed third denounced the Liberal victory as illegitimate.⁵

THE ALEMÁN ADMINISTRATION

The fifty-year-old lawyer/farmer who was inaugurated as president in January 1997 had been a Liberal since the days of the Somozas. Though he had developed a burning hatred for the Sandinistas, he was widely rumored to have made a financial killing during the revolution by purchasing heavily subsidized veterinary medicines in Nicaragua and smuggling them into neighboring countries for sale at much higher market prices.⁶ Elected to the Managua City Council in 1990, he then engaged in complicated deal making—some of it quite deceitful—to get himself appointed mayor by his peers. In that position he governed as a sort of “neopopulist.” Using USAID funds to carry out highly visible public works for which he took full credit, he employed the politically faithful, mixed with and proclaimed his concern for the poor, and identified the Sandinistas as the cause of most of the country’s problems. With financial and moral support from the Cuban and Nicaraguan exile communities in Miami, he and other Liberal mayors worked to create the Liberal Alliance out of various Liberal microparties that had survived the fall of Somoza.

Ironically, the Liberal victory of 1996 was also facilitated by the behavior of some leaders of the FSLN in the 1990s. These people had weakened the party’s image by engaging in a legal but unseemly property grab (dubbed *la piñata*) during their lame-duck months early in 1990 and by clinging to the party leadership when challenged in 1994. The break-off of the Renovating Sandinista Movement (MRS) into a separate party in 1995 took most of the professional and intellectual leaders out of the FSLN just as the united and well-financed Liberals were gearing up for the 1996 election.

The Alemán administration was a disappointment for anyone concerned with democratic consolidation in Nicaragua. It was marked by ex-

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treme polarization, confrontation, administrative incompetence, and un-
 precedented corruption. The disastrous impact of Hurricane Mitch in Oc-
 tober 1998 only highlighted and accentuated these failings.

In many ways, Arnaldo Alemán was a quintessential neopopulist—a cat-
 egory of leader that had emerged in various parts of Latin America by the
 end of the twentieth century.⁷ Like the populists of earlier decades (Getulio
 Vargas in Brazil, Juan Perón in Argentina, José María Velasco Ibarra in
 Ecuador), the neopopulists used personal charisma and dramatic rhetoric
 to appeal—almost as secular messiahs—to large blocks of socially and eco-
 nomically marginalized and stressed citizens. Characteristically, they cham-
 pioned the weak and vulnerable—the “people”—as against the evil and
 “repugnant other”—often, though not always, the privileged classes.⁸ How-
 ever, unlike the old populists who promoted labor unions and other organs
 of civil society, neopopulists (such as Carlos Menem in Argentina, Alberto
 Fujimori in Peru, and Abdalá Bucaram in Ecuador) appealed directly to the
 politically unorganized sectors of society. Indeed, such leaders actually
 feared and disliked organized civil society, be it in the form of grassroots
 civic organizations (of peasants, workers, women, etc.) or nongovernmental
 organizations (NGOs)—national and international—that provided assis-
 tance to such organizations. And finally, unlike the old populists with their
 schemes for government intervention in the economy, the neopopulists—
 though usually elected on platforms criticizing neoliberal economics—
 often eventually adopted neoliberalism (government downsizing, emphasis
 on agro-export, and a retreat from state involvement in the economy) and,
 indeed, found that in the short run, at least, implementing structural re-
 forms was popular with their marginalized supporters.⁹

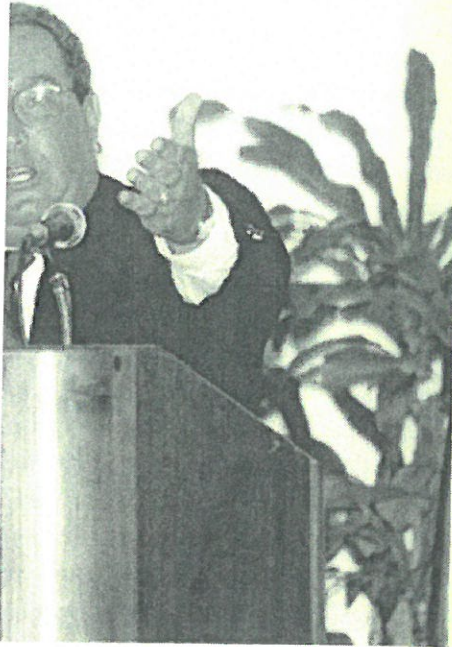
By the 1990s, Nicaragua was ripe for the emergence of neopopulism. The
 U.S.-orchestrated Contra War and its related programs of economic stran-
 gulation had ruined the economy and created an ever-growing segment of
 impoverished people—unemployed workers, demobilized combatants, and
 informal-sector vendors. Most of these people were not members of orga-
 nized civil society. In addition, massive U.S.-generated anti-Sandinista prop-
 aganda promoted in the 1980s through the local and international media, by
 the Catholic Church hierarchy, and by opposition parties—together with the
 inability of the Sandinistas to bring peace and solve the country's economic
 problems—had demonized the Sandinistas in the eyes of many. Thus, neo-
 populism in Nicaragua had both an accessible base of stressed and angry but
 unorganized people to which to appeal and a ready-made “repugnant other”



President Arnaldo Alemán. (Photo by and with permission of Jorge Lopez, *La Tribuna*)

(the Sandinistas) to serve as a target in mobilizing that anger. Furthermore, as noted earlier, the neopopulists were bolstered by USAID programs in the early 1990s (from which pro-Sandinista municipalities were excluded) and by popular reaction to Sandinista excesses, starting with the *piñata* in 1990 and continuing throughout the decade as a tiny group of old revolutionaries clung stubbornly to the reins of party power.

Thus, Alemán rose to power—and initially attempted to rule—as a neopopulist. Harboring an intense hatred of the Sandinistas and not having played a central role in the bargaining and consensus building that went into the National Assembly’s rewriting of the “rules of the game” in the mid-1990s, Alemán and his Liberal plurality in the legislature immediately called into question the legitimacy of the 1994 Military Code, the 1995 amendments to the 1987 constitution, and the 1996 Property Stability Law 209. In addition, seeing the Sandinistas as irredeemably evil, they



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maneuvered to deprive them of the full number of seats on the executive body of the National Assembly to which they appeared entitled.

These moves resulted in months of chaos. There were general strikes and demonstrations led by the National Union of Farmers and Ranchers and joined by urban workers to protect the properties that had changed hands in the 1980s. In addition, there were raucous and hate-filled invective, renewed armed insurgency, FSLN boycotts of the National Assembly, constitutional challenges, sporadic attempts at public dialogue, and behind-the-scenes bargaining between the leaders of the two major political forces. On the positive side, grassroots organizations representing peasants and urban workers were again active in defending their interests—especially as they related to the property issue.

Eventually, pressure—both international and domestic—for a compromise solution became irresistible, and Alemán was forced to adopt a new strategy that would add behind-the-scenes deals with his Sandinista enemies to his neopopulist public posture. In the fall of 1997, private negotiations between legal teams representing the FSLN and the government culminated in an agreement on the thorniest issue of the 1990s, that of property. In November, after only four hours of debate, seventy-three of the ninety-three members of the National Assembly voted to approve the Law of Urban and Rural Reformed Property.¹⁰

For a while it appeared that with the settlement of the property issue a “new normalcy” was beginning to emerge in Nicaragua. Soon, however, the leaders of the two major parties each suffered personal scandals. Alemán was engulfed in escalating charges of corruption. First came the “Narcojet” scandal, in which traces of cocaine were found in a rented (previously stolen) jet that had been serving as the presidential plane since December 1997. Then, in February 1999, Comptroller General Agustín Jarquín announced the results of an investigation of the president’s personal assets, which showed that Alemán’s personal fortune had grown by 900 percent from 1990 to 1996. Though Alemán eventually resorted to jailing Jarquín for a number of months, the scandal would not go away. Ortega, too, was besieged by scandal. In 1998, he suddenly found himself accused by his thirty-year-old stepdaughter of having sexually abused her over a period of nearly twenty years.

Although both Ortega and Alemán would survive the scandals and retain control of their respective political movements, their behavior hurt

their parties and dramatically eroded their popularity. In April 1999, nearly half of those questioned in an *Envío* survey saw the Alemán administration as “the most corrupt government in Nicaragua’s history,”¹¹ and a CID-Gallup poll of public opinion found that fully 77 percent of Nicaraguans had doubts about their president’s honesty.¹² In the latter poll, public support for the two major parties—FSLN and Liberal—had dropped to 20 percent each.¹³

On top of this, support for Alemán and the Liberals was also diminished by their poor handling of the disaster visited on Nicaragua by Hurricane Mitch in October 1998. More than 2,400 people were killed, and nearly one-fifth of Nicaragua’s population was left homeless. Economic damage totaled more than \$1.5 billion.¹⁴ Working with a civil service stripped to the bone by a decade of neoliberal downsizing and further debilitated by corruption, cronyism, and incompetence, the Alemán administration was painfully slow in helping those hurt by the disaster. Furthermore, as a neopopulist, Alemán channeled Nicaraguan public relief aid through local governments where Liberals were in power or through Liberal party organizations where they were not. He even attempted at first to deflect the flow of international assistance away from nongovernmental organizations (seen by him as *Sandinista*), which he could not control.¹⁵

The increasingly weak positions of both Alemán and Ortega would lead in turn to a strange series of pacts between the two archenemies.¹⁶ Whereas the agreement on the 1997 property law could be seen as serving a national good, it would be hard to defend subsequent deals between the two *caudillos* in such terms. While publicly attacking each other in the most visceral terms, Alemán and Ortega now made deals that simply served their own or their parties’ narrow interests. Late in 1999, the two crafted a pact that the FSLN/PLC majority in the Assembly quickly converted into law the following year. Among other things, it “packed” the Supreme Court, the Office of the Comptroller General, and the Supreme Electoral Council (CSE) with FSLN and PLC partisans. As a result, Alemán was relieved of scrutiny by the comptroller general, and both *caudillos* were free—for the time being, at least—of the threat of successful prosecution under the judicial system. Furthermore, the electoral laws were revised to effectively exclude any meaningful challenges from third parties.

By the turn of the century, Nicaragua appeared to be at a critical political juncture. Once dramatically dissimilar, the Liberals and what was left of the FSLN had become much more alike. Since the days of Somoza, the Lib-

ed their popularity. In April 1999, *Envió* survey saw the Alemán administration in Nicaragua's history,"¹¹ and a pund that fully 77 percent of Nicaraguans' honesty.¹² In the latter poll, public support for the FSLN and Liberal—had dropped to

and the Liberals was also diminished. In 2000, 100,000 people were killed, and nearly one million were homeless. Economic damage totaled \$1.5 billion. A civil service stripped to the bone and further debilitated by corruption, the Alemán administration was painfully slow. Furthermore, as a neopopulist, Ortega's relief aid through local governments and Liberal party organizations were the first to deflect the flow of international aid organizations (seen by him as San-

of both Alemán and Ortega would lead between the two archenemies.¹⁶ Whereas Somoza could be seen as serving a national interest, the subsequent deals between the two *caudillos* attacking each other in the most vicious way made deals that simply served their interests. Late in 1999, the two crafted a pact. The National Assembly quickly converted into law, and it "packed" the Supreme Court, the Constitutional Council, and the Supreme Electoral Council. As a result, Alemán was relieved of power and both *caudillos* were free—for the first time since the successful prosecution under the judicial laws were revised to effectively exclude third parties.

Nicaragua appeared to be at a critical juncture. Similar to the Liberals and what was left of the Somoza regime, since the days of Somoza, the Lib-

eral movement had long been essentially a vehicle for personal aggrandizement and ambition. Now in the late 1990s, a tiny remnant of the original FSLN controlled a party that had seen the defection of most of its middle- and upper-level cadre and a near-complete dissolution of its once-strong relationship with the various organs of civil society created in the 1970s and 1980s.

THE 2001 ELECTIONS

It was against this background that national elections were held in 2001. As had been the case in 1996, what transpired was not entirely uplifting. In 2000, the now-partisan Supreme Electoral Council, working under new electoral laws, arbitrarily rejected attempts by all third parties—except the relatively weak Conservative party—to qualify for the elections. The latter party reportedly had been saved under pressure from the U.S. Embassy, which initially was apparently worried that the PLC was too discredited to defeat the FSLN.

The most notable characteristic of the 2001 campaign period was the degree to which it was subjected to manipulation by the U.S. government. For instance, as the official campaign heated up that spring with perennial FSLN presidential candidate Daniel Ortega showing a seven-point lead in the polls, the United States reportedly reversed course and pressured the Conservative presidential candidate to withdraw so as not to split the anti-Sandinista vote.¹⁷ Then, as the gap narrowed between Ortega and his Liberal opponent, seventy-three-year-old businessman Enrique Bolaños Geyer, U.S. officials, from Secretary of State Colin Powell on down, made a series of anti-Sandinista statements. After the attacks of September 11, 2001, Washington even tried to connect Ortega with world "terrorism," and one U.S. official publicly predicted a "vicious" response should an Ortega government be found to have links to terrorism.¹⁸ As in 1996, the Catholic Church hierarchy also aligned itself against the FSLN.

Ortega attempted to present himself as a "new man," able to coexist with practically anyone. His campaign organization at one point even tried unsuccessfully to win the endorsement of former archenemy Anastasio Somoza Portocarrero, the son of the deposed dictator.¹⁹ But the opposition of the United States, vocally joined by the Catholic hierarchy, was overwhelming. On November 4, the Nicaraguan electorate—well aware of the pain the United States could inflict on independent countries within

its sphere of influence—gave Bolaños a fourteen-point victory over Ortega. The Conservative party, which had hastily fielded a new presidential slate, won only 1.4 percent of the ballots—far short of what was needed to qualify to run in the next election

Former U.S. president Jimmy Carter, in Managua as the head of his center's electoral observer team, was remarkably frank in his condemnation of the heavy-handed U.S. role: "I personally disapprove of statements or actions by any country that might tend to influence the vote of people in another sovereign nation."²⁰

THE BOLAÑOS ADMINISTRATION

The country over which Bolaños was to preside was awash in problems. The economy was nearly prostrate, and the human condition of most Nicaraguans desperate. Furthermore, the "structural adjustments" and neoliberal economic policies begun in the late 1980s and accelerated under IMF and U.S. pressure in the 1990s had so shrunk the state that it was now utterly incapable of dealing with the dire human condition of the impoverished majority. Finally, though international nongovernmental organizations and some elements of grassroots civil society were still trying to address the country's social problems, neither of the two political parties left standing in 2002 had the integrity to articulate and organize an effective response to the national crisis. Alemán's Liberal party was as morally bankrupt as when it served the Somozas. And the FSLN, once a vehicle for change, was now a discredited instrument of personal ambition.

The new president, a businessman with strong anti-Sandinista credentials, had served quietly as vice president to Arnoldo Alemán. Though the PLC's presidential candidate, Bolaños, apparently had not even been consulted when Alemán selected the PLC candidates for the Assembly. Now the PLC would have a working majority in the National Assembly—a bloc strong enough to modify the constitution. Alemán—a member of the Assembly for life by virtue of his status as ex-president—had set himself up to dominate his country's politics as the central figure in that body. The Somoza-like *caudillo* clearly envisioned Bolaños as a figurehead who would formally occupy the office of the presidency until he, Alemán, could return to it after the next election.

However, there was more to Bolaños than Alemán had envisioned. Having a reputation for honesty and having campaigned on an anticorruption

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platform, the conservative entrepreneur seemed determined not simply to
be a stand-in for Alemán. If he were to be a real president, he would have
to confront and defeat Alemán. Thus, after first attacking lower-level cor-
ruption during the Alemán administration, he eventually went after Ale-
mán himself. In August 2002, he and acting Attorney General Francisco
Fiallos accused Alemán, his family members, and close allies of misdirect-
ing \$100 million in public funds to bank accounts they controlled in Pan-
ama. “Arnoldo,” the new president said, “I never dreamed you would betray
your people like this. You took the pensions from the retirees, medicine
from the sick, salaries from the teachers. You stole the people’s trust.”²¹

Those statements were a dramatic effort to convince the National As-
sembly to strip Alemán of his legislative immunity, which it did in 2002,
thanks to a fleeting alliance between the FSLN and a handful of Bolaños’s
loyal legislators. However, although Alemán was sentenced to a twenty-year
jail term in 2004, it was soon apparent that the ongoing Ortega/Alemán pact
process would give Alemán a large measure of freedom. Indeed, he served
most of his time under house arrest and his conviction was completely over-
turned in January 2009 by the politicized Supreme Court.

Meanwhile, Bolaños’s anticorruption campaign, particularly his crusade
against Alemán, served largely to isolate him within the PLC and the larger
political arena. In 2004, Bolaños left the PLC and created the Alliance for the
Republic (*Alianza para la República*, APRE). This split within the right
helped the FSLN in the 2004 municipal elections, in which it won eighty-
four municipalities, including Managua, the majority of them in coalition
with other parties.

Through the pact, the FSLN and the PLC worked to oust Bolaños. In
October 2004, the by-then thoroughly politicized Comptroller’s Office, cit-
ing the president’s failure to disclose the source of campaign funds in the
2001 election, called for his impeachment. While Ortega did announce the
following month that the FSLN would not support impeachment, the leg-
islature passed constitutional reforms clearly designed to limit presidential
authority. These included requiring legislative approval (60 percent) in ap-
pointing government ministers and diplomats, giving the legislature the
power to dismiss cabinet members and to override a presidential veto, and
creating several new administrative bodies.²² Bolaños attempted to use
state institutions to stop the reforms, but to no avail: All were controlled by
the FSLN and PLC. In turn, the two parties even refused to pass laws Bo-
laños introduced that were required for the disbursement of IMF loans. At

one point, Ortega even proposed holding early presidential elections to remove Bolaños from office.²³ This resulted in a prolonged constitutional crisis that became a matter of international interest, ultimately mediated by the Organization of American States (OAS).²⁴ In October 2005, Bolaños and Ortega agreed that the new laws—the Framework Law—would not be implemented until after the 2006 elections and that the FSLN would stop blocking laws required for the country’s IMF agreement and the ratification of the Central American Free Trade Agreement.

THE 2006 ELECTIONS

By 2006, the Supreme Electoral Council had been thoroughly politicized by the country’s two *caudillos*. And, since Alemán’s conviction on corruption charges had given Ortega the upper hand in ongoing iterations of the pact, Ortega’s interests would be reflected in the nature and behavior of that key entity. First, Roberto Rivas—widely seen as a favorite of Cardinal Miguel Obando y Bravo or, as *La Prensa* put it, “his protected one” (*su protegido*)²⁵—was made president of the CSE. This and an Ortega decision to support the outlawing of therapeutic abortion, even when necessary to save the mother’s life, was apparently sufficient to cause former anti-Sandinista Obando to support Ortega in the elections. Second, and even more important, the electoral laws were changed to allow a presidential candidate to win with less than a majority if he or she were to obtain 40 percent of the vote or 35 percent with a five-point margin over the nearest rival. This adjustment in the rules favored Ortega, whose vote total had hovered around 40 percent in the previous three elections.

Ortega was also favored by a split in his conservative opposition. Alemán’s old Constitutional Liberal Party ran José Rizo, a coffee grower and former vice president under Bolaños. However, the corruption of the PLC had caused a large segment of that party to break off and form a new party, the Nicaraguan Liberal Alliance (ALN), under the leadership of banker Eduardo Montealegre. The ALN and the Conservative party united in 2006 to back Montealegre’s presidential candidacy. Two groups that had split from the FSLN also fielded candidates—Edmundo Jarquín for the MRS and Edén Pastora for a new microparty, the Alternative for Change—but they were not a serious challenge to Ortega.²⁶

The election itself was relatively clean. It was observed by international teams from the Organization of American States and the Carter Center as

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Jubilant Ortega supporters celebrate following ET’s announcement of the results of their “quick count” only hours after the polls closed in the 2006 national elections. (Photo by David Evans)

well as two major domestic groups.²⁷ This level of observation meant that all involved knew from the start that patterns of fraud would not go undetected and would be denounced if they took place. In addition, the major domestic observer group, *Ética y Transparencia* (Ethics and Transparency, or ET), fielded such a large team that ET workers were in almost every voting place in the country to observe and report the vote count after the polls closed. Within hours of the closing, ET had an extremely accurate “quick count” of the results—thus ensuring that any later manipulation of the tallies would be detected.

All observers agreed that Daniel Ortega had won the presidency with 38 percent of the vote, followed by Montealegre (28.3), Rizo (27.1), Jarquín (6.3), and Pastora (0.3). Fraud—favoring the FSLN—was detected by ET in only four municipalities of one coastal department, the RAAN.²⁸ And, though the Carter Center made a series of suggestions for improving the system, its overall assessment of the 2006 election was positive.²⁹

Probably the least clean aspect of the 2006 election was the role the U.S. government played in its effort to manipulate the outcome. As in the

previous three presidential contests, U.S. personnel spoke out and worked behind the scenes in an effort to orchestrate the victory of one candidate—in this case the ALN's Eduardo Montealegre.³⁰ Ironically, however, their efforts actually helped split the anti-Sandinista forces, thus helping to ensure the Ortega victory, which could not have taken place without that split.

THE ORTEGA ADMINISTRATION

While a change from the prior conservative administrations, the Ortega administration was also a departure from the democratic values of the Sandinistas of the 1980s. Though he introduced important social policies (see Chapter 6), Ortega's administration also intensified the corruption of the rule of law begun during the pact making of the previous decade. Ortega now had tight control of what was left of the FSLN and, within the pact, he held a clear advantage over Alemán, whose corruption in the 1990s had been so extensive that additional charges could always be raised by the Ortega-controlled judiciary if they were ever necessary. In addition, Ortega and Alemán were in a position to control their mutual opponent, the ALN's Eduardo Montealegre, whose legislative immunity to prosecution under corruption charges dating from the Bolaños administration could easily be lifted whenever the two *caudillos* saw fit.³¹

The Ortega administration also exhibited little tolerance for dissent. Journalists, former FSLN members, and civil society organizations complained of intimidation and violence by Ortega's sympathizers. Among the most prominent targets of government harassment were former FSLN members Carlos Fernando Chamorro and Ernesto Cardenal, both of whom were the subject of legal investigations and public smear campaigns, and a handful of women leaders who continually spoke out against the criminalizing of therapeutic abortion.³² *Turbas*, pro-Ortega youth gangs, were increasingly used as a tool to intimidate the opposition. Moreover, the administration sought to extend control over civil society through the establishment of Citizens Power Councils (CPCs) (discussed in Chapters 6 and 7) and heavy-handed intervention in municipal governments (discussed in Chapter 7).

2008 Municipal Elections

The municipal elections of 2008—held in 146 of 152 municipalities—appear to have been yet another example of the corrupting nature of the pact.³³

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Though it had immediately certified Ortega's victory in the 2006 elections, the huge and prestigious domestic observer group ET was barred by the politicized CSE from observing in 2008 on the grounds that it had assumed "political positions."³⁴ In addition, all credible international observation was also barred. Prior to the elections, the CSE limited the electoral field by ruling that the MRS and Conservative party were not eligible to participate because they could not present a full slate of candidates. Critics viewed this as an effort to protect the FSLN and PLC from electoral competition, particularly in light of the fact that two tiny parties that surely did not meet all the requisites were allowed to run.³⁵ The PLC and ALN united two enemies, Alemán and Montealegre, against the FSLN. The move was forced, in part, by the CSE's hasty decision to reduce the time frame for parties, alliances, and their candidates to register. The alliance fielded Montealegre, who continued to be dogged by accusations of fraud in the Central Bank's Negotiable Investment Certificate (CENI) scandal, as its candidate in the Managua mayoral race.³⁶

According to official results, the FSLN won 105 municipalities, including Managua, followed by the PLC with 37 and the ALN with 6. Allegations of fraud quickly surfaced. But verifying where the truth lay—especially in the absence of credible on-site observation—was another matter. FSLN representatives and supporters maintained that the party's success was a result of Ortega's popular programs and good governance at the municipal level. They contended that preelection polls had given the FSLN—most notably the FSLN's Managua mayoral candidate, triple crown boxing champion Alexis Argüello—an advantage. In truth, there was no dispute that the FSLN won sixty municipalities and that results in ninety-five municipalities were uncontested.³⁷ The majority of the forty contested municipalities were those that Montealegre's faction would have received, per the alliance with the PLC. Finally, they pointed out that no claims of fraud had been brought to the CSE.³⁸ Much of this was true and yet ET investigated extensively, finding nine major areas of irregularities ranging from the expulsion of party monitors (*fiscales*) from voting places, fraudulent annulment of votes, and early closing of some voting places to failure to properly guard and secure electoral materials and open intimidation at voting stations.³⁹ Another report offered evidence of vote tampering, as some tallies from the voting tables were different than those the CSE presented. Additionally, it appeared that total votes in some districts (such as Nindirí) exceeded the number of registered voters.⁴⁰ As of July 2009, the Supreme Electoral Council still had not reported the results of some 30 percent of the tables, many of them in

Managua.⁴¹ The allegations of fraud resulted in the loss of aid from the United States and the European Union.⁴²

In the aftermath of the 2008 elections, Nicaragua's two *caudillos* prepared for their next electoral showdown. In January 2009, the Supreme Court overturned Alemán's sentence, and the latter quickly announced his intention to run for president in 2011. Some alleged that the court's move was the price Ortega had to pay for some of the municipalities the FSLN "won" in 2008. Next, in October 2009, the FSLN justices in the Supreme Court Constitutionality Commission met alone at night and ruled that the constitutional prohibition against the presidential reelection did not apply in Ortega's case.⁴³ Although highly disputed by independent jurists long afterward, the Liberal justices lacked a majority to overturn it in plenary. This cleared the way for Ortega to run again. Given the advantage he held over Alemán in the pact, it seemed almost certain that Ortega would be president of Nicaragua for some time. Had Nicaragua become an "incipient institutional dictatorship" as the MRS put it?⁴⁴

NOTES

1. For a comprehensive examination of this period, see Thomas W. Walker, ed., *Nicaragua Without Illusions: Regime Transition and Structural Adjustment in the 1990s* (Wilmington, Del.: Scholarly Resources, 1997).

2. In this context, *reactionary* is a better word than *conservative*, since in social and economic matters, the new administration was trying not to conserve what it had inherited from the Sandinistas but rather to "turn the clock back" to a real or imagined past.

3. *Recompa* comes from the word *compa*, which is short for *compañero* (comrade in arms), a term often used for Sandinista soldiers. *Revueltos* is used in other contexts for scrambled eggs.

4. See, for instance, "Nicaragua: Atlantic Coast Groups Rearm," *Central America Report*, vol. 25, no. 22 (June 11, 1998), p. 3.

5. For information concerning the election, see Thomas W. Walker "Epilogue: The 1996 National Elections," in Walker, ed., *Nicaragua Without Illusions*, pp. 305–311.

6. From a Walker interview with Ricardo Chavarría, former vice minister of social welfare (INSSBI), July 18, 1998.

7. For good discussions of this interesting phenomenon, see Carlos de la Torre, "Populism and Democracy: Political Discourses and Cultures in Contemporary

and resulted in the loss of aid from the nation.⁴² In the 2000 elections, Nicaragua's two *caudillos* pre-empted a possible power breakdown. In January 2009, the Supreme Court, and the latter quickly announced his resignation in 2011. Some alleged that the court's move was for some of the municipalities the FSLN had won in the 2009, the FSLN justices in the Supreme Court session met alone at night and ruled that the results of the presidential reelection did not apply because they were disputed by independent jurists long after the election. A majority to overturn it in plenary session was not run again. Given the advantage he held, Ortega was almost certain that Ortega would be reelected. Had Nicaragua become an "incipient MRS put it?"⁴⁴

NOTES

1. For a discussion of this period, see Thomas W. Walker, *Time Transition and Structural Adjustment in Nicaragua* (University Resources, 1997).

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4. "Atlantic Coast Groups Rearm," *Central America Report*, vol. 16, no. 196 (November 1997), p. 3.

5. For a discussion of the 2009 election, see Thomas W. Walker "Epilogue: The End of the Road," *Nicaragua Without Illusions*, pp. 305–311.

6. Ricardo Chavarría, former vice minister of the Interior, resigned in 2003.

7. An interesting phenomenon, see Carlos de la Torre, "The FSLN: Discourses and Cultures in Contemporary

Nicaragua," *Latin American Perspectives*, vol. 24, no. 3 (May 1997), pp. 12–24; and Kurt Weyland, "Neopopulism and Neoliberalism in Latin America: Unexpected Affinities," *Studies in Comparative International Development*, vol. 31, no. 3 (Fall 1996), pp. 3–31.

8. De la Torre, "Populism and Democracy," pp. 19–20.

9. See Weyland, "Neopopulism and Neoliberalism in Latin America."

10. Nitlapán-Envío Team, "An Accord Besieged by Discord," *Envío*, vol. 16, no. 196 (November 1997), pp. 3–4.

11. "After Stockholm and Before the Pact," *Envío*, vol. 18, no. 215 (June 1999), p. 4.

12. "Nicaragua: Government and FSLN Weakened by Protests," *Central America Report*, May 14, 1999, p. 2.

13. "Nicaragua: FSLN Hardliners Maintain Control," *Central America Report*, June 18, 1999, p. 7.

14. "Nicaragua: Mitch Redefines Political and Social Scenario," *Central America Report*, May 28, 1999, p. 6.

15. Ricardo Chavarría, executive director of the Instituto de Promoción Humana (Nicaragua's oldest nongovernmental organization), in a lengthy e-mail communication with coauthor Walker on January 14, 1999.

16. Strange as this turn of events may seem, it actually was predicted as a strong possibility by Nicaraguan political observer Oscar René Vargas in an interview with the Hemisphere Initiatives/Washington Office on Latin America election observer team (of which co-author Walker was a member) in October 1996.

17. Envío Team, "The Road to the Elections Was Paved with Fraud," *Envío*, vol. 20, nos. 244–245 (November–December 2001), p. 37.

18. John F. Keane, director of the Office of Central American Affairs, U.S. Department of State, in response to a question at a conference on "Nicaragua's Presidential Election," University of Pittsburgh, October 4, 2001. With Cristiana Chamorro, a prominent member of Nicaragua's elite and a writer for that country's leading daily, *La Prensa*, present on the panel, Keane paused to think before he chose the term "vicious."

19. Nitlapán-Envío Team, "Between Two Evils and Many Dreams," *Envío*, vol. 20, no. 242 (September 2001), p. 2.

20. Jimmy Carter, November 4, 2001, as quoted in NicaNet, "Election Update," *Nicaragua Network Hotline* (Supplement), November 8, 2001.

21. Quoted in Gioconda Belli, "Nicaragua: A Crusader Looks to the U.S.," *Los Angeles Times*, September 8, 2002.

22. David Kolker, "An Unjust Attack on Nicaraguan President Enrique Bolaños," Council on Hemispheric Affairs, November 18, 2004, www.coha.org/an-unjust

-attack-on-nicaraguan-president-enrique-bolanos; Latin American Database, "Nicaragua's Legislature Looks to Limit Presidential Powers; Aleman Could Rescue Bolanos," NotiCen, January 13, 2005.

23. Shelley McConnell, "Can the Inter-American Democratic Charter Work? The 2004–05 Constitutional Crisis in Nicaragua," presented at the International Studies Association meeting, February 28–March 3, 2007, p. 15.

24. For a more complete discussion of the crisis and the negotiations, see McConnell, "Can the Inter-American Democratic Charter Work?" and Council on Hemispheric Affairs, "Nicaragua: A Three-Way Political Ground," COHA memorandum to the press, July 20, 2005.

25. "Inicia proceso Roberto Rivas en Costa Rica," *La Prensa*, March 13, 2010.

26. The original MRS candidate, former Managua mayor Herty Lewites, died in July 2006 and was succeeded in the race by Jarquín. Lewites had been a member of the FSLN and served as the minister of tourism in the revolutionary government. He left the FSLN to join the MRS in 2005.

27. Coauthor Walker was part of the Carter Center team.

28. "Observación Electoral Nicaragua 2006," Carter Center, Atlanta, May 2007, pp. 39, 40.

29. *Ibid.*, pp. 42, 43.

30. Nicaragua Network Delegation to Investigate U.S. Intervention in the Nicaraguan Election of November 2006, *The 2006 Nicaraguan Elections and the U.S. Government Role*, June 2006.

31. Montealegre, who served as treasury minister under Bolaños, was implicated in a scandal involving Negotiable Investment Certificates (CENIs), which resulted in the collapse of several banks.

32. El Centro Nicaraguense de Derechos Humanos (CENIDH), *Derechos Humanos en Nicaragua Informe 2008* (Managua: CENIDH, 2009); Tina Rosenberg, "The Many Stories of Carlos Fernando Chamorro," *New York Times*, March 22, 2009.

33. Municipal elections in the North Atlantic Autonomous Region (RAAN) were delayed upon request by the regional Yatama government due to the lingering effects of Hurricane Felix, which devastated the region in September 2007.

34. "La Entrada de Roberto Rivas," *El Nuevo Diario*, February 28, 2010.

35. Asier Andres Fernández, "Court Dashes Third Party Hopes in Municipal Elections," *Central America Report*, June 27, 2008; Asier Andres Fernández, "A Murky Pact Between Liberals and Sandinistas," *Central America Report*, July 18, 2008.

36. Nítlápan-Envío Team, "Lots of Clashes, Little Light, and Still No Way Forward," *Envío*, vol. 27, no. 320 (March 2008).

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37. Instituto para el Desarrollo y Democracia, "Elecciones Municipales 2008/2009: Informe Final," IPADE, May 2009, pp. 110.

38. Coauthor Wade interview with Paul Oquist, minister of national policy and private secretary to President Ortega, Managua, July 2009.

39. Grupo Cívico Ética y Transparencia, "Valorización Preliminar de Problemas Encontrados Elecciones Municipales 2008," Managua, November 12, 2008, and Grupo Cívico Ética y Transparencia, "Informe Final Elecciones Municipales 2008," Managua, 2009.

40. See Instituto para el Desarrollo y Democracia, "Elecciones Municipales 2008/2009."

41. Coauthor Wade interviews with Carlos Fernando Chamorro and Judy Butler, July 2009.

42. Matthew Lee, "US Cuts Aid to Nicaragua," *Washington Post*, June 11, 2009.

43. Brendan Riley, "This Ongoing Institutional Crisis Brought to You by Nicaragua's Daniel Ortega," Council on Hemispheric Affairs' *Washington Report on the Hemisphere*, June 16, 2010.

44. Nitalápan-Envío Team, "Abuse as Usual Means Many Accounts to Settle," *Envío*, no. 330 (January 2009); Nitalápan-Envío Team, "Mirages," *Envío*, no. 345 (April 2010).