

Susan Meisdas/Magnum

*The End of Sandinista 'Third Road'*

# Nicaraguan Revolution in Retreat

For nine years, since the 1979 insurrection which toppled the bloody Somoza dictatorship, Nicaragua has been a society in which economic and political/military power have been "decoupled." After spearheading an insurrection which destroyed the capitalist state apparatus, the Sandinista Front (FSLN) kept control of the army and police, but left the economy in the hands of the Nicaraguan bourgeoisie. All the intricate maneuvering surrounding the Arias "peace process," the FSLN's on-again, off-again negotiations with Reagan's

contra surrogates and the "democratic opposition" turn on the contradiction between the economic dominance of the Nicaraguan bourgeoisie, and its effective exclusion from political power by the petty-bourgeois Sandinista radicals.

This historical anomaly, unprecedented in its duration, must soon be resolved. The capitalists are using their stranglehold over the economy to undermine production and thereby des-

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***Jesse Jackson: Judas-Goat . . . . . pg. 10***

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tabilize the populist Sandinista regime. The Nicaraguan economy is in chaos with a five-digit annual rate of inflation (*Manchester Guardian Weekly*, 31 July). As living standards sink below those of the Somoza era and the FSLN's popular base shrinks, the vast historical "credit" opened by *el triunfo* has almost run out. Only the enormous political and moral authority accrued by the FSLN through its role in toppling the despised Somoza regime has allowed it to hold the reigns of power as long as it has.

At this point the Sandinistas appear committed to cutting some kind of power-sharing deal with the domestic bourgeoisie. They seem willing to trade their current political monopoly and exclusive control of the army and police for assurances of a continuing governmental role for the FSLN. This is a formula for consolidating another "radical" Third World bourgeois state like Algeria, Zimbabwe or Angola. If the FSLN tops cannot negotiate something along these lines, then, presuming they continue to regard bourgeois property as sacrosanct, they could face an attempted coup by pro-capitalist forces in their own ranks or an insurrection of the discontented masses led by some CIA-financed group of reactionaries intent on turning the clock back to the 1950's. One thing is certain: things in Nicaragua can not go on as they are.

### FSLN's "Third Road": A Dead End

The Sandinista experiment in creating a "mixed" economy which would guarantee a decent life for the workers and peasants *without* infringing on the prerogatives or lifestyles of Managua's rich and famous—the fabled "third road" between capitalism and socialism—has failed miserably. V.I. Lenin predicted as much almost 70 years ago:

"The main thing that Socialists fail to understand and that constitutes their shortsightedness in matters of theory, their subservience to bourgeois prejudices, and their political betrayal of the proletariat is that in capitalist society, whenever there is any serious aggravation of the class struggle intrinsic to that society, *there can be no alternative but the dictatorship of the bourgeoisie or the dictatorship of the proletariat.* Dreams of some third way are reactionary, petty-bourgeois lamentations."

"Theses on Bourgeois Democracy and the Dictatorship of the Proletariat" (emphasis added)

In an interview which appeared in *New Left Review* (July/August 1987) Tomas Borge, sometimes depicted as one of the hard-line "Marxists" among the Sandinista comandantes, bluntly described the reality of the "third road":

"the bourgeoisie has not resigned itself to losing political power and is fighting with all its weapons—including economic weapons which threaten the very existence of the economy. It is no accident that the bourgeoisie has been given so many economic incentives, more even than the workers; we oursel-

### Ortega, Borge in their hour of victory: July 1979

SILL/Miami Herald

ves have been more attentive in giving the bourgeoisie economic opportunities than in responding to the demands of the working class. We have sacrificed the working class in favour of the economy as part of a strategic plan; but the bourgeoisie continues to resist, sometimes boycotting the economy for the sake of its political interests."

The Nicaraguan bourgeoisie readily accepted the economic incentives for increased production—and either funnelled them into the black market or deposited them in Miami bank accounts. The 19 May issue of *Barricada Internacional*

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## 1917

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# Nicaragua...

*continued from page 2*

described the results of the one-sided romance between the FSLN and the capitalists:

“According to a study by the Institute for Economic and Social Research (INIES), between 1979 and 1987, 75 percent of the total investment in Nicaragua was public. The private sector contributed 14.5 percent and small-scale production a little more than 10 percent.

“‘One sees an enormous discrepancy between the effort of the state to stimulate the development of the private sector, and the contribution of the latter in assuring the future development of the country,’ points out Amaru Barahona, who directed the study.

“INIES notes that producers have used part of the state credit to decapitalize the country, converting cordobas to dollars and speculating with products. They estimate that capital flight totalled US\$500 million in 1987, slightly less than export earnings that year.

“Credit was also used in speculative activities within the country....”

Last February, in an attempt to ease the desperate economic situation, the FSLN allowed retailers to charge what the market would bear, in effect legalizing the black market. The government also pledged to pay export producers in dollars, rather than in Nicaraguan currency. Italian journalist Lucia Annunziata, writing in the 2 April issue of *The Nation*, reports an interview with Jaime Wheelock, another “leftist” FSLN comandante, about this economic “liberalization”:

“I have very often been criticized for having adopted this measure, which is seen as capitalist. But, really, how can I pay someone’s work in cordobas, which are worthless? Yes, to pay in dollars is a way of letting people maintain some privileges, but it is also a way of defending their standard of living. I have received a lot of criticism about the liberalization of the price of basic foods, such as beans and corn. Now they cost more, it is true, but there is no longer a black market.”

But despite all the FSLN’s concessions, the Nicaraguan bourgeoisie has refused to cooperate. This year alone, industrial production reportedly fell by *a third* between February and June! On 14 June President Ortega announced the suspension of all wage and price controls and removed subsidies on virtually all staples, a move which further depressed real wages. These measures were met with only limited enthusiasm from the private sector. The *New York Times* (17 June) quoted Jaime Bengoechea, head of the Chamber of Industry: “‘In a free-market economy, these measures would be correct....But they are not going to revive the economy here because they are not accompanied by steps that would give confidence to investors.’” Chief among the “steps” to which Bengoechea refers is the removal of the FSLN regime.

Conditions for the workers and peasants who constitute the backbone of the revolution have become unbearable. This has led to a wave of strikes involving construction workers, dockers, mechanics and others against the government’s austerity program. One worker told the *New York Times* (14 April) that with one day’s wages (26 cordobas) he literally could not af-

ford to buy lunch: “It’s a question of starving on strike or starving on the job... You absolutely cannot live on that salary.” The FSLN routinely denounces the strikers as “counterrevolutionary” and in a number of cases has actively sought to break their unions.

In an interview in the 2 June issue of *Barricada Internacional*, comandante Victor Tirado, of the FSLN National Directorate, flatly stated that it “isn’t true” that “the main contradiction here is between the bourgeoisie and the proletariat.” He complained that:

“The strikers’ excuse has been that norms and work hours were increased, and that the salary is low. Yes, that’s all true.

“It is the cost being paid by the entire workers movement. Or does the workers movement not want to pay a price?”

To the suggestion that, “up until now the workers have borne practically the entire burden of the economic crisis,” and that perhaps it was time to consider redistributing it, Tirado replied:

“What is the thinking behind that proposal? That it is necessary to attack the bourgeoisie, those who are benefitting from some dollar incentives? That it is necessary to socialize everything?”

Oscar Cantarero

tain the Nicaraguan revolution in order to stabilize their own rule.

Various fake-Marxists, including the followers of Ernest Mandel's United Secretariat, trumpeted the Arias plan as a made-in-Central America "victory for peace." In fact the whole thing was put together in close cooperation with congressional Democrats who shared Arias' doubts about the wisdom of the Reaganites' confrontationism (see *Foreign Affairs*, Vol. 66, No.3). Arias reckoned that if the FSLN agreed to "democratize" (i.e., to give the bourgeoisie a free hand politically as well as economically) then well and good; if, at some point, the FSLN were to balk, they could be branded as hypocrites, warmongers and enemies of peace. Thus the war-weariness of the Nicaraguan masses, who have lost 50,000 dead in Washington's mercenary war, was to be turned into a lever to pry concessions from the regime. The Arias initiative proved an asset for the imperialists from the outset. At the height of the debate over contra funding last February, the Democrats responded to Reagan's pleas for more money with the observation that, "Seven years of contra war have not achieved what the peace plan has achieved in six months" (*New York Times*, 3 February).

As part of the cease-fire signed with the contras at Sapoa in March, the Sandinistas promised a wholesale amnesty for 3,000 counterrevolutionary cutthroats and allowed the CIA-funded *La Prensa* and Radio Catolica to reopen. The signing of the cease-fire was followed by a series of "political" negotiations with the contras on the future of the country. Key to the grotesque demands for "democratization" put forward by the imperialists and their Somocista hirelings is the separation of the army and the police from FSLN control. The "opposition" also proposes that elements of the contras—commanded by former members of

Somoza's National Guard—should be integrated into the army.

On 30 May the *New York Times* reported that in the round of negotiations with the contras which had concluded two days earlier, the FSLN had finally accepted the contras' demand that, "an overhaul of the Sandinista political system was needed to reach a peace agreement." Paul Reichler, a liberal U.S. lawyer who acted as part of the FSLN negotiating team, was quoted as saying that, "The Government has... accepted every single point on the contras' list" (*New York Times*, 29 May). These reportedly included demands for an end to the draft, separation of the army from the Sandinista party, dissolution of the neighborhood Sandinista Defense Committees, return of all expropriated property and new elections. The July issue of *Socialist Action* reports that prior to the June negotiations, Reichler:

"had met secretly with contra leader Alfredo Cesar...to work out all the details of a final settlement.

"Reichler said that the political reforms and timetable put on the table at the June meetings by the Nicaraguan government had actually been drafted by Cesar and approved by three other members of the contra directorate.

### Textile workers in Managua

"The workers have to be clear about alliances, about the project of national unity, the strategic policy of a mixed economy.

"This is a revolution of workers and campesinos and obviously the burden—primarily the problems and hardships—will fall on them. We wouldn't expect that the bourgeoisie would take charge of this project."

In other words, Tirado suggests that because it is a *workers* revolution, it would not be fair to expect the capitalists to pay for it! This is the kind of Alice-in-Wonderland logic to which the FSLN comandantes must resort to justify their "strategic policy" of class-collaborationism.

### Arias Plan: Neo-Colonial "Peace"

The FSLN's conciliatory attitude toward the Nicaraguan bourgeoisie is paralleled by its willingness to accept as good coin the pacific declarations of the duplicitous, neo-colonial rulers of the other Central American states. The "peace plan" put forward by Costa Rican president Oscar Arias and endorsed by the five Central American presidents in August 1987, was an attempt by Washington's regional clients to isolate and con-

Ramon/Nueva Imagen

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“At the last minute, however, Cesar and the other contra negotiators raised new demands, and thus the talks broke down.”

As soon as the talks “broke down” the contras were off to Washington demanding a resumption of military aid. Despite the conciliatory stance taken by the Sandinista Front, the Reaganites and their surrogates refuse to take yes for an answer, in favor of bleeding the regime economically and militarily. Meanwhile, Reagan’s Democratic “opponents” on Capitol Hill, encouraged by the Sandinistas’ desperation, are denounc-

ing Managua for sabotaging “peace” and are voting money for the contra murderers.

### **FSLN Slaps the Right**

In July, after a year of fruitless concessions to the revolution’s domestic and international enemies, the FSLN took a slap at its domestic opposition. On 11 July, in the wake of a violent counterrevolutionary demonstration in the town of Nandaime, the government closed down Radio Catolica, brief-

**D'Escoto laments intransigence of bourgeoisie**

R. Reinhard

ly suspended the CIA-funded *La Prensa* and jailed thirty-odd counterrevolutionaries, including four prominent bourgeois politicians. This was followed by the expulsion of seven American “diplomats”—actually hand-picked apostles of Reagan’s fanatical anti-communist Latin American expert, Elliot Abrams—for their role in orchestrating the provocation.

Noting the intimate connection between the Nicaraguan opposition and the U.S. embassy, Nicaraguan Foreign Minister Miguel d’Escoto Brockmann, lamented, “It is sad and unfortunate that these lackeys, these morally weak people, have lent themselves to the interests of the United States” (*New York Times*, 13 July). Like the rest of the FSLN leadership, Father d’Escoto is disappointed that the Nicaraguan bourgeoisie chooses to act in its own class interest. The capitalists of this poor Third World country align themselves with the U.S. not, as this Sandinista priest imagines, out of moral weakness, but because their fundamental interests coincide with those of their imperialist patron. The Nicaraguan bourgeoisie has its own morality—the “morality” of the exploiters. As Lenin noted, “The capitalists have always used the term ‘freedom’ to mean freedom for the rich to get richer and for the workers to starve to death.”

On 14 July the FSLN expropriated the 7,200-acre San Antonio sugar plantation, the country’s largest privately-owned enterprise. Jaime Wheelock, Sandinista Minister of Agriculture, explained that the seizure was due to the deliberate refusal of the owners to invest. Naturally the Democratic Coordinator, the legal umbrella group of bourgeois counterrevolution, cited this as evidence of the FSLN’s hostility to free enterprise. But according to *Barricada Internacional* (28 July): “The government emphasized that the measure was an unusual one, based on technical and economic considerations that will not change the country’s policy of a mixed economy.”

Taking over a single enterprise won’t make much difference to Nicaragua’s shattered economy. The significance of the

seizure of the San Antonio operation is political, not economic. “Basically, we’re in a position of signaling that this government is not going to be hounded out of office....There’s no reason why the Sandinista Front has to swallow a political defeat,” said Alejandro Bendana, head of Nicaragua’s Foreign Ministry (*Manchester Guardian Weekly*, 7 August). The comandantes of the FSLN directorate are telling the Reaganites that, if pushed to the wall, they are prepared to resort to massive expropriations of the capitalists. But it is a hollow threat, particularly in view of the fact that the FSLN was aware for over a year that the owners had been collaborating with the contras and had *done nothing about it!*

“President Daniel Ortega said that if the expropriation had been political in nature, it would have happened last year when it was revealed that the bank the mill’s owners had in the U.S. was being used by the Reagan administration to channel funds to the contras.

“At that time the owners came to Managua to explain the situation and nothing more came of it.”

—*Barricada Internacional*, 28 July

**For Workers Control! For a National Network of Workers Councils!**

The FSLN’s moves against the counterrevolution are a timid and defensive response to the surge of popular support for the U.S.-orchestrated “democratic” opposition. The economic col-

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### Daniel Ortega chauffeurs Costa Rican President Arias

lapse—a product of bourgeois sabotage and the drain of Washington’s contra war—has created fertile ground for anti-revolutionary subversion. As Ramiro Gurdian, head of the Democratic Coordinator, explained to the *New York Times* (29 July), “The leader of the Nicaraguan opposition is called hunger. People are hungry now, and when people don’t see any solution, economic discontent becomes political discontent.”

The economic desperation of the masses, which Gurdian plans to use as a battering ram to undo the results of the 1979 insurrection and return Nicaragua to American neo-colony status, must be turned against the counterrevolution. The answer to the widespread economic sabotage by the capitalists is to wrest decision-making power out of their hands through imposing workers control at the point of production to check capitalist sabotage. But this means a political struggle against the debilitating illusions of the FSLN.

To be effective, a movement for workers control must not be restricted to individual factories and farms but must necessarily establish local and regional coordinating bodies to link workers in the various enterprises both locally and nationally. This in turn could lead to the creation of workers councils—potential organs of workers power—within which revolutionaries could fight for the political leadership of the class.

### Nicaragua and the Latin American Revolution

The survival of the Nicaraguan revolution depends on its extension to the tens of millions of oppressed workers and poor peasants in the rest of Latin America. Nicaragua is simply too small, too underdeveloped and too poor to last long as an isolated mini-workers state. But this is not a reason to limit the scope of the revolution as the FSLN leadership claims—for a workers state in Nicaragua which expropriated the national oligarchy and repudiated the national debt to Wall Street, would set an example that could detonate a vast revolutionary conflagration throughout the region. Recognition of this fact, as well as the fear of social upheaval in the imperialist heartland, has stayed the hand of the Reagan White House and sent the Democrats and their friends like Oscar Arias scrambling

for a “peaceful” method to isolate and contain the revolution.

The Latin American bourgeoisies have an acute sense that they are on the edge of a volcano. During the past decade every economy south of the Rio Grande has been racked with high inflation, capital shortages and declining living standards. Output per capita in Latin America has not increased in a decade. In 1987 inflation averaged 185 percent. Payments on foreign debt (now estimated to be \$410 billion for the region as a whole) consumed thirty percent of export earnings in 1987.

From 1982 to 1987, according to an article in the *Washington Post* (reprinted in the *Toronto Star*, 18 April), the imperialists drained a net \$145 billion from Latin America. In Mexico, a country with a powerful industrial proletariat and a strategically important national extension into the U.S., real wages have fallen by *half* since 1982 (*New York Times*, 16 December 1987). Millions of Mexican workers have been thrown out of work as the economy continues to contract under savage, IMF-ordered “austerity.” The potential for a social explosion is immense, and the implications of such an event for the rest of Latin America are incalculable.

In several countries in the region sizeable guerrilla insurgencies are underway. The semi-Pol Potist Sendero Luminoso (“Shining Path”) in Peru has thus far defied all attempts by the populist social-democratic regime of Alan Garcia Perez to contain it. In El Salvador, the U.S.’s lavishly-funded regime of cancer-riddled Napoleon Duarte is fracturing as the leftist rebels begin to gain ground again. There is a rising tide of anti-American (and anti-contra) sentiment even in Honduras, traditionally the most loyal Yankee puppet government in the region.

The Russian Bolsheviks under Lenin and Trotsky saw their revolution as the first link in a chain of proletarian victories. They sought to use the international impact of the Russian Revolution to organize a movement capable of leading the workers of other countries to power. The Nicaraguan revolution inspired hundreds of thousands of the oppressed and downtrodden in Latin America, and created powerful reverberations all the way from the Rio Grande to Tierra Del Fuego. But the FSLN’s narrow nationalist vision of harmonious class collaboration within the artificial borders of the Nicaraguan mini-state, and its illusions in the possibility of peaceful coexistence with the viciously repressive regimes of the region, is both short-sighted and profoundly anti-revolutionary.

The petty-bourgeois bonapartists of the FSLN place their faith in the goodwill of the bourgeois regimes of Latin America, not in the capacity for struggle of the masses. This philistine pragmatism was graphically illustrated by Borge when he described a meeting with representatives of the Venezuelan left where he derided their factionalism:

“I said as much to the Venezuelan revolutionaries when I was there, and they became very angry with me. In fact, they still bear me some resentment because I had a meeting with the Democratic Alliance Party and with the Christian Democrats—

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### Hondurans demonstrate against U.S. intervention

the two parties which dominate the Right—before I met the Left. No fewer than thirty-five Left parties showed up, and I said to myself: ‘What am I going to tell these people?’ In the end all I said to them was: ‘There’s no victory without unity—goodbye.’”

—*New Left Review*, July/August 1987

### Nicaraguan Masses Need Trotskyist Leadership!

In Nicaragua, as in Venezuela, “unity”-mongering is no substitute for a revolutionary program. The line of demarcation between revolutionaries and pseudo-leftists on Nicaragua has been the advocacy of a *break* with the bourgeoisie and the expropriation of the capitalists. Such a perspective necessarily entails *spreading* the revolution throughout the region—a prospect which terrifies the other rulers of Central America. The deforming influence of the imperialist world order which plunders the economies of its neo-colonies can only be eliminated by uprooting the whole network of capitalist social relations within which Nicaragua is held captive. The creation of a rational economic order south of the Rio Grande requires a program which extends beyond the borders of a single neo-colonial mini-state.

For some years now, the FSLN and its international apologists have argued that, while abstractly they favor the socialist road, unfortunately Nicaragua lacks the necessary prerequisites and therefore must undergo a period of capitalist development in which private interests dominate—a “mixed economy.” The Bolsheviks answered similar Menshevik objections by asserting that the seizure of power by the proletariat was not the final act in the establishment of a socialized economy, but rather a necessary *first step*. The construction of a new egalitarian economic and social order could only proceed at a rate corresponding to the material conditions which existed. But these conditions could be decisively shifted in favor of the working class by the impact of the Russian Revolution on the political consciousness of the workers of the rest of Europe.

The FSLN is not a blank sheet of paper; it has its own history from which it cannot be easily detached, and while it could conceivably be forced to veer further to the left than it intends, it will not be transformed into a conscious Marxist leadership. Proletarian property forms do not exist in Nicaragua and it seems increasingly unlikely that the FSLN will ever try to establish them. If, in the face of bourgeois intransigence or im-

perialist aggression, the comandantes were suddenly to expropriate the owners of the Nicaraguan economy, Marxists would side with them militarily, without for a moment voting political confidence in the FSLN. The best possible outcome of such a development would be the creation of a deformed workers state, not qualitatively different from Cuba, Albania or Vietnam.

The FSLN’s attempts to conciliate the counterrevolution must be repudiated. The contras must be smashed and their domestic capitalist backers expropriated. The revolution must be spread beyond the boundaries of Nicaragua to the desperately exploited workers throughout the region. The Nicaraguan workers and poor peasants need a Trotskyist party based on the lessons of the Bolshevik Revolution, irrevocably committed to a program of internationalist class struggle and a definitive political break with the bankrupt, nationalist class-collaborationism of the FSLN.

The spectacular failure of “Sandinismo” to find a “third road” between capitalism and socialism, i.e., to reconcile the exploiters and their victims, stands as a negative confirmation of the Trotskyist theory of Permanent Revolution. Only by expropriating the bourgeoisie and large landowners, and establishing a planned economy—thus severing the domination of the imperialist world market—can the dispossessed masses in the Third World break free of the desperate poverty and debt slavery to which the imperialist world system consigns them. ■

### Sandinistas inaugurate a new battalion

Urraca-SYGMA

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