

PENNY LERNOUX

Nicaragua on the brink

NICARAGUAN PRESIDENT Anastasio Somoza is a sick man these days. He has a serious heart condition, which prevents him from working more than three hours a week, and a bad case of the political shakes—not since his father put down a popular guerrilla uprising more than four decades ago has there been so much opposition to the Somoza dynasty. This opposition is now so widespread that a general strike, including a business shutdown backed by the country's top business leaders, has led President Somoza to move the National Guard into the capital city of Managua.

Although the Somozas have always had to deal with a certain amount of internal discontent—11 different rebellions since 1948—international opinion virtually ignored what happened in the small Central American country until last year when the U.S. Congress, the local Catholic church, and Amnesty International produced evidence of the wholesale violation of human rights in Nicaragua, including the massacre of 224 peasants in the northern departments of Zelaya and Matagalpa. So long as the Somozas could count on the U.S. government for economic aid and military support, local opposition groups posed no threat to the regime; now that the dictatorship is under attack by human rights lobbyists in Washington, however, the Somozas are beginning to feel the heat. (The Carter administration withheld \$12 million in economic aid last year as a sign of its displeasure.)

Panic may be setting in if one is to judge by the ill-conceived murder by paid assassins of one of Somoza's prin-

cipal political foes, newspaper publisher Pedro Joaquín Chamorro, in Managua on January 10. Somoza had earlier lifted a state of siege, reshuffled his cabinet, and abolished some press restrictions as a sop to Washington. But when a left-wing guerrilla movement called the Sandinista Front of National Liberation took advantage of this apparent weakness—and of Somoza's failing health—to launch simultaneous attacks in northern and southern Nicaragua, Somoza reverted to form by renewing repression in rural areas and the Managua slums. Particularly favored was the shantytown of Open, where Nicaraguan, Spanish, and U.S. priests and nuns were set upon by the army when they attempted to defend the slum dwellers during a demonstration against inadequate public transportation. Like the slum rally, which quickly developed into a general protest against the Somoza government, the guerrilla attacks revealed a surprising degree of discontent within business and professional circles, which publicly supported the rebellion. Though a military failure, the uprising—and the unsuspected opposition—gave President Somoza a bad fright. Newspaper publisher Chamorro probably sealed his fate by announcing a five-point manifesto demanding a return to democracy just when the army was chasing guerrilla fighters.

THE LEADER OF A CENTER-left coalition known as the Democratic Liberation Union (UDEI), which includes members of the traditional Conservative and Liberal parties, Social Christians, and two labor federations, the 53-year-old Chamorro was a potential contender for the presidency, not only as a well-known national figure, thanks to his crusading newspaper *La Prensa*, but as one of the few men of his generation never compromised by the Somozas. As a colleague remarked, in describing the outspoken publisher's frequent stints in jail and exile, Chamorro refused to give up, whereas most Nicaraguans of his age have long since tired of fighting the Somoza dictatorship. "Imagine living under the Pinochet junta in Chile for 42 years, and you have some idea of what it is like in Nicaragua," said a university professor.

According to conservative estimates, some 25,000 Nicaraguans have died in opposition to the Somoza dynasty in the past four decades. Those who survived, including the sons and daughters of the Nicaraguan aristocracy, were either

bought off, forced into exile, or caught in the economic vise of the Somoza family, which dominates Nicaragua's industry, agriculture, and banks. In order to silence Chamorro, for example, the president of Somoza's rubber-stamp congress threatened him with bankruptcy by demanding damages worth the approximate value of *La Prensa* on a trumped-up libel charge last year. But Chamorro wasn't frightened. "I will continue to fight no matter what happens," he said.

His last editorial campaign was directed against a Managua blood-export firm called Plasmaferesis, jointly controlled by Somoza and exiled Cubans. Somoza has since tried to pin the blame for the murder on his erstwhile Cuban



partner and the director of the company, Dr. Pedro Ramos, who was supposed to have masterminded the assassination from his residence in Miami, a story that only the government believes.

AS COLOMBIAN NOVELIST Gabriel Garcia-Marquez described in his best-selling novel, *The Autumn of the Patriarch*, the first thing a Latin American dictator does when he feels his grip slipping is to increase repression, and Somoza is no exception. Determined to assure the succession of his 27-year-old son, Anastasio III, who has increasingly taken over the duties of the father, Nicaragua's ailing strongman has already cleared the way by crushing the ambitions of such henchmen as Cornelio Hueck, who was sacked from his job as secretary-general of Somoza's Nationalist Liberal Party. (One of the persons the government has arrested and charged with Chamorro's murder has now claimed that Hueck helped finance the killing.) More dangerous challengers, including Chamorro, have been eliminated or forced to seek exile. Somoza is also dis-

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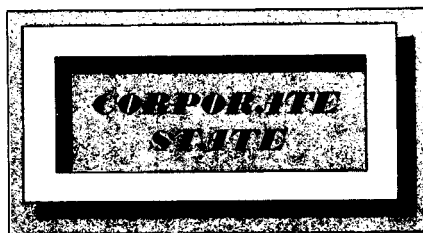
covering that it hardly matters what Washington thinks when the U.S. government is not prepared to use its economic muscle in such lending agencies as the Inter-American Development Bank or the International Monetary Fund, the suspension of economic aid being no more than a rap on the knuckles as long as no pressure is exerted through the international banks.

In any case, the Somozas can still count on some powerful friends in Congress, including New York Congressman John Murphy, who organized the \$207,000 lobby responsible for blitzing attempts by Representative Edward Koch's House subcommittee on international organizations to suspend \$3.1 million in military aid to Nicaragua last year for human rights violations. Ronald Reagan has since taken up Somoza's cause by telling anyone who will listen how lucky the United States is to have such a staunch, "anti-Communist" ally in Central America. And while—with all the administration's talk of human rights these days—it may be embarrass-

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ing to recognize such old-fashioned dictators as friends, there is no obvious candidate whom Washington can encourage, in contrast to Chile, for example, where former Christian Democrat President Eduardo Frei still offers the possibility of a democratic alternative to Pinochet. Chamorro came closest to that description, and he is dead.

As in Garcia-Marquez's *Patriarch*, which was modeled to a large extent on the Somozas, the family has ruled for so long, amid such widespread repression and corruption, that, in the words of Chamorro, it has "destroyed the moral fiber of the country." However, in Nicaragua's case, the patriarch of the Somoza family did not come to power through the usual military *putsch*. He was placed there by the U.S. government in 1936. □



WILLIAM GOODFELLOW

Another bailout for multinationals

TUCKED AWAY IN THE VAST Washington bureaucracy is a little-known U.S. government agency—the Overseas Private Investment Corporation (OPIC)—that offers political risk insurance to American multinational corporations investing in underdeveloped countries. OPIC offers insurance against expropriation, war, revolution, insurrection, and related business hazards, and is backed by the "full faith and credit" of the U.S. Treasury, that is, the American taxpayer.

If, for instance, Dow Chemical, OPIC's number-one corporate client, had one of its petrochemical plants expropriated by Brazil, the loss would be borne by the U.S. government, rather than by Dow.

OPIC was established in 1969 when New York's Republican Senator Jacob Javits guided a bill through Congress separating OPIC's insurance functions from the Agency for International Development (AID). Richard Nixon was an enthusiastic promoter of OPIC, as were many other powerful Republicans in the House and Senate.

From its inception, however, it has been opposed by most Democrats in Congress and by U.S. labor unions, who depict OPIC as just one part of a package of tax incentives and government subsidies that make it easier for U.S. corporations to move their operations abroad to the lands of cheap labor and tax holidays.

More troubling are charges that OPIC subverts the conduct of U.S. foreign policy by equating the interests of U.S. multinational corporations with those

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of the American people. After extensive hearings in 1974, the Senate Foreign Relations Committee charged that the "program seems more likely to embroil the United States in the internal policies of host countries than would otherwise be the case." The committee concluded, "We doubt that this identity of interest, achieved through the instrumentality of the [OPIC] guarantee program . . . is good, in the long run, either for the corporations themselves or for the U.S. Government."

Inherent in the nature of OPIC contracts is the potential for confrontation between the United States and a host government. Virtually all OPIC insurance policies are written for a period of 20 years. Third World governments change much more frequently. Yet what OPIC insures is that over the long run, host governments will not change the terms of the initial investment, including increases in tax rates, in a manner adverse to a U.S. corporation.

Two factors assure the inherent instability of OPIC contracts. First is the rapid social and political changes taking place as Third World nations modernize economically. Second is the shift in bargaining power between corporation and host government as the latter becomes more familiar with dealing with foreign corporations.

Through OPIC, the United States may find itself protecting the status quo interests of U.S. business against the wishes of a host government.

OPIC does not have a charter of its own, so every three or four years it must go before Congress for new legislative authority. When Jimmy Carter won the presidency in November, OPIC's prospects for an extension of its operating authority (which was due to expire at the end of December 1977), seemed dim indeed. With a Democratic president and a Democratic Congress, OPIC's management had reason to worry about their jobs. But help arrived from an unlikely corner.

JIMMY CARTER, FRIEND OF the little guy and scourge of special interests, adopted OPIC as his own. A special cabinet-level Economic Policy Group conducted a "review" of the OPIC program, and with a few minor modifications, a Republican pork-barrel project for multinational corporations emerged as a Democratic program to promote development in the poorest countries of the Third World.

Carter's links with multinational