

By William Gasperini

DANLI, HONDURAS

**T**ALKING WITH ANY OF A DOZEN NICARAGUAN contras who can be found hanging around a billiard hall in this southern Honduran town, one would think nothing has changed in the long war against the Sandinistas in Nicaragua.

"All of the commandos [contras] are back inside Nicaragua," said contra "Solin," taking a break from shooting eight-ball. "The fight will go on, don't worry. One day soon we'll be in Managua and the 'piris' [Sandinista 'rabid dogs'] will be gone."

The only thing revealing Solin's identity were the U.S.-issue combat boots under his cuffed blue jeans. Accompanying the young Nicaraguan were several other contras, who unofficially visit Danli to rest between forays inside Nicaragua.

As he spoke, a contra commander drove by in a pickup truck carrying several other men. It was obvious that not all contras were "back inside Nicaragua." Nor does it seem that nothing has changed within the contra movement, six months after the signing of the Sandinista-contra peace agreement last March that outlined steps toward winding down the war.

**Camping out:** With military aid to the contras cut by a congressional vote in February, peace talks stalled and an uneasy cease-fire still technically in force in the Nicaraguan countryside, most contra rebels have retreated to their military bases some 80 miles east of Danli.

In mid-August Honduran authorities al-

## Contras in conversation: facing an unclear future



lowed several reporters to briefly visit the camps, after years of denying access. This glimpse of the current predicament of the

### NICARAGUA

anti-Sandinista forces was widely viewed as a means of placing pressure on an unconvinced Congress of the need to renew military aid.

An estimated 10,000 contras are now gathered in the camps located in an isolated area known as Capire. At least 1,000 more civilian supporters arrived in the camps from Nicaragua in August after a five-week jungle march that left many hungry. The contras said 10 died en route due to illness, and

three drowned in rain-swollen rivers.

Mostly young men, these civilian collaborators decided to leave remote rural areas of Nicaragua's interior, fearing Sandinista reprisals once the contra combatants themselves withdrew. New groups of fighters and supporters are reportedly on their way in search of much-needed food and supplies, dealing a particularly hard blow to the contras by breaking up an elaborate support network built up inside Nicaragua over the years.

In the camps the contras are receiving food and supplies under the \$27 million humanitarian aid approved by Congress last spring. U.S. Agency for International Development (AID) helicopters fly in and out

of the camps daily, while most of the rebels pass time conducting exercises. Morale is generally reported to be high, as most of the rebels continue to insist they can and will continue to fight, even if military aid is not renewed.

"Look, the struggle is never-ending," said contra Ramon Gonzalez, resting in a civilian refugee camp north of Danli. "In the beginning we didn't have any aid, and still we fought. Look at my equipment, most of it I captured in battle with rifle in hand. Many of us have died, and more are going to die,

**"In the beginning we didn't have any aid, and we still fought...Many of us have died, and more are going to die, but when we do others will take our place," said one contra.**

but when we do others will always take our place. We're going to win this war one day, and liberate Nicaragua by kicking the communists out."

Yet despite these heady assertions, and the denials that the contras have had to withdraw as their situation inside Nicaragua worsened in the wake of the aid cut-off, the future of the contras now seems more uncertain

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## For the Sandinistas, the "year of stabilization" could be the year of living dangerously

MANAGUA—"Our revolutionary process," said Nicaraguan President Daniel Ortega on August 30, "is socialist in orientation," aspiring to "produce a bit more wealth and distribute it more justly among the different sectors of the population." The same day Ortega made this pronouncement his government decreed wage increases of 140 percent for government workers and a 125 percent devaluation of the cordoba, the nation's currency, in the third major adjustment of economic variables this year.

But neither the Nicaraguan leader's socialist rhetoric nor the temporary relief from inflation offered wage earners could cover up this nation's ongoing serious economic and political tensions, created in part by the Sandinista government's own economic mismanagement.

For the ailing, war-wracked Nicaraguan economy, 1988 has been the "year of stabilization." In February the government massively devalued the currency, issued a new money and imposed credit restrictions in an attempt to straighten out the economy. But when these measures were accompanied by major hikes in official wage scales, they aggravated an already rampaging four-digit inflation that has caused living standards to fall sharply.

So in June the government took a different tack. It made another six-fold adjustment in the exchange rate and began indexing bank loans. But this time it allowed most wages and prices to find their own levels. Although workers could bargain for wage increases, they were not officially compensated for price rises of several hundred percent since February.

Francisco Mayorga, a conservative economist at the Central American Institute of Business Administration (INCAE), says that

the February measures were "heterodox shock treatment" for a sick economy, similar to Brazil's policies in the mid-'80s. But the June package was different, an "orthodox," International Monetary Fund-style "shock treatment with prices liberalized."

By conventional criteria, the objectives of the June measures were sound. The devaluation would ensure profitability of all export crops, the country's economic backbone; indexation of loans would stop the bleeding in the nationalized banking system; and wage containment would stem inflation. Though a critic of the Sandinistas, Mayorga credits them with having "the political will to correct—to rectify—the economy's course."

**Unequal equilibrium:** But among the revolution's supporters, the conventional economic policies have raised eyebrows. While it may be necessary to spur economic recovery, giving more money to capitalist export farmers while holding down workers' salaries redistributes income in what for most Sandinistas is the wrong direction. And stabilization always brings recession with it. During the first six months of the year, Nicaragua's industrial product fell by almost 30 percent, throwing thousands out of work.

The government's moves have wrung grudging approval out of the anti-government Agricultural Producers Association, a major beneficiary of the measures. Association head Ramiro Gurdian nevertheless remains critical of the Sandinistas' overall economic approach. His group wants nothing less than a complete liberalization of the economy, with the government abandoning all controls and giving them, the capitalists, a major voice in policy.

Strict wage containment has helped to moderate the country's hyperinflation.

Though prices nearly doubled in June, reflecting the devaluation, the July increase was down to 45 percent. Officials further count as one of their victories a levelling off of black-market demand for the dollar, which has stabilized at 400 cordobas. The new official exchange rate is 180 cordobas to the U.S. dollar.

But to those living in Managua's poor barrios, these "victories" have been pyrrhic ones. Maria Garcia, who, along with five daughters, sells tortillas and an assortment of other foodstuffs in a neighborhood called "Jonathán González," says that "since the money change we don't sell much; people just don't have any money." Pointing to two of her 19 grandchildren, she indicates the consequences for her family: "They're soon going to be malnourished."

Garcia's case confirms that there is hunger and increasing malnutrition among the poor. Government officials are hoping bountiful corn and bean harvests will shortly ease shortages from last year's drought, but admit that for the moment people are hurting.

**Everybody's a critic:** The heavy short-term cost of the economic package has sparked criticism from normally pro-Sandinista intellectuals. The July edition of *Envío*, a magazine published by the Jesuit-run Central American Historical Institute, ran a polemic against the government policies written by Father Peter Marchetti, an American sociologist and longtime expert on Nicaragua's agrarian reform. Terming the June measures a "package without people," Marchetti charged that the government's stabilization strategy was shortsighted and implied that it was imposing unnecessary hardship on the poor.

Intellectuals aren't the only ones ques-

tioning current policies. The Sandinistas also face challenges from the far left, which has been eager to take advantage of worker dissatisfaction with government wage levels. In a Managua brewery, newly elected Communist Party union leaders began demanding major increases. Sandinista unions responded with repression, and the firm's managers fired the Communist leaders. These heavy-handed tactics have caused dissension within Sandinistas' own ranks, with longtime union militants calling for a return to persuasion in dealing with union opposition.

Meanwhile, the political right in Nicaragua has also been attempting to exploit the deepening economic distress. In addition to his role as entrepreneurial leader, Ramiro Gurdian is acting head of the right-wing Nicaraguan Democratic Coordinator. Gurdian called for a major anti-government demonstration on September 4 that he claimed could attract 100,000 opponents. Asked why he believed the right could pull out that number—10 times more than any previous rally—Gurdian replied bluntly that "the new factor in the political equation is hunger." Fortunately for the Sandinistas, the proposed rally fizzled when, one by one, numerous opposition factions bowed out or claimed they had "not been invited."

But though the Sandinistas may have temporarily quieted attempts at political destabilization, they will continue to face rough sledding on the economic terrain for some time to come. Until the military conflict—which eats more than half the budget—is solved, all here agree that there is no fundamental solution to Nicaragua's economic dilemma.

—David R. Dye



Continued from preceding page  
than ever.

**New Lebanon?** Finding at least physical if not military replenishment in the bases, the contras are hoping that the political tide will turn in distant Washington.

Not the least of concerned parties given this situation is Honduras, worried that a final end to military aid would leave thousands of armed men inside the country. Honduran President Jose Azcona Hoyo recently expressed fears his nation may become a new Lebanon, should the contras have nowhere else to go.

After years of official denials, he also admitted for the first time recently that the bulk of the rebel forces are indeed in Honduran territory. But he placed the blame for this squarely on Managua.

"It is not possible to be a simple spectator of what happens in Nicaragua, or of seeking a political solution to the situation there,"

the silver-haired chief executive said. "If these people were fighting and have now decided to stop fighting, they bring with them obvious negative repercussions for Honduras."

With new Sandinista troop movements also reported near the border area and Managua perhaps preparing for a final push against the rebel forces, Azcona accepted a proposal by Nicaraguan President Daniel Ortega for an international force to patrol the border. The area was the scene of heavy fighting last March as Sandinista troops struck at the contra bases.

But the Honduran leader conditioned his acceptance of a patrol on Nicaragua's withdrawing its lawsuit brought against Honduras in the International Court of Justice at The Hague. The suit charges Honduras with violating international law for allowing a guerrilla army to organize and operate from its soil.

**A different Las Vegas:** Adding to the drama is the fate of 12,000 Nicaraguan refugees living in three United Nations-sponsored camps in Honduras, one of which dates back to 1982. Many of these civilians left Nicaragua as long as seven years ago, but others have come as recently as July. U.N. officials count 1,500 new refugees in 1988, along with thousands more who enter Honduras illegally.

The new arrivals are directed to an isolated settlement known as Las Vegas, a two-hour ride over rough back roads from Danli. Prohibited by Honduran law from working or circulating freely, the refugees subsist on meager food rations and spend their days performing services within the camp.

Recent heavy rains forced most of Las Vegas' 3,000 residents into temporary tent encampments, abandoning the well-built wooden structures in which most have lived since the camp's founding in May 1987.

Many of the refugees are young men who fled Nicaragua's obligatory military draft, such as 20-year-old Juan Francisco Ramirez. Helping move wooden cots and some furniture along a muddy trail to higher ground after the floods, Ramirez lamented his plight.

"I've been here five years; it's time totally lost. I've only passed primary school, as there're no higher classes here," he said. "How can I continue any career here in this refuge? If I want to send a letter to my parents I have to sell something or hustle up the money some other way just to buy a stamp."

As with almost all the refugees and contras encountered in Honduras, Ramirez affirmed he would never return to Nicaragua as long as the Sandinistas remain in power, saying he left in disagreement with their ideology. Given the unlikelihood of a change in Managua anytime soon, he and other refugees insist they are willing to put up with the grim refugee life indefinitely.

But many exiles also express hope they might make it to some third country—perhaps Canada or the U.S.—as the only alternative to remaining cooped up in the camps forever, particularly if the anti-Sandinista military struggle ends.

"Here we are like interns, just prisoners, because in reality our freedom of movement is only the 17 acres in the camp itself where we can circulate freely," said Leonte Gutierrez, resident of the older Hortalizas camp located 15 miles from Las Vegas. "If another country allows us to live better, to work and be free, then we would have to give up the fight and leave. But that would only happen if the resistance (contras) also abandons the fight."

Gutierrez said he was imprisoned by the Sandinistas in 1982 for belonging to an underground rebel organization that operated in the early days of the contra war. He left after being freed in 1985. Like most of the refugees, he accused a vacillating U.S. Congress for abandoning the struggle against the communist threat he said the Sandinistas pose to the continent.

**Waiting for Bush:** The growth in the refugee community only adds to the uneasiness for the Hondurans, and Azcona has indicated he places responsibility for the future of both contras and Nicaraguan refugees squarely on Washington.

"If there is no new military aid, these people will have to either return to Nicaragua or leave Honduras," he said. But a U.S. willingness to allow any sort of large-scale resettlement appears unlikely.

Since the peace talks last spring, many observers have thought the contra strategy was to at least hold on in the hopes of a George Bush presidential victory, leading to a new push for military aid with Congress. Yet even a Bush victory is unlikely to alter the balance of party forces in the Congress and make the obtaining of new aid any easier than at present.

For the moment, the situation remains in limbo. The House of Representatives is scheduled to vote this month on a Senate-approved amendment to supply a modest amount of military aid already approved but never delivered. This would obviously boost morale in the contra ranks, although contra leader Enrique Bermudez has been quoted as saying the \$16 million in question can hardly be considered substantial.

Until then, the troops can expect to conduct many new exercise sessions, while the refugees continue struggling just to keep dry. □  
William Gasperini is *In These Times'* correspondent in Nicaragua.



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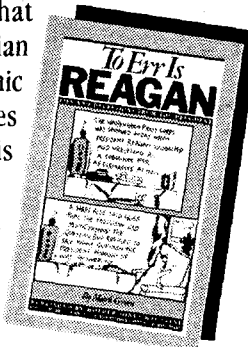
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PERU

The vast shantytowns surrounding Lima are one symptom of the complex problems besetting Peru.

## Garcia's morass of tangled paths, warring interests

By Paul Little

LIMA, PERU

**T**HE CAPTURE IN CENTRAL LIMA OF OSMÁN Morote, the top military strategist of the Sendero Luminoso (Shining Path) guerrilla army, in June was hailed by Peruvian President Alan Garcia as a major breakthrough in Peru's eight-year-old war against Shining Path. The guerrillas responded with a show of military strength by launching simultaneous attacks throughout the country in which several provincial politicians and a U.S. Agency for International Development (AID) technician were killed.

In late July Morote's defense attorney, who got the first of 12 charges against him dismissed for lack of evidence, was gunned down in Lima by a rightist paramilitary band. President Garcia then provoked a national controversy when he chided his ruling American Popular Revolutionary Alliance (APRA) party for lacking the selfless resolve that he saw in the Shining Path guerrillas.

The government's long-held contention that they were merely stopping isolated terrorist attacks had finally given way to a recognition that Shining Path is a growing, well-organized, deeply entrenched guerrilla movement. Led by Abimael Guzmán, Shining Path follows the Maoist "prolonged war" strategy of beginning armed struggle in the countryside and gradually advancing toward the cities. The grass-roots, cellular organization of the Peruvian Communist Party, in which guerrillas do not know members outside their party cell, has been extremely effective in withstanding the government's counterinsurgency efforts.

**Double-edged blade:** More than 9,000 people have been killed since the armed rebellion began in 1980, most of them peasant victims of atrocities perpetrated by both

Shining Path and the government forces. President Garcia's initial attempts to control government excesses came to an abrupt halt with the June 1986 massacre by the Peruvian military of 260 inmates who surrendered after a prison uprising. Shining Path commemorates this event as its "Day of Heroism" and has vowed to avenge the killings, while APRA is now forming anti-terrorist squads that will operate beyond police and military jurisdiction.

This political polarization comes as the Garcia administration faces growing public disenchantment with its policies that are blamed for the country's acute economic crisis. Peru suffers from a 250 percent annual inflation rate, a stagnating industry and a skyrocketing U.S. dollar that has spawned a flourishing black market. The problems are compounded by the corrupt influence wielded by the rich cocaine barons of Peru's eastern mountain valleys, where 60 percent of the world's raw coca is cultivated.

When Garcia assumed power in 1985, most Peruvians hoped that this young president (he was 36 at the time) would put Peru on the path to social development and economic growth. And his first two years in power were heady as he cut inflation, increased public spending with the money saved from limiting external debt payments and offered extensive credit to the agricultural sector. But these reforms eventually faltered due to official corruption, inadequate planning and a recalcitrant oligarchy that successfully blocked government attempts to nationalize Peru's banks.

The Garcia administration's shortcomings, however, must be understood in light of Peru's centuries-old problems of skewed development. Peru's agriculture requires enormous transfers of money and technology to bring it out of the feudal ages. The

*pueblos jóvenes* (young towns) housing millions on the outskirts of Lima demand enormous investments in infrastructure just to raise them above poverty levels. And tremendous industrial growth would be needed to absorb the masses of informal workers currently at the margins of the economy.

No one on the democratic electoral scene has provided lasting solutions to these problems. As a result, Shining Path's alternative of a Maoist revolution is increasingly popular not only among Indian peasants in the countryside, who suffer from extreme poverty and racism, but also among young people in Lima who see the revolutionary option as the only way out of the morass. Indeed, Shining Path sympathizers control the large San Marcos University in the heart of Lima and produce a daily newspaper.

**Other paths:** Amid this volatile environment, Pope John Paul II visited Peru for three days in May. In the Andean town of Ayacucho, the heart of Sendero strength, he preached against insurrectional violence. In Lima, in a speech to two million people, he talked of the importance of loving one's neighbors and helping the poor. His presence served to pacify the population for the moment, but his vague platitudes offered no concrete solutions to Peru's increasingly desperate situation and may have only bought time until the 1990 elections.

Political blocs on the right and the left are already organizing for these elections. The Democratic Front, a coalition of rightist parties, is regrouping using the figure of popular writer Mario Vargas Llosa, who was also instrumental in the conservative fight against bank nationalizations. Their ideological treatise is a book entitled *The Other Path*, a direct counter-reference to the Shining Path, by laissez-faire economist Hernando de Soto.

The book's central argument is that Peru's

large informal economy of street vendors and artisans have a petit-bourgeois mentality, not a proletarian one, and that a lifting of governmental bureaucracy will unleash their entrepreneurial energy and produce tremendous capitalist growth. A return to mercantilist economics, however, does not address the problems of unequal development and oligarchic rule that are at the core of Peru's dilemma.

Meanwhile, the United Left, a confederation of socialist and communist parties that have chosen to work within the electoral framework, have an excellent chance of gaining power in the upcoming elections if they remain united, a difficult task for a group accustomed to factional in-fighting. Shining Path considers United Left revisionists and shuns them. Nevertheless, the United Left is making strong inroads in the swelling *pueblos jóvenes* by promising structural changes in Peruvian society. They could represent the last chance of turning the country around within the electoral framework.

President Garcia recently expressed his awareness and frustration of Peru's plight when he stated in a public interview, "The development of political and social democracy is the best means of confronting terrorism. But this presupposes that we have major social change, which the privileged groups have so far refused to accept. They do not realize that if there are not profound changes soon, not only is society and the democratic system in danger, but they themselves as well."

The tragedy of Peru is that those changes do not seem to be forthcoming, which puts the country one step further down the slippery path to civil war. □

Paul Little is an Ecuador-based journalist who recently travelled to Peru.

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