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CUSLAR NEWSLETTER

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Nicaragua's Economic Crisis

I- Introduction.

Aside from the U.S. war, the other main fact of life in Nicaragua is the economic crisis which the country-- and the population-- is experiencing. Inflation, out-of-control speculation, shortages of food and consumer goods, insufficient wages: these are the main manifestations of the crisis. But despite the centrality of the crisis, and of the Sandinista government's attempt to solve it, little has been written about Nicaragua's economy in the solidarity or progressive press of the U.S. What treatment there is of the economic situation places the entire blame for the crisis on the war waged by the contras and the Reagan administration. This "explanation" is, in my opinion, faulty on three counts: (1) it fails to specify in what ways the contra war has caused the crisis and its particular manifestations; (2) it denies the Nicaraguan economy-- the mixed-economy model pursued by the Sandinistas since 1979-- any dynamic of its own, that is, denies the possibility that the Nicaraguan government's economic policies have generated contradictions which have contributed to the crisis, and; (3) it ignores the historical-structural

context provided by the underdevelopment of Nicaragua's economy.

What are the causes of the crisis presently afflicting Nicaragua's economy? What contradictions have been generated by the economic policies of the Sandinista government? What part has the aggression from the U.S. played in generating the crisis? These are the general questions addressed by this article.

II- The Mixed Economy-- General Considerations.

Before proceeding to discuss the nature of Nicaragua's economic crisis, it is necessary to know the general contours of the country's economy: the mixed-economy model.

Within the structure of the mixed-economy, three main forms of property are found: (1) State Enterprises, created on the basis of the property which was confiscated from Somoza and his associates and which has been developed as agro-industrial projects financed by the State; (2) Capitalist Property, those factories and farms which are owned by private capital; and (3) Small and Medium-sized property, organized as production cooperatives, credit and service associations, and small retailers and

merchants.

The existence of these three main areas should not be misinterpreted--as it often is-- to imply the co-existence of equally strong sectors. Within the mixed-economy, the State sector is the hegemonic one, the State being the center of accumulation, regulation, and distribution. Nicaraguan government officials talk of the economy of their country as following the "logic of the majorities": it aims to transform both the social relations of production and the forms of property, while initiating the redistribution of wealth, and planned economic development.

Both economic and political considerations contributed to the FSLN's choice of the mixed-economy as the program for socio-economic development. On the political side lies the special characteristics of the triumphant Sandinista Revolution, the broad alliance of different sectors of Nicaraguan society brought together in the desire to overthrow Somoza. There was also the political necessity of commencing a process of economic reconstruction as soon and as smoothly as possible so as to meet the immediate demands and needs of the population, for which the cooperation of private capital was deemed essential. (1)

Another important factor influencing the FSLN's choice was (and continues to be) the lack of trained and experienced personnel, in all areas-- technical, management, economic-- which means that the FSLN cannot substitute their own cadre for those coming from the private sector:

"Either because of economic reasons, or political reasons, either for the lack of cadre, or the material and spiritual backwardness of the country, the State cannot assume the administration of all of the economy of the country, and that is where the private sector plays an important role." (2)

Planning an economy is always a difficult task. In the case of Nicaragua, planning is made even more difficult by the existence within the economy of

different sectors-- State, Private, and Cooperative--with different needs, goals, and ways of operating. The capacity of the Nicaraguan government to carry out realistic and effective planning has been seriously limited, given the great lack of personnel who are trained and experienced in both the technical and political realms.

To emphasize again an important point, the existence of a private sector does not mean that it is not "surrounded" by the State and Cooperative sectors, or that the antagonism between private capital and labor has diminished. What it does mean is that the Sandinista Revolution has a place and a need for the private sector.

"Thus, in a sense it is correct to talk about a proletarian project being in power in Nicaragua... This concept of proletarian project should, however, be distinguished from the concept of proletarian line put forward by Charles Bettelheim and others (Bettelheim 1975). Unlike the category proletarian line, proletarian project does not imply exclusivity or that there is only one correct proletarian position; rather it recognizes the possibility of a variety of mechanisms for eventually eliminating social classes. The broad outlines of the proletarian project encompass the distribution of surplus in accordance with social needs, new forms of control over the work process, and full participation in the decisions regarding surplus distribution and the work process." (3)

The Nicaraguan economy is an economy in transition; a new social form arising out of an old one. The mixed-economy is not a fully formed model, that is, it has not yet achieved its own intrinsic logic of development, but it is developing in a constant interaction with a hostile environment. The originality of the mixed-economy model lies in its articulation, for the aims already mentioned, of different forms of production and of property.

III-Economic Crisis--Why?

Last December, Comandante Henry Ruiz, member of the FSLN's National Directorate, and formerly Minister of Planning (now head of the Ministry of Foreign Assistance), summarized the economic crisis in the following manner: (4)

- stagnating production
- continuous decrease in per-capita income
- lack of governmental revenue
- increasing difficulties in the supply and distribution of fuel, inputs and other goods
- difficulty in paying the foreign debt.

Various factors have come together to produce this crisis. These different factors interact with each other and include several which are primary or fundamental. What are the various factors?

Underdevelopment of the Economy.

Nicaragua's obvious under-development--the state in which years of peripheral capitalist development and pillage by the Somoza dictatorship left the country--forms the background to any understanding of the country's economic crisis. To specify:

a) Limited Productive Capacity. To understand what it means to say that the Nicaraguan economy is underdeveloped, consider this: the country does not manufacture or produce lightbulbs, or sewing thread, or batteries, or tires for vehicles, or plumbing pipes, or most of the medicines used in the country, or any spare parts for motor vehicles.(5) Nicaragua does not even have the capacity to process the raw materials that it exports in any significant quantities. Most clothing, plus most of the consumer and capital goods used in the country have to be imported.

b) Lack of Scientific/Technical Corps. Together with structural underdevelopment came under-development in terms of the number and quality of the scientists and technicians trained in Nicaragua. To further aggravate the situation, the country has experienced a "brain-drain" since the victory of the Revolution.

(c) Insufficient Infrastructure/Transport. For example, this year the country has had good harvests of tomatoes and potatoes, but such of the harvest could be lost given the absence of adequate roads and sufficient vehicles to transport the crops to market and insufficient storage capacity to protect the crops from spoilage in Nicaragua's warm climate.

(d) Unequal Exchange. In 1984, Nicaragua bought \$780 million in goods from other countries, but obtained only \$430 million in export earnings, for a trade deficit of \$350 million.(6) This situation--related to the limited productive capacity outlined above--is one of the main causes of the economic crisis. For the earnings that Nicaragua gets from its exports-- coffee, cotton, tobacco, sugar, bananas-- Nicaragua can buy a decreasing amount of imports. To a country completely dependent on imports for oil, this is a disastrous situation. In 1973, a barrel of oil cost \$3, while a quintal (100 pounds) of sugar cost \$30. That is, for a quintal of sugar Nicaragua could buy 10 barrels of oil. Today the situation is reversed: a barrel of oil costs \$30, while a quintal of sugar is worth \$6. That is, to buy a barrel of oil, Nicaragua has to produce 500 pounds of sugar.(7) The picture is worse if we consider imports of capital goods. And to make matters worse, the worldwide demand for the export products of Nicaragua is decreasing.

(e) The "Informal" Economy. When cotton was introduced as an export crop during the 1950s, thousands of peasants were displaced from their lands, forced to become seasonal hacienda workers (a similar situation occurred earlier with coffee). Many thousands opted to go to Managua, or other cities, in the hope of finding employment. As could be inferred from the limited industrial development of the country, they rarely found work. Instead, they became involved in the sector of retailers and petty traders, known in Nicaragua as the "informal economy."

This sector took advantage of the Revolutionary Government's subsidies for basic foodstuffs and other consumer goods, by buying the products at the subsidized price, hoarding them, and then selling them at much higher prices, especially at times of shortage (both real or imagined). *"95% of Nicaragua's population is self-employed in the sector of informal business, which constitutes an endless chain of intermediaries and speculators... Some industrial workers and peasants have left their regular jobs and joined the chain, in which they can obtain an income equal or greater than their earnings for harder work."* (8) Between 1983 and 1984, the number of legally registered people engaged in commerce in Managua increased by 28,000. (9) The problem of speculation is a particularly clear example of how historical development of Nicaragua's economy (the formation of a large "informal economy" sector) combined with the economic policies of the Sandinista government (subsidies) to produce a contradictory and crisis ridden situation.

Consumption Explosion since 1979.

When the revolutionary government came to power in 1979, it immediately implemented a policy of price subsidies, aimed at increasing the buying power and consumption of the popular classes. This presented itself as a political necessity in light of the promises of the revolution. But this "consumption explosion" was not matched by an increase in the production of goods consumed (see Chart # 1) or in the quality of goods imported. Demand began to outstrip supply, leading to a growing inflation index and shortages. Furthermore, the more than 7 billion cordobas spent by the government in price subsidies from 1980 to 1984 contributed to a fiscal deficit. The shortage of goods also led to speculation.

State Policy

The economic policies adopted by the Sandinista government, lack of planning, mismanagement, and an inflated government bureaucracy have also contributed to the economic crisis.

(a) Subsidies. The effect of this policy has already been alluded to. While the policy's aim was to stimulate and increase consumption --which it did-- it also stimulated speculation and contributed to a growing government deficit.

(b) Insufficient planning. Officials in the Sandinista government have recognized that their economic development projects were not guided by a coherent economic program. According to Comandante Tomas Borge, member of the FSLN's National Directorate, *"The economic programs were developed based on our old dreams, and not on the basis of a coherent project."* (10) This lack of coherence can be explained in simple terms as the government trying to do too much without sufficient funding (11), and without adequate planning and administrative mechanisms (12), in what has been described as an "anarchic surge toward major changes." (13)

Particularly harmful to the economy has been the almost limitless extension of financial credits and loans by the government to projects, before sufficient considerations and study of their feasibility, necessity, and contribution to production.

(c) Mismanagement--- Inflated Government Bureaucracy. Paradoxically, given the insufficient planning alluded to above, another factor contributing to the economic crisis is the bloated government bureaucracy. This has led to enormous state expenditures just to maintain the bureaucratic apparatus. (14) As Vice-President Sergio Ramirez said last January: *"We created an apparatus that was too large for the country's needs... Perhaps we were preparing for a more ambitious project of social and economic transformation, without foreseeing that the war was going to prevent us from reaching a significant level of development in the short run."* (15)

Management by the State has been hindered by a low level of economic and administrative coordination (related to insufficient planning) and by the lack of trained personnel (the contras have killed 153 technicians since 1979, the equivalent of 15,000 technicians killed in the U.S.). This lack of personnel also leads to inefficiency in State enterprises, something that Nicaragua can ill-afford at this moment.

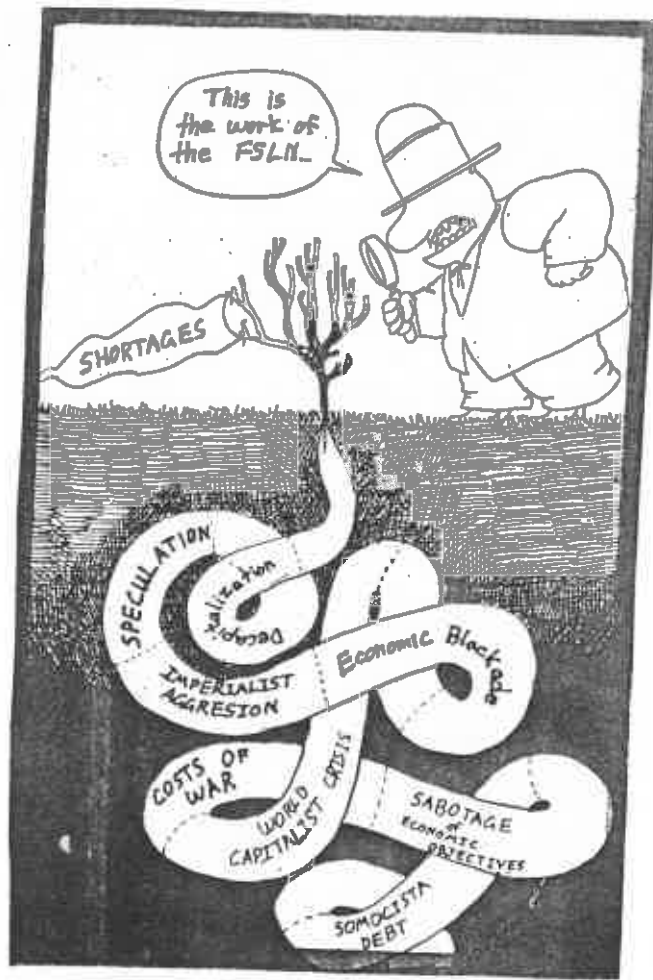
U.S. Aggression

In 1984 alone, material damages caused by the contras amounted to \$254 million, 57% of Nicaragua's export earnings (16). Since 1979, the contras have caused material damages totalling \$1,084.4 million. (With this amount of money Nicaragua could pay for its oil imports for the next 7.8 years.) U.S. backed counterrevolutionaries have destroyed factories, schools, health centers, bridges, fishing boats, machinery, warehouses, farms and farming equipment.

In 1984, the defense effort required 40% of the country's GNP; this year the government might spend up to 45% of the GNP in defense. The defense effort gets priority in terms of food, medicine, and clothing, a contributing factor to the shortages of these goods. As President Ortega told the nation on February 8th:

Out of each 100 shoes produced in the country, 40 are military boots; out of each 100 pants and shirts, 40 are military uniforms; out of each 100 pounds of corn consumed, 30 go to the war front; of each 100 liters of cooking oil, 30 are used by combatants... This enormous expenditure explains in great measure the problems of shortages, inflation, and speculation... "(17)

The resources spent on the war effort have also led the Sandinista government to reduce, or even halt, most of its development projects. Under the war economy, the priority is to consolidate what has already been built, and the defense effort. For example, only one new school is being built this year, and that only because of a monetary donation from Libya.



The damage to the Nicaraguan economy resulting from U.S. aggression is not limited to the destruction caused by the contras. Recently, the Interamerican Development Bank, under blatant pressure from the U.S. government, denied Nicaragua a loan for \$58.4 million. While this amount of money is insignificant for the U.S., it is a very important sum for Nicaragua. With the money the Nicaraguan government was planning to:

- Increase by 16,065 manzanas the area in which rice, corn and beans are grown;
- Start a program of soil-erosion control for 8,670 manzanas of arable land;
- Increase cattle production by 63,000 heads of cattle;
- Establish 28 chicken production units;
- Prepare 3,750 manzanas for cotton harvesting.

In other words, Nicaragua was counting on the money to finance projects aimed at increasing food and export crops production. (18)

There are effects resulting from the war other than the material destruction, the killing of Nicaraguans and the burden placed on the economy. Many of the best FSLN cadres and Government personnel are involved in the defense effort, further worsening the lack of skilled personnel available. The war disrupts the studies of many students who under the Patriotic Military Service Law are obligated to serve in the Army. The large number of people involved in the defense effort has also produced labor shortages in many agricultural areas, particularly among coffee pickers.

Also important, but hard to measure or quantify, is the strain caused by the war to a Government apparatus which is still consolidating and developing, and which now has to operate under the pressure of repulsing an armed aggression.

How have all these factors interacted to produce the present crisis? It should be clear by now that the underdevelopment and backwardness of the Nicaraguan economy--with all the associated features outlined at the beginning of the article--constitute the context or backdrop for the crisis. Nicaragua's extremely limited productive capacity (an historical given) has been drained by the "consumption explosion" and the war effort.

The role of the government's economic policies in fomenting the crisis should not be obscured, however. Inefficiency, waste, bureaucratism, insufficient planning, all have drained the country's limited resources. As Comandante Henry Ruiz stated on December 26; *"In all honesty, we humbly and publicly recognize that the administration and exercise of power has not been the Sandinista's best-performed task."* (19)

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The increase in government expenditures, without a corresponding increase in revenue; an irrational credit policy; a bloated government bureaucracy; and the continuous trade deficit have produced a serious fiscal crisis for the State. There are two things that have kept the government from financial collapse. One of them is foreign assistance. Between July 1979 and March 1984, Nicaragua received \$2,489 million in foreign assistance. This aid was crucial to maintaining a minimum level of economic activity by the government. (20) The second was the printing of money so as to help cover the deficit. This, however, together with the shortage of goods, has fueled inflation.

The effect of the U.S. aggression against Nicaragua has been to make things a lot worse. As President Ortega told a gathering of private, state, and cooperative producers on February 16th, Nicaragua would be experiencing an economic crisis even without the war, particularly given the trade deficit. But the U.S. aggression is making the crisis much more severe, and perhaps, unmanageable. It does not require great knowledge about economics to predict the effects that spending 40% of a country's GNP on defense can have on its economy, especially an impoverished one like that of Nicaragua.

IV- The Government's Solutions-- Perspectives.

The measures now being implemented by the Sandinista government to deal with the crisis aim at ensuring the efficiency, rationality and coherence of State management and to increase production levels. It is in this area, after all, that the government can do something, for there is little that the Sandinistas can do to stop the U.S. from sending its mercenaries across the Honduran border. The major steps that have been taken or will be taken are (21) (22).

--Decreasing the State budget, freezing the creation of new government jobs;
--Reorganizing and rationalizing the State apparatus. The new government structure facilitates and centralizes planning (See Chart #2)

-- Establishment of more strict credit and loan policies; favoring those projects that contribute to production.

-- More strict enforcement of the Individual Income tax law (the Government hopes to capture 2,500 million cordobas in additional income).

-- Elimination of those State Enterprises which by the end of the year are not operating efficiently and running a profit.

-- Elimination of the price subsidies and raising of wages.

-- The State will offer agricultural producers better prices, particularly those producing food or export crops.

-- Establishment of a system of direct distribution of goods through supply centers located at each productive center (factories, farms, etc.) so as to eliminate hoarding and speculation.

-- Greater effort on the part of the state and mass organizations (unions and neighborhood committees) at vigilance against hoarding and speculation.

In short, the above measures aim at stimulating production, eliminating speculation and decreasing the government deficit, in the long run. In the short run, the elimination of price subsidies has led to an increase sometimes of 100% of basic consumer goods and foodstuffs, an increase which is not offset by higher wage levels. But the hope is that an increase in production, leading to a greater quantity of goods to match demand, will lead to a decrease in inflation, a lowering of prices and elimination of speculation.

What are the prospects for the success of these measures? Given Nicaragua's situation, it is difficult and foolhardy to turn analysis of trends into prediction of the future. But a few comments can be made. If the measures are going to have the desired effect, a massive effort by a majority of the

population, organized through the mass organizations, is needed to increase production and combat speculation in the face of shortages, high prices and low wages. To this end the government has carried out an honest and direct campaign of explaining the crisis and the new economic measures, through the newspapers, the radio, and TV. The general spirit is one of admitting that things are going to get worse before they get better.

Also necessary if the economic crisis is to be brought under control is an efficient, imaginative and resourceful management of the economy-- and the economic problems-- by the State. Ricardo Kautz, an official at the Ministry of Agrarian Reform put it in the following way.

"If because of paternalism, romanticism, or sentimentalism we keep unnecessary personnel; if we do not demand norms and goals, our productivity decreases; if we do not apply scientific, technical and managerial knowledge, our productive levels decrease. The incorrect handling of organizational problems and production management can lead us into a bottleneck of inefficiency and unprofitability." (23).

Both militarily and politically, 1985 is a crucial year for Nicaragua. The success of the measures to deal with the aggression will largely determine the success of the measures to deal with the economic crisis, and vice-versa. The outcome of both efforts is likely to determine the future of the Sandinista Revolution.

Jose Lobo
Managua, March 14th, 1985.

IPOR LA PAZ, TODOS CONTRA LA AGRESION!

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Nicaragua: Basic Economic Facts

Concepts	1982	1983	1984	1985
Gross Internal Product (US \$ Millions)	1,674	1,741	1,706	1,725
Growth of Gross Internal Product (%)	1.2	4	-2	1.1
Gross Internal Product Per Inhabitant (US\$)	594	599	569	558
Inflation (%)	24.8	31.1	33	36
External Debt (U.S. \$ Millions)	3,135.1	3,726.7	4,119.7	4,622.1

Source: Cable Centroamericana, January 1985, "Centroamerica 1985: Perspectivas Economicas"

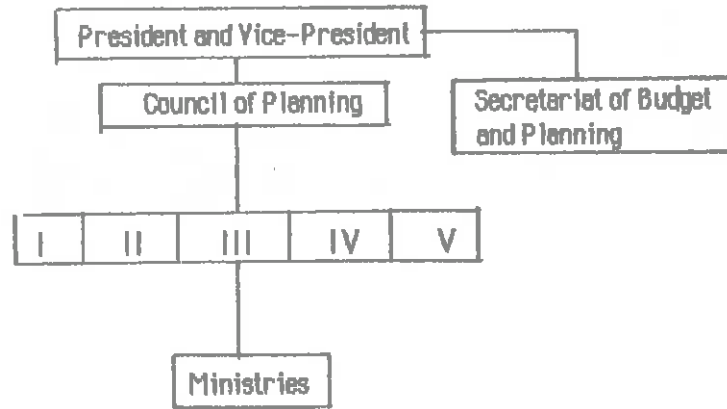


Chart #1: Supply and Demand in Nicaragua (Percentage)

	1972	1977	1982
Gross Internal Product (supply)			
Agriculture	24	22	24
Mining and Construction	7	9	3
Manufacturing	22	22	24
Gross Internal Product (Demand)			
Public Consumption	7	8	25

Source: Pensamiento Propio, July-August 1983, "La Economía Mixta en la Tierra de Sandino."

Chart #2: Structure of the Government



I-Agricultural Production
II- Foreign Assistance
III-Infrastructure

IV- Industrial Production
V-Finances

Council of Planning: composed of the President, Vice-President, the Minister of Industry, the Minister of Agrarian Reform, the Minister of Foreign Assistance, the President of the Central Bank, and the Secretary of the Secretariat of Planning. Each of the members of the Council is responsible for the numbered areas, which are the priority areas in terms of government resources and planning.

Secretariat of Planning and Budget: Coordinates the Work of the Council of Planning.

Letters to the Editors.

Protest CIA Recruitment

Foreign students are often incredulous when I tell them that the Central Intelligence Agency openly recruits on college campuses throughout the United States. They cannot believe, first, that the CIA is so open about its activities and, second, that faculty, students and staff permit their campuses to be used for recruitment. The CIA must not be allowed to recruit without interference. We must stop the inhumane activities being carried out by the CIA, one of which is solicitation to violate human rights.

On March 20 two CIA recruiters gave a presentation in Barnes Hall as a prelude to individual interviews. Twelve student and staff protestors attended the presentation. Six of the protestors stood, announced that the CIA was under arrest and read the recruiters their rights. We were exercising our right under New York State law to apprehend a felon. We then read the charges against the CIA, which included violation of the Boland amendment prohibiting the overthrow of the Nicaraguan government, violation of an executive order prohibiting political assassinations, violation of the charters of the United Nations and the Organization of American States, violation of the War Powers Act, violation of the Neutrality Act and crimes against peace and humanity as defined in the Nuremberg Principles.

At the same time nine protestors blocked the doorway with their bodies. The blockaders wore black

and had their faces painted in death masks. Around their necks hung signs describing CIA atrocities. Campus police removed the nine blockaders and the six arresters, while six protestors remained inside the presentation to ask questions. All fifteen arrestees were booked at the Ithaca police station for criminal trespass and resisting arrest.

Later that day about two hundred people, including forty students from the Alternative Community School, attended a rally in front of Willard Straight Hall. Professor Kenworthy spoke about Cornell graduates who had been murdered by the Chilean junta using hit lists prepared by the CIA. He described CIA infiltration of campus organizations and explained the difficulty of doing research in Latin America while the CIA is impersonating academics and journalists. The talk was followed by songs, chants and a march around Barnes Hall.

Two days later the fifteen were arraigned in City Court while one hundred supporters crowded the hallway. For the four non-Cornell affiliates, the charge of resisting arrest was dropped and criminal trespass was reduced to simple trespass (from a misdemeanor to a violation). Their case was adjourned for two weeks. The case against the eleven Cornell affiliates was adjourned for six months so that Cornell could deal with the protestors inside its own judicial system. The same day Cornell informed me that it was reopening its case against me for last year's blockade of the CIA.

The trial of the non-Cornellians and the campus hearing for the Cornellians probably will both be held in April. A large attendance is vital. For up-to-date information call Steven Emerman (277-0934) or Khafiya Hathaway (272-4117).

-Steven Emerman

Letter from Managua

I feel out of touch, I am always rattling off a letter to somewhere and never receiving replies. The mail service, like everything else in Nicaragua now, is suffering as a result of the critical situation we are in. The few luxury items I used to take for granted here -- like toilet paper, soft drinks and beer -- are growing scarcer and scarcer. I've learned never to ask for what I want at a store or a restaurant, but rather to ask if they have what I want. This is currently not a country for the easily disappointed. Rural regions are feeling the pinch most severely. Some towns have been without cigarettes for weeks. It leads to a healthier population, you might say, going without beer, soda and cigarettes. But it also leads to a discontented one. More and more people are beginning to resent the frugal conditions in which they are living. Not all blame the government. The most politically conscious are aware of the reasons for the hardships we are facing -- a global economic crisis, an unfair international balance of trade which pays ridiculously low prices for most Third World countries' exports, and an economic and strategic war which is aiming to

bleed the country's resources dry. Nevertheless, times are tough. Prices have jumped 200-300% while wages have risen only 40%. Supermarket shelves are stocked with jars of mystery meats and tins of dubious contents. As the names are written in Bulgarian, only the expiry date (June '84) is understood. Transportation and communication have reached crisis situations. Gasoline is scarce, diesel is running low, buses are breaking down due to chronic overloading and lack of parts. The public relations person for the regional transport commission told me that 50% of all Nicaragua's buses are out of operation. BUT -- the most amazing aspect of this whole crisis is that the will and the conviction of the Nicaraguan people doesn't falter. The vast majority is prepared for the worst, and determined to fight to the bitter end.

Last Wednesday evening I thought we were drawing closer (to the bitter end). I was happily clipping headlines and photographs from some progressive magazines, when I heard some popping sounds coming from outside. I thought it was a fireworks display for International Women's Day, so I ran out into the street to get a better view. The popping began to sound like the rapid fire of machine guns, and I knew something was not right. The soldiers who guard the comandante's house across the street told me it was a house-fire. I told them that if this was the case, Nicaraguan houses burn differently from their North-American counterparts. Suddenly, there was a huge explosion. The sky filled with flames of red and orange, smoke spewed forth profusely, and bits of rock and broken glass flew past me.

For 30 seconds I was paralysed, conscious only that I had not fallen to the ground as I should have, but I had remained upright, frozen, as if hypnotized by the sounds and colours of this frightening blaze. Men and women ran down the street in pyjamas, screaming children tucked under their armpits. Soldiers came and evacuated everyone from my household. We spent the night in the trenches.

The explosion occurred as a result of a fire at a munitions and medical supply storehouse about 10 blocks from where I live. A military hospital is also in the same location. The damage was millions of dollars worth, but miraculously, no-one was hurt or killed. This is due to the incredible competence of the neighborhood's militia. Hospital patients were evacuated within a half hour, fires that sprouted up near fallen telephone wires were put out immediately. Structures for blocks around, including the Intercontinental Hotel, are missing doors and windows as a result of the explosion. All of the typewriters at the Press Centre, which is right across the street, were destroyed. 100% of the hospital's medical supplies, including wheelchairs and other aids for the disabled, were lost. This economic damage is disastrous in a country like Nicaragua where everything must be replaced with nonexistent dollars.

It appears that Daniel Ortega, Sergio Ramirez, Doris Tellez, Tomas Borge and other comandantes were scheduled to meet at a military instalment that evening. They arrived 10 minutes after the explosion.

The cause of the explosion is still being investigated, although I feel quite strongly that it was sabotage. This is extremely worrying,

because the military instalment where the 'accident' occurred is one of the most heavily guarded areas in Nicaragua. Someone broke through the security system, or someone with a weak will was offered enough dollars to entice them to become a traitor.

The day after, as I watched friends sweep away the broken glass from their stairways, and soldiers sifted through the rubble for pieces of bombs, I felt sadness, disbelief and anger. This is but one of the 'accidents' which has been diverting the resources and energies of Nicaragua for the past 4 years. Haven't these people suffered enough? All they want is the right to live peacefully, and autonomously, with enough food in their bellies. Damn those American bastards. This is going to be a long and bitter war, I fear. I must believe that international opinion will not let the bloodthirsty Reagan Administration propagate more lies and continue to terrorize this nation. End of sermon.

It's been a tough week for me. First the explosion, then journeying to San Juan de Limay to witness the destruction and sadness the contras have brought here. Yesterday, the coffee cutters returned to Managua. I can't recount the euphoria which filled the Place de la Revolution as friends and family gathered in the square, awaiting the arrival of their loved ones. Huge dump trucks and EFAs crammed full of stragglyhaired, khaki-clothed young stragglyhaired, khaki-clothed young people spilled forth into the square. The cutters looked tired and worn, yet their eyes were dancing with a triumphant sort of calm -- a joy, a strength, a sense of purpose. When I contrast the bland lifeless ex-

pressions of so many of our young people as they wait in the welfare lines with the energy and vitality of these kids, I think that every country needs a revolution. Yet joy was mixed with sadness. Ariel, a friend I was cutting with (until our brigade was moved out due to heavy contra presence), told me that eventually even the defense and production brigade he was part of (55 men and women, all armed with AKAs) was moved out of the area. The 100 miskitos who lived at the cooperative also were resettled. This was

the second time they were uprooted by the contras. They were moved from San Juan de Rio in 1982. The brigade did not escape casualties. A friend was shot during a skirmish with the contras. Many coffee cutters did not return home. Not all families have been reunited. Death is a part of everyday life in this country. But the sorrow felt as a result of the loss of a loved one does not decrease as death becomes a more frequent occurrence. So I feel sadder, but also angrier. And stronger in my convictions.

-- a Canadian in Managua

Stop the Militarization of Central America

Besides requesting \$14 million for the Contras in Nicaragua, President Reagan has asked Congress to restore military aid to Guatemala and to boost military aid to El Salvador and Honduras. The requests will cash out in more efficient murder, torture, and displacement of Central Americans unless Congress says No:

No further sponsorship of the Contra war in Nicaragua.

No military aid to Guatemala. The USA cited human rights abuses when it cut off military aid in 1977. Since then, the government's crush of the population has grown more brutal. Hundreds of people have disappeared. Thousands are dead of murder. Thousands are confined in military-controlled villages, and thousands more are refugees. Reagan is asking Congress to send \$10.3 million to the Guatemalan military.

No further militarization of El Salvador or Honduras. The USA sent some \$220 million in direct military aid to El Salvador's government from fiscal year 1979 through f-y 1984, and last year Congress appropriated \$128 million more. The arsenal now includes two C47 gunships (slow, low-flying planes, armed for saturation strafing), 40 "Huey" helicopters, and several A37 "dragonfly" jets (light planes equipped for explosive, white-phosphorus, and incendiary bombing). The Administration is asking for \$133 million more this year.

Honduras serves as the USA's Central American military base. In the current Big Pine III war games, 6,000 US troops, 20,000 Hondurans, and contingents from Guatemala and El Salvador are rehearsing air, marine, and ground attacks that may be staged later against Nicaragua. (The USA sponsored similar joint operations with Caribbean forces in Puerto Rico before the invasion of Grenada.) Reagan is asking for \$88 million in military aid to Honduras this year.

Please Call:

Sen. Alphonse D'Amato
(202) 224-6542

Sen. D. P. Moynihan
(202) 224-4451

Rep. Matthew McHugh
(202) 225-6335

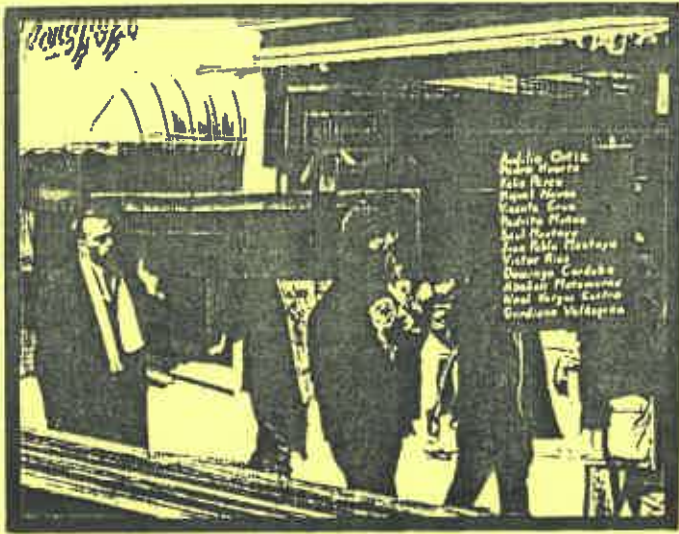
Rep. Sherwood Boehlert
(202) 225-3665

Rep. Stanley Lundine
(202) 225-3161

Or Write:

U.S. Senate
Washington, DC 20510

U.S. House of Reps
Washington, DC 20515



Memorial Service for Victims of Contra War

On Saturday March 16 on the Ithaca Commons more than 200 people attended a memorial service for Nicaraguans killed by the US-supported contras. The service was preceded by a solemn funeral procession down South Aurora Street from Babcock Hall, location of the local office of the Internal Revenue Service, which collects funds used to carry on the war. Participants were dressed in black and carried coffins draped with Nicaraguan and Sandinista flags and posters commemorating the dead. Two of the coffins were smaller and painted white to represent the thousands of children killed by the contra.

During the memorial service at the center pavillion, local clergy, educators, and people who have visited Nicaragua spoke. Other participants read eulogies which provided the names, ages, occupations and circumstances of the deaths of innocent Nicaraguans, and lit candles in memory of those killed.

After the service, the procession of mourners and coffins continued on to the U.S. Armed Forces Recruiting Center on Clinton St., the local representative of the military which carries out U.S. policy in Central America.

Members of the Nicaragua Affinity Group, who organized the event, collected over \$300 for MADRE towards the purchase of a baby incubator for a new women's hospital in Managua. We would like to thank those present for their generous response to the appeal to work for life in addition to mourning those who have died.

The CUSLAR Newsletter provides CUSLAR members and other concerned individuals with the opportunity to present information and analysis on topics pertaining to Latin America and the Caribbean. The positions of the articles in the newsletter do not necessarily reflect the positions taken by CUSLAR as an organization.

Calendar

- April 8
5pm
Talk by 3 Salvadoran refugees living in sanctuary in Albany -- at the regular CUSLAR meeting
- April 10
1pm
Press conference with the 3 refugees, in the Founders Room, Anabel Taylor Hall
- April 11
8pm
Film - Chuquiago (Bolivia), discussion to follow film
Uris Hall, 1 hr. 27 min. Free
- April 15
Tax Day Vigil at the Post Office from noon to 5pm.
- April 20
Demonstration in Washington, DC, to: Stop US military intervention, Build a just society, Reverse the arms race, and oppose apartheid (Bus tickets available at CUSLAR, McBooks, Smedley's, Borealis, Rebop Records, and the Commons Coffeehouse)
- April 22
Lobbying and civil disobedience in Washington (for more information, call Centerpeace 256-8266.)
- April 24
4:30pm
Talk on the negotiations between the Miskito Indian leaders and the Nicaraguan government, by Ted McDonald of Cultural Survival
Uris 202
- April 25-26
Conference at Cornell on coca and cocaine. Topics include the natural history of the plant, the social history of its cultivation, its relation to nutrition and health, and the politics and economics of its production, processing and export.
- April 25
8pm
Beyond the Frontier: A Trilogy, videofilm on cocaine processing and trade by Brian Moser
Uris Hall

The Committee on U.S./Latin American Relations (CUSLAR) is a Cornell-based group which works to promote understanding of Latin America and the Caribbean. We are particularly concerned with the role of the United States in influencing the social, political, and economic conditions of the region. We support the right of the people of Latin America and the Caribbean for self-determination and their efforts to free themselves from colonialism, underdevelopment, and oppression.

The CUSLAR office is in G-29, Anabel Taylor Hall, at Cornell (phone:256-7293). The office is open to the community on weekdays; meetings are Mondays at 5pm in the CUSLAR office. Come join us.