Does democracy impact the lives of the poor in Nicaragua?

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Abstract
Does democracy help the poor? Nicaragua, the emphasis of this study, will be used to analyze the impact democracy might be having on improving the lives of the poor. The World Development Indicators (World Bank) and the Human Development Index (United Nations) from 1992--2006 will be used in this study to measure economic growth in Nicaragua. The Latin America Public Opinion Project data on Latin America measures Nicaragua public opinion regarding democracy and economic growth in the country.

The graphs from the World Bank illustrate that the standard of living for the poor in Nicaragua is improving and that democracy has brought some economic growth. Still the data from the LAPOP surveys in two different time periods 1991 and 2008 show that the level of improvements does not indicate any drastic increase in growth of material well being. The increase in consumer possession is significant, but not dramatic.

Keywords
Political Science, General, Political Science, International Relations, Economics, General, Sociology, Public and Social Welfare

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Does Democracy Impact the Lives of the Poor in Nicaragua?

By

Tanisha Shandie Brown Mitchel
B.A., University of New Minnesota, Mankato 2006

Thesis

Submitted to the University of New Hampshire
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Masters of Arts
in
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This thesis has been examined and approved.

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Date
I will like to dedicate my work to my parents Newton Brown and Miriam Mitchel for their constant support through this process. I want to thank them for making sure my goals and dreams become reality. As well as their principles and values that carried me through life. The great faculty that helped made this thesis possible. Especially, my adviser Mary Malone, who took the time and patience to facilitate the completion of this thesis. My Stepmother Carol Bidon for her assistance and support. My fiancé Denis Fortes for his devotion and understanding. My friends Dhandevi Singh and Juana Sandoval for their encouragement and friendship.
# TABLE OF CONTENTS

DEDICATION ........................................................................ iv
ABSTRACT ........................................................................ vi

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td></td>
</tr>
<tr>
<td>II.</td>
<td></td>
</tr>
<tr>
<td>III.</td>
<td></td>
</tr>
<tr>
<td>IV.</td>
<td></td>
</tr>
<tr>
<td>V.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I. CHAPTER ONE ......................................................... 1
   Introduction

II. CHAPTER TWO .......................................................... 4

III. CHAPTER THREE .................................................... 24

IV. CHAPTER FOUR ....................................................... 52

V. CHAPTER FIVE .......................................................... 69

BIBLIOGRAPHY OR LIST REFERENCES ................................. 73
ABSTRACT

DOES DEMOCRACY IMPACT THE LIVES OF THE POOR IN NICARAGUA?

By
Tanisha Shandie Brown Mitchel

University of New Hampshire, May, 2010

Does democracy help the poor? Nicaragua, the emphasis of this study, will be used to analyze the impact democracy might be having on improving the lives of the poor. The World Development Indicators (World Bank) and the Human Development Index (United Nations) from 1992 - 2006 will be used in this study to measure economic growth in Nicaragua. The Latin America Public Opinion Project data on Latin America measures Nicaragua public opinion regarding democracy and economic growth in the country.

The graphs from the World Bank illustrate that the standard of living for the poor in Nicaragua is improving and that democracy has brought some economic growth. Still the data from the LAPOP surveys in two different time periods 1991 and 2008 show that the level of improvements does not indicate any drastic increase in growth of material well being. The increase in consumer possession is significant, but not dramatic.
CHAPTER I

Introduction

Nicaragua has experienced a transition from dictatorship to democracy but remains one of the poorest countries in Central America. This raises an important question: Does democracy help the poor? Democracy has been used as the prescription for many of the political ills in third world nations. The question remains however, whether or not democracy is key to helping improve the lives of the poor in the world. Nicaragua, the main emphasis of this study, will be used to analyze the impact democracy might be having on improving the lives of the poor.

Many scholars in the field have debated the issue, positing that democracy does promote growth while others argue that democracy has no effect on growth. Adam Przeworski and Fernando Limongi, they report that “it does not seem to be democracy or authoritarianism per se that makes the difference but something else. What that something else might be is far from clear.”

Jonathan Hiskey provides added clarity, focusing on the dynamics of local politics, arguing that “the demand-based approach to fighting poverty is greatly enhanced by a

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1 Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth,” Journal of Economic Perspective 3 (Summer 1993): 441.
democratic local political environment." I will assess this debate in the case of Nicaragua.

This study will use historical comparative analysis to analyze what impact democracy might have on the poor suited for this research because it focuses specifically on one country during a time period of political transition using several measures of economic indicators gathered within that time frame. The World Development Indicators (World Bank) and the Human Development Index (United Nations) from 1992 - 2006 will be used in this study to measure economic growth in Nicaragua. The Latin America Public Opinion Project data on Latin America measures Nicaragua public opinion regarding democracy and economic growth in the country. Survey data from the same source (LAPOP) will be used to analyze the individual level of analysis of respondents' own assessments of their economic situation.

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This research is particularly relevant to the world we live in today. In Nicaragua economic development and poverty reduction have historically been intertwined with political development at both macro and micro levels. Nicaragua remains a country where life for the majority is difficult and opportunity to substantially improve the standard of living among the majority of the population is limited. Today with the exception of Cuba, democracy has hit each corner of Latin America. Just like Nicaragua, many of these countries are still suffering from extreme poverty. Many Latinos are leaving their families and homes to migrate to the United States to escape the poverty that exists in their countries. Is democracy a possible solution to this real life epidemic, which is faced by the majority of the world’s population?

The questions asked in this study are: If a country becomes a democratic state will this bring economic growth? Does a stable democratic state guarantee its people a stable economy? The research facts presented here will try to provide answers to these questions using the situation of Nicaragua as a case study.

This research proceeds in five chapters. This introductory chapter is followed by a second chapter that reviews the literature. The third chapter presents a historical overview of Nicaragua. The fourth chapter presents an analysis of Nicaragua’s growth and the effects of democracy since the 1990’s. Findings and conclusion are found in the fifth chapter.
Chapter II

DOES DEMOCRACY HELP THE POOR?

Table 1: Overview of Theoretical Arguments

<table>
<thead>
<tr>
<th>Democracy Helps</th>
<th>Democracy Hurts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Doh Chull Shi argues, “Citizens of democratic states experience a far better quality of life than those in non-democracies.”</td>
<td>• Michael Ross observes “democracies spend more money on education and health care than non-democracies, but these benefits seem to accrue to middle and upper income groups.”</td>
</tr>
<tr>
<td>• David Brown and Wendy Hunter add, “Democratic regimes are associated with higher rates of social expenditures when faced with important economic constraints.”</td>
<td>• Przeworski and Limongi suggest, “we do not know whether democracy fosters or hinders economic growth.”</td>
</tr>
<tr>
<td>• Thomas Zweifel and Patricio Navia report, “Fewer children die in democracies than in dictatorships.”</td>
<td>• Helliwell adds regarding the effect of “democracy on subsequent economic growth, the evidence in this article pours cold water on the notion that introducing democracy is likely to accelerate subsequent growth.”</td>
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relationship between democracy and economic growth is not robust."\textsuperscript{10}

- Erich Weede concludes, "the overall effect of political democracy on economic growth is negative, but rather weak."\textsuperscript{11}

- Mitchell Seligson, "In Nicaragua, the study finds evidence supporting the World Bank's hypothesis of a link between corruption and erosion of belief in the legitimacy of the political system."\textsuperscript{12}

We have scholars that have assessed the impact of a particular governing system on poverty arguing that regime type does matter and that democracy is better than most all systems at improving the lives of the poor. They argue that democracies allow more poor people to vote for redistributive policies. In addition democracies will invest in human capital and social services that will benefit the poor.

Thomas Zweifel and Patricio Navia are among those who make the argument that regime type does have an impact on the economic growth of a nation. In their study, the authors used the infant mortality rate, a measure most frequently used by politicians and international groups. A total of 138 countries were selected and observed over a time frame from 1950-90. The data indicated that indeed, countries governed by a democratic system presented a significantly lower infant mortality rate than countries under


\textsuperscript{12} Mitchel A. Seligson, "Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 227.
dictatorships. As the authors put it, “fewer children die in democracies than in
dictatorships.”\textsuperscript{13}

Zweifel and Navia noted “democracy outperformed dictatorship at every level of
per-capita GNP. It is well known that per-capita income is inversely correlated with
hunger: the higher a country’s per-capita GNP, the lower the number of hungry people in
that country.”\textsuperscript{14} The authors argued that under a democratic regime there are more
opportunities for the poor to improve their economic condition in comparison to a
dictatorship. They
democracies are likely to provide their citizens with a wider array of
opportunities. Opportunity may take many forms, including access to education, freedom
from absentee landlords, the absence of war, the provision of credits and income, the
freedom to space birth, or simply a cow of one’s own. Opportunity gives people greater
power to shape their own destiny, enabling them to be more self-sufficient.\textsuperscript{15}

In support of this argument, Brown and Hunter focus on the impact of regime
type by investigating the “relationship between democracy and the change in social
spending controlling for GDP, debt, inflation, and age structure of the population through
a time series of cross-sectional panels and with a data set for 17 Latin American countries
from 1980 to 1992.”\textsuperscript{16} The authors do note that in poor countries a democratic
government is more likely to reduce social spending that would help improve the lives of

\textsuperscript{13} Ibid.

\textsuperscript{14} Ibid.

\textsuperscript{15} Ibid., 109.

\textsuperscript{16} David S. Brown and Wendy Hunter Brown, “Democracy and Social Spending in Latin America,” The
the poor. However, they also point out that “authoritarian regimes display greater sensitivity than their democratic counterparts to economic constraints. For example, when facing low levels of per-capita income and negative rates of growth, authoritarian governments reduce social spending at a faster rate than democracies.”

Additionally, democracies are more prone to reduce social spending only when it might be beneficial for the poor, meaning they tend to make smarter choices that will improve the living standards of the poor, while authoritarian regimes reduce spending without analyzing the effects it might have on the poor.

The authors found that democratic regimes actually show higher rates of social spending even when encountered with major economic constraints. They argue that democratic regimes are the most beneficial form of government in third world nations suffering from extreme poverty since a democracy tends to offer its citizens better economic performance that does not include dramatic reduction in social spending, an action that would tend to affect the poorest segments of the population. In other words the author’s findings suggest that a democratic government is the best suited for improving the lives of the poor because they invest more on social programs that more directly and quickly impact the poor.

Adding to the Brown and Hunter argument is Doh Chull Shin, who notes, “Citizens of democratic states experience a far better quality of life than those of non-

17 Ibid.

18 Ibid., 779.

19 Ibid., 789.
democracies. Even in democracies, citizens of consistently democratic states were found
to be 30 percent better-off than those of inconsistently democratic states."²⁰ Shin
emphasizes that nations transitioning from authoritarian to democratic rule are not
guaranteed instant economic growth.²¹ He explains that democracies, "merely create
more opportunities and better possibilities than existed before to become such a nation."²²
Shin's explains that his main focus is "examining the conceptual and methodological
issues of defining and measuring democratization along with the theoretical and strategic
issues of explaining and promoting it."²³

He notes that new democracies might experience some difficulties adjusting to
economic transformation and welfare; it would be very unlikely that present democracies
would revert to authoritarian government because the international community has
promoted and pressed for the influence of democracies.²⁴

Jonathan Hiskey adds to this argument examining local political regimes and the
impact these smaller units have on development programs designed to give the poor

²⁰ Doh Chull Shin, " On the Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory

²¹ Ibid., 157.

²² Ibid.

²³Doh Chull Shin, " On the Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory

²⁴ Ibid., 170.
opportunities to participate in projects likely to benefit their communities.\textsuperscript{25} Hiskey examined Mexico as a case study since it is considered a great example of the "centralist tradition" that has dominated political organizations in Latin America.\textsuperscript{26} The author analyzed results of the National Solidarity Program (PRONASOL) that was the most prominent development strategy pursued by developing nations during the 1990's. The objective of PRONASOL was to allow local governments and members of the community to participate in decision-making about major projects affecting their communities. The program expected strong participation and representation from each community participating in a project. The success of each project was measured by the accountability and level of participation from each member of the community\textsuperscript{27} in order to test the connection between local politics and the development impact of PRONASOL, 237 municipalities in the Mexican states of Jalisco and Michoacan are analyzed. The author found that a "demand-based approach to fighting poverty is greatly enhanced by a democratic local political environment." The author offers a plausible explanation suggesting that communities, municipalities and local government in developing nations should require substantial citizens' participation since the likely result would be, that though corruption cannot completely be erased, it would be more balanced. The types of participation expected, as Hiskey describes them, are the "basic freedoms of assembly,

\textsuperscript{25} Jonathan Hiskey, "Demand-Based Development and Local Electoral Environment in Mexico," Comparative Politics 1 (October 2003): 44.
\textsuperscript{26} Ibid.
\textsuperscript{27} Ibid., 41.
association, participation, and political voice, critical in programs that call for citizens to organize and submit proposals to program officials, work in concert with municipal officials to prioritize and implement projects, and hold both government and program officials accountable for the outcome of projects."\textsuperscript{28} It is logical that democracy would reduce poverty at a local level if local governments and members of each community are active participants in the outcome of each project and, since such participation is a hallmark of democratic action. Levels of corruption that exist in these local governments may be more likely to decrease.

Hiskey argues that "increasing citizen voice and the public accountability through both participation and better governance can lead to greater efficacy in government action."\textsuperscript{29} Public participation is the best way to accomplish accountability from government officials by demanding and interacting in activities and policies that indirectly and directly affect the people. This type of citizen's involvement can even have a stronger effect at the sub-national level, meaning that within development projects that have strong citizen's participation, there is more likely to be promotion of an accountable and effective municipal government that will reduce poverty.\textsuperscript{30}

On the other side of the argument, we have scholars that argue that regime type does not impact growth. For one thing, democracies have uneven economic records that can't promote economic growth that will reach the poor according to Michael Ross. The

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{28} Ibid., 56.
\item \textsuperscript{29} Ibid.
\item \textsuperscript{30} Ibid.
\end{itemize}
\end{footnotesize}
author uses data on infant and child mortality rates to strengthen his skepticism about any positive impact democracy has had on the poorest segment of a population. His main argument has been that “democracies spend more money on education and health care than non-democracies, but these benefits seem to accrue to middle and upper income groups.”

Ross argues,

There is good evidence that democracies fund public services at a higher level than nondemocracies. But it is not obvious that these infusions of money actually reach the poor; nor is it obvious that they produce better social outcomes, such as longer, healthier, or more productive lives. If democracies produce better outcomes for low-income families, then countries that transition from autocratic to democratic rule should see improvements in their infant and child mortality rates.

He suggests that the reason why we view democracy as a good thing for the poor is due to the fact that “cross-national studies tend to exclude from their samples nondemocratic states that have performed well; this leads to the mistaken inference that non-democracies have worse records than democracies.”

Ross found a small but not significant amount of evidence that democracies play a part in the reduction of infant and child mortality rates. He says, conclusively, that democracy does not offer any economic benefits for the poor. Democracy does provide political rights and liberties but for the poor these political rights and liberties probably

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32 Ibid.

33 Ibid.
have little if any effect on their standard of living.\(^{34}\) Ross’ argument is that the poor have very little influence in any decision-making that might affect their well being under any political regime.

Do political regimes have any impact on economic growth? In a seminal work, Adam Przeworski and Fernando Limongi, review the literature and point out that previous research has credited regime type with growth without trying to logically attribute the specific factors that have impacted economic growth. They report there is substantial evidence to support the argument that politics does influence growth, and they demonstrate that the differences between democracies and dictatorships are not consistent.\(^{35}\) The authors argue that one regime type, democratic or authoritarian, does not prove to be more effective than the other.

The authors note the example of the disadvantage presented in the examination of regime types related to economic well-being when,

in averaging the rates of growth of ten South American countries between 1946 and 1988, one discovers that authoritarian regimes grew at the average rate of 2.15 percent per annum while democratic regimes grew at 1.31 percent. Hence, one is inclined to conclude that authoritarianism is better for growth than democracy. But suppose in fact regimes have no effect on growth.\(^{36}\) The authors found that by changing their selections and generating “unbiased means for the two regimes’ these, not surprisingly, reproduced the assumption under which the data were generated: no difference in growth between the two regimes.\(^{37}\)

\(^{34}\)Ibid., 872.


\(^{36}\) Ibid., 439.

\(^{37}\) Ibid.
The authors argue that they have no answer to whether or not democracy generates or limits economic growth. What is clear, they assert, is that "it does not seem to be democracy or authoritarianism per se that makes the difference but something else. What that something else might be is far from clear."\(^38\)

Democracy tends to be associated with economic growth despite the fact that we continue to witness strong levels of poverty and inequality in democratic nations such as Nicaragua. Przeworski and Limongi's research suggest that there is no empirical evidence that links democracy or, per se, any type of regime with economic growth. The authors admit that since neither democracy nor authoritarianism seems to influence growth the answer may come with more research. What influences growth if it is not regime type?

Mitchel Seligson argues that the reason why democracy is not successful in third world countries like Nicaragua is due to corruption, weakening the impact of democracy on growth. This suggests that if levels of corruption are high in Nicaragua citizens might be able to vote while politicians and other members of the government are using funds destined for anti-poverty programs for their benefits. Seligson says, in "Nicaragua, the study finds evidence supporting the World Bank's hypothesis of a link between corruption and erosion of belief in the legitimacy of the political system."\(^39\) He argues

\(^{38}\) Ibid., 441.
\(^{39}\) Mitchel A. Seligson, "Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 227.
that democracy is not going to be effective if citizens have no trust in a political system that fails to promote economic development and improvements in their lives.

In order to analyze the impact corruption is having on democracy Seligson used two survey studies, the first one completed in 1996 and the second in 1998 the anticorruption campaign main objective fight against corruption. The purpose of the campaign was to assess how Nicaraguan’s felt about the corruption in Nicaragua, to test how to go about creating a solution to the problem and how to encourage Nicaraguans greater confidence in the political system.  

The campaign was put into practice by a Nicaraguan nongovernmental organization, Grupo Fundemos. The goal was to inform Nicaraguans “about a major financial management reform initiative being implemented by the government, with technical and financial support from the international donor community (USAID, the World Bank and the Inter-American Development Bank)” with the objective of reducing the levels of corruption in Nicaragua.

The campaign worked directly with the people by using the media and other advertisement sources to bring awareness and participation in the project among the Nicaraguan public. The campaign proved to be a powerful tool in fighting corruption. The author found that “the public awareness campaign not only increased citizen’s ability

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40 Mitchel A. Seligson, “Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 222.

41 Mitchel A. Seligson, “Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 226.
to define transparency, it also has a direct impact on their awareness of Nicaragua’s several financial management and anticorruption institutions.  

In countries like Nicaragua corruption levels are high and politicians frequently exploit funds destined to improve the lives of its citizens. This leaves no place for trust in either democracy or the government system. For these reasons, anticorruption campaigns are crucial in promoting transparency in the government system and public support and participation are vital for its success.

Helliwell’s contributes to this effort by evaluating the linkages between democracy and economic growth. In his study the author used cross sectional and pooled data from a total of 125 countries during the time frame from 1960 to 1985. The author selected 125 countries, the largest number of countries that could be used, for the purpose of getting a strong selection of per capita real incomes. He also incorporates political and civil liberties to further analyze the impact these might have during the growth of a nation. To determine the impact that democracy has on economic growth the study was reduced to a smaller selection of ninety-eight countries to factor for the time periods of the 1960 to 1985. Education is also included, since education is considered to be a principal part of growth in democracies. The growth performance of 1960-85 eras provides an examination of the GDP per capita as well as the “investment rates in human

42 Ibid., 234.

and physical capital."\textsuperscript{44} By mixing democracy with political freedoms the author is able to analyze what impact the political system has on the overall growth of a nation. \textsuperscript{45}

Helliwel found that countries with population consisting of higher income levels tend to have democratic forms of government. Still this result does not indicate a complete positive effect of democracy on economic growth. "It has been shown that this positive effect does not appear to be the result of reverse causation: estimates of the reverse effect of democracy on subsequent growth indicate that this feedback is more likely to be negative than positive."\textsuperscript{46} To add, countries with lower growth rates or per capita income initially start off with a higher growth rate, slowly decreasing as income data is combined with richer countries. The author argues that a possible explanation to this decrease is that countries adapt to their new democratic governments during the initial stage of development. The author continues by arguing that certain parts of a democratic system can be more productive in promoting growth than others. He also points out that other factors such as culture that were not factored in this study can influence the connection between democracy and growth. Despite this argument it is "still unclear whether the adaptation of a democratic government contributes to growth rate convergence by reducing the subsequent growth of the democratizing countries."\textsuperscript{47} It

\textsuperscript{44} Ibid., 226. \\
\textsuperscript{45} Ibid., 226-227. \\
\textsuperscript{46} Ibid., 244. \\
\textsuperscript{47} Ibid., 244.
is also unclear how certain aspects of democratic governments might contribute to or decrease the possibilities for economic growth.\textsuperscript{48}

The author concludes that there is a positive effect between per capita income and the process of assimilation to democracy and he interprets this to mean that democracies are a preferable choice of government as countries become more industrialized and citizens become educated. Helliwel also discusses how the results in this study also prove it is unlikely that democracy can increase growth. Instead, the statistical modification considered in this study leads to a negative direct result of democracy on growth.\textsuperscript{49} He argues that this negative response was statistically low and insignificant and it was counterbalanced by the indirect positive results of investment and education. The author thus argues that democracy has a greater influence through education and investment than on overall economic growth. This strengthens the argument that democracy does not directly influence economic growth but instead, institutions that influence democracies might promote and accelerate growth.

In contradiction to Helliwell's argument, De Haan and Siermann also examine the relationship between democracy and economic growth. The authors argue that the connection between democracy and economic growth is not robust and democratic freedoms are not positively connected to growth. Initially, uncensored media and open public debate can reveal important government information that can interrupt

\textsuperscript{48} Ibid., 244-245.

\textsuperscript{49} Ibid., 246.
development. It “can also be said that political and civil freedoms make it harder for government or the private sector to make tough but necessary decisions.”

The authors disagree with previous studies suggesting that democratic freedoms have an impact on growth. They attribute this to the use of Gastil’s ranking survey publications despite the fact that the survey offers a consistent time series available only from 1973 onwards. The growth period that is considered to be the most efficient starts in the 1960s. “Given a likely positive relationship between income levels and democracy, using a measure of democracy in the middle or the end of the sample period runs the risk that a possible effect of democracy on growth is masked by the reserve effect of income level on democracy.” Another downfall is that the Gastil’s ranking does not take into account that the democratic qualities of a country can vary over time. Thus, just focusing on the Gastil ranking might lead to biased results.

De Haan and Siermann’s study adds to previous research from many angles by introducing a variety of measures of democracy that cover longer periods of time than the Gastil rankings. They add a measure that takes into account the length of time that a country can be considered a democracy. Regime types are also analyzed and included in their study. The examinations of Leamer (1983) and Levine and Renelt (1992) bound


51 Ibid., 176.

52 Ibid.
analysis are included in the study to strengthen the authors’ findings. De Haan and Siermann suggest that democracy comes at a costly price in relation to improving living standards. The authors argue that recent studies on economic growth have argued that “lack of civil and political liberties is negatively correlated with economic growth.”

They continue by adding that in both Leamer (1983) and Levine and Renelt (1992), analysis was used to help determine the connection between regime type and economic growth. The authors found that the connection between democracy and economic growth is not significant. Despite, the likeliness of a connection between these variables is still not significant. Despite, the likeliness of a connection between these variables is still not significant. Added, this is sufficient for the coefficient to become irrelevant. The main argument the authors put forward is that the relationship between democracy and growth is not significantly strong and democratic freedoms do not have positive influence on growth.

Erich Weede examines the impact of democracy on economic growth by using a cross national and cross- sectional multiple regression examination with data collected from 1960s and 1970s. The author uses two-indicators, the GNPC Gross National Product and the GDP Gross Domestic Product, to determine the impact of democracy on growth.

53 Ibid., 177.

54 Ibid., 192.

55 Ibid., 193.

economic growth. Weede's data has led many researchers to argue that democracy can provide economic growth; especially as measured in third world nations suffering extreme poverty.  

Weede argues that, "while democracy might affect growth rates, growth rates are unlikely to affect democratic performance at least not in the short run.... The overall effect of political democracy on economic growth is negative, but rather weak." He adds that in countries where the state manages most of the economy regardless if is more or less developed, political democracy becomes an obstacle for economic growth. He emphasizes that especially in less developed nations the possible negative effect of democracy on growth is insignificant. If we want to ignore the differences that these two variables, democracy and growth, offer, "we should rather limit government interference in or (mis) management of, the economy." The author's findings suggest that democracy has a negative impact on growth by examining both GNPC and GPD income levels that measure the growth levels of a nation. Democracy has no linkage with economic growth. This leads one to say that the spread of democracy in Nicaragua will not improve the lives of the poor and what other factors might positively influence growth are still unknown as argued by Przeworski and Limongi.

57 Ibid., 21.
58 Ibid., 35.
59 Ibid., 36.
60 Ibid., 36.
Clearly then, Scholars do disagree on the relationship between democracy and poverty. Democracy can either hurt or improve the living standard of the poor. Ross argues that democracy does not benefit the poor because it feeds more power to the middle class than those in the lower class. To strengthen this argument Przeworski and Limongi suggest, “we do not know whether democracy fosters or hinders economic growth.”\textsuperscript{61} The authors concluded with “it does not seem to be democracy or authoritarianism per se that makes a difference, but something else.”\textsuperscript{62} Seligson adds that “in Nicaragua, the study finds evidence supporting the World Bank’s hypothesis of a link between corruption and erosion of belief in the legitimacy of the political system.”\textsuperscript{63} Helliwell adds that in examining the effect of “democracy on subsequent economic growth, the evidence in this article pours cold water on the notion that introducing democracy is likely to accelerate subsequent growth.”\textsuperscript{64} The findings of De Haan and Siermann suggest that, “the relationship between democracy and economic growth is not

\textsuperscript{61}Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth,” Journal of Economic Perspective 3 (Summer 1993): 440.

\textsuperscript{62}Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth,” Journal of Economic Perspective 3 (Summer 1993): 441.

\textsuperscript{63}Mitchel A. Seligson, “Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 227.

robust."\(^{65}\) And Weede concludes his study arguing that, "the overall effect of political democracy on economic growth is negative, but rather weak."\(^{66}\)

Opposing these arguments are scholars who posit that democracy does help improve the living standard of the poor. Doh Chull Shi argues, "citizens of democratic states experience a far better quality of life than those in non-democracies."\(^{67}\) Brown and Hunter add, "democratic regimes are associated with higher rates of social expenditures when faced with important economic constraints."\(^{68}\) Zweifel and Navia report, "fewer children die in democracies than in dictatorships."\(^{69}\) Hiskey concludes, "The demand-based approach to fighting poverty is greatly enhanced by a democratic local political environment."\(^{70}\) To add to this debate, my study tests these theories in Nicaragua. Each author as discussed above was able to offer a plausible explanation as to why democracy helps or hurt the poor. These findings are useful in analyzing the


\(^{70}\) Jonathan Hiskey, "Demand-Based Development and Local Electoral Environment in Mexico," Comparative Politics 1 (October 2003): 56.
impact democracy has on the living standard of the poor in Nicaragua and what a nation needs to accomplish in order to make democracy a better fit for everyone in that society.
CHAPTER III

HISTORICAL OVERVIEW
Anastasio Somoza (1936-1957) Beginning to End of the Dynasty:

Nicaraguan political history is checkered with the interests of the Spanish, British and United States military and political intervention in the country. Nicaraguan history is also filled with evidence of conflicts of interest among those who fought to govern the country. As Humberto Belli has pointed out,

The formation of a national state, based on impersonal and rational bureaucracies and laws, was all but impossible. Instead, political conflicts and agreements boiled down to arrangements between individuals and thereby favored those that involved blood relations or friendship. The poor-those campesinos, peons, and artisans who made up the mass of the political factions and the private armies came under the control of diverse local oligarchies whose protection and favor they sought, thereby strengthening patron-client relationships. 71

The growth of coffee production in Nicaragua divided the country into two major political groups in which each had respective locations, the liberals in Leon City located about 100 km northeast of the capital Managua and the conservatives in Granada which sets on the western shore of Lago de Nicaragua, some 45km southeast of Managua.72 The coffee growers, and their respective caudillos, represented the oligarchy that controlled the Nicaraguan political system,


72 Ibid., 7
From 1858 until 1893, leaders of the Granada faction occupied the presidency of the republic, but Liberals from Leon were included in the cabinet and in the National Congress. During these years, political peace and a growing demand on the world market for coffee set the basis for Nicaragua's modern export economy.\textsuperscript{73}

However, the power struggle between liberals and conservatives and the new coffee growers created new political conflicts in the early nineteen-century. While this took place, Anastasio Somoza Garcia, who came from a family of wealthy coffee planters, was able to rise as the head of the Nicaraguan National Guard. Somoza occupied himself with the pursuit of his own political goals to become the new president in the 1936 election. Somoza did not waste any time trying to accomplish his goal, especially knowing that the current president Juan Bautista Sacasa's objective was to prevent him from becoming the new president.

Somoza immediately began organizing his campaign in local communities and by November of 1934, he had organized a group of "somozistas." These somozista groups assured Somoza their vote and the promotion of his candidacy. Despite the fact that Sacasa's administration had prohibited any political campaigning until eight months before the election, these Somozista supporters continued there campaigning in secret.\textsuperscript{74}

Somoza was the head of the Nicaraguan National Guard (Guardia Nacional) and they themselves played a crucial role in promoting his candidacy. The Guardia officers

\textsuperscript{73} Ibid., 8.

were involved in promoting and advertising his campaign; they organized events, gave speeches and collected funds from Somoza sympathizers and personal friends. During his campaign, Somoza presented a new image to the Nicaraguan people different from the traditional leaders. His focus during his campaign was to separate himself from politics and to assure the populace that he did not fall under the traditional political system of corruption and failed promises that had ruled Nicaragua. Somoza did not possess the skills required to be president of Nicaragua but his position as head of the National Guard gave him the opportunity to promote himself into that position. Somoza, “was limited in administrative experience, Somoza’s major talents were his personal charm and his ability to extricate himself from scrapes with the law.”

Somoza was able to gain control and become the president of Nicaragua in the 1936 election due to several factors affecting the country’s stability and growth. Nicaragua was going through a Great Depression with the collapse of coffee prices, and decades of constant interference in Nicaraguan affairs by the United States. Nicaraguan politicians had been unable to solve the problems the country faced. The National Guard, a national police force, was generally needed for its power to control the domestic situation. Somoza took advantage of his position and thus became the president of Nicaragua. Once elected, the National Guard was the main foundation of Somoza’s political administration

75 Ibid., 45.

76 Ibid., 46.

for the next twenty years, after the elimination of the previous president Juan Bautista Sacasa. With the guard and the Liberal party volunteers in Leon on his side, there was no question that Somoza had successfully taken control of the Nicaragua. 78

Somoza used the National Guard to pursue his own personal and political interests. The Guard dominated all institutions and forms of government in Nicaragua, controlling,

A broad range of public functions. It operated the national radio and telegraph networks, the postal service, and the immigration service. It controlled customs, taking special interest in the important arms, munitions, and explosives. It conducted all police functions and controlled the National Health Services. The guard collected taxes and operated the railways. 79

Somoza was clever and quick in making sure that he remained in power. There were attempts to destroy him but he managed to stay in power due to his corrupt and efficient system. The question is, how was he able to stay in power for next twenty years building his empire, clearly a dictatorship, in which he dominated the country through his military power? In fact the United States was interfering in Nicaragua’s politics by supporting Somoza’s dictatorship. During the years of Somoza rule, Nicaraguan political institutions were filled with corruption, violence, torture and repression with the National Guard involved to full extent. Nicaragua’s political system had been clearly linked to family ties and personal interest from both international and internal players, who founded an undemocratic government as a tool to interfere with or to gain power. Somoza openly had all types of financial support from the United States and was able to

78 Ibid., 53.

79 Ibid., 55.
strengthen his control of the National Guard on which he relied to control the Nicaraguan society. Somoza “wheedled from Roosevelt help to reestablish the Guard military Academy, to organize a navy, and to build a highway to Rama in the Atlantic zone, a major infrastructure project.”

The Nicaraguan economy suffered tremendously during Somoza rule. Small farmers lost their land to the large wealthy landowners. The upper class slowly was taking away every source of wealth the poor possessed. They owned vast amounts of land and to subsist, the poor remained to cultivate land they did not control, but which they needed in order to survive. The gap between the upper class and the lower class intensified and grew stronger during the years Somoza ruled. Somoza’s personal wealth grew as well. “By 1944 he owned fifty-one cattle ranches, and his forty-six coffee plantations made him the largest coffee producer in Nicaragua.” He exploited his power to every extent and took advantage of the country’s weak financial institutions, making wealth accessible to his representatives, family members and those who supported his administration by giving loans out by preference.

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81 Ibid., 64.

82 Ibid., 67.

83 Ibid., 63-68.
The major economic setbacks Nicaragua suffered occurred during Somoza period were the 1930's great depression and World War II. These two major events affected the Nicaraguan economy severely; with the coffee, sugar and banana production declining drastically. All these commodities coffee, sugar and bananas were main sources of wealth for the Nicaraguan economy during Somoza’s government. During his regime, the goal for every wealthy landowner was to gain more land. This affected tremendously the ability to develop a middle class in Nicaragua society. The majority of Nicaragua’s labor force cultivated these export products for Nicaragua. Labor unions and organizations were demanding new labor reforms; there was constant conflict and protest against a lack of labor rights and Somoza, at some point, tried to deal with the problem by making false promises.84 Once he gained support of the major labor groups, “he dismantled the new labor reforms, took over and corrupted union leadership, violently purged the former union leaders, and forced many unionists and socialists into exile.”85

By mid-twentieth century, five factors had caused great new concentration of capital in Nicaragua: 1) the greatly increased land concentration in the coffee and cotton industries; 2) the coffee and cotton price increases (and the cotton cultivation boom) beginning in the late 1940’s;

3) the expanded ties of Nicaraguan capitalists to U.S. banks and investors; 4) the political peace purchased by Somoza through permitting Conservative factions participation in government; and 5) the growing role of Somoza and his family in the economy.86

84Ibid., 63-64.
85Ibid., 65.
86Ibid., 66.
Somoza's oppressive regime provoked his own death by the hands of Rigoberto Lopez a twenty-seven years old poet and print shop worker who had just returned from El Salvador where he had spent five years preparing for the anti-Somoza attack. Somoza died on September 29, 1956 leaving behind his two sons, Luis and Anastasio, both of whom immediately took control.

The Somoza brothers were trained to replace their father's position. Once he died they immediately continued his oppressive system. Despite attempts by the Nicaraguan people to bring an end to the Somoza's family authoritarianism, their power and control had grown to great extent. During the Somoza Garcia autocracy the United States provided all sorts of support and once the Somoza brothers took charge this support continued. The United States supplied the Somoza brothers with economic aid and military support that strengthened their government and enriched the brothers. All types of U.S financial assistance poured into Nicaragua from 1953 through 1975 amounting to about 17.3 million. This support discouraged the Nicaraguan people from fighting against the Somoza brothers who became the strongest and most powerful force in Nicaragua.

The economic situation in Nicaragua under Luis and Anastacio did not improve. In 1972 a major earthquake devastated Managua, disrupting the stability of Nicaragua. The constant revolt and violence against the government scared investors away and with the country dealing with an extreme natural disaster, the Nicaraguan people were fed up.

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87 Ibid., 70.
88 Ibid., 75.
with the government and were ready for change. The poverty in Nicaragua had continued to spread in “part because the government repressed unions, kept wages low, and undertook no effective agrarian reform. Thus Nicaragua’s internal market remained small, and most manufactured goods were exported. New industries had to import much of the raw materials used, increasing external dependencies.” With few jobs being created for the lower class to survive off, the poor were frightened and ready to make a difference. This constant economic recession the country was facing, while the Somoza family and other upper class groups continued to benefit the profits, provoked a revolution that strengthened the Sandinista Movement. That movement had started before Somoza became president but had intensified over the years with all the injustice of human rights violations, brutality and humiliations the Nicaraguan people had experienced from the hands of the Somoza’s brothers and father.

Many of those who actively opposed the regime felt Somoza’s cruel hand; most of Nicaragua’s current revolutionary leaders spent time in jail or suffered torture. But Somoza’s repression backfired. It undoubtedly cowed and destroyed some opponents, but it increased the resolved and the numbers of others. Between this and the growing economic frustrations of the lower strata, even a committed and institutionally strong regime would have faced serious challenges. But forty years of Somocismo had swelled and corrupted the state, spoiled and divided the upper class, and perverted the instruments of security.  

*Sandino and the vision of the Revolution:*

The idea behind the Sandinista revolution was to pursue the goals of the legendary Augusto Cesar Sandino, a nationalist and liberal who wanted to liberate and free

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89Ibid., 78.

90Ibid., 95.
Nicaragua from any external power and make Nicaragua for Nicaraguans. Sandino incorporated nationalist, socialist and communist thought in forming his revolutionary ideas. The Mexican Revolution inspired most of his ideology. The principle was to fight until death against imperialism and those who oppress others and enriched themselves off the hard labor of the poor.  

His vision was to free Nicaragua from the Somoza regime. Somoza murdered him before he was able to accomplish this goal. The Sandinistas used Sandino’s ideology to capture the Nicaraguan revolution and to continue the fight against the Somoza regime and later, the United States, during the Contra War. The (FSLN) Frente Sandinista de Liberacion National continued the vision of the legendary Sandino, absorbing new influences from the new Marxism ideology that inspired the Cuban Revolution with leaders such as Fidel Castro and Che Guevara.

Sandinismo took its first stand with the support of Carlos Fonseca Amador and Col Alberto Bayo, who had a great impact during both the Cuban Revolution and the Nicaraguan Revolutions. Carlos Fonseca Amador was the first to recover “Sandino political thought.” Even though Bayo did not help in recovering Sandino political thought, he dedicated himself to making sure that Sandino’s vision for Nicaragua was not lost or forgotten but would be continued as a mission for Nicaragua. He collected

93 Ibid., 162.
Sandino political thoughts recovered by Fonseca and created a guerrilla manual that contained an oral and written legacy of Sandino’s vision for the revolution. Sandinismo was a movement against the dictatorship of the Somoza family and the fight to establish democracy in Nicaragua.

Revolutionaries such as Col. Bayo, Carlos Fonseca, Che Guevara and Fidel Castro wanted to capture the work of Sandino. Strategies such as Bayo’s were created to capture the vision of the legendary Nicaraguan Hero who fought for freedom and justice. As argued by the author Donald Hodges, “Nicaragua was the first country in which the written and unwritten legacies of a great folk hero and national redeemer became impregnated with the new Marxism, the first instance of the confluence of two different generations of revolutionaries: the surviving veterans of Sandino’s army and the new Marxists of the FSLN.” 94

Sandinista Construction of Democracy in Nicaragua

Jonas and Stein give the Sandinista Revolution credit for the construction of democracy since 1979. “Nicaragua politics have been shaped first and foremost by the nation’s history and by particular constellations, or alliances, of class forces emerging from that history to make the revolution.” 95 Jonas and Stein establish instances in which the Sandinistas have “attempted to build pluralism into the structure of the revolution as seen particularly in the 1984 elections, the 1986 Constitutional process, and the ongoing

94 Ibid., 173.

institutionalizing and political openings since the signing of 1987 Central America Peace Accords.” 96

The victory of the revolution in 1979 against Somoza brought the political coalition, Frente Sandinista de Liberacion National (FSLN) to power. The main objectives of the Sandinistas were political pluralism through popular participation and the creation of a mixed economy. The ideology of the “Nicaraguan Revolution is a blend of Sandinismo (with its tradition of nationalism, anti-imperialism, and cross-class unity) Marxism, and Liberation Theology.” 97 The Sandinistas focused on the needs of the majority of the population. The impetus for the popular participation in politics was promoted through mass organizations in which the people were encouraged to express their support for programs and voice their opinions on issues affecting the country. The United States under the Carter administration was supportive and provided aid in 1979. Reagan changed course in 1980, viewing the Sandinista ideology as a threat.

The Reagan administration, with support from the U.S State Department, rewrote what they called the early years of the Nicaraguan Revolution using quotes from a September 1979 Sandinista document, which they renamed “The Seventy Two Hour Document” and which they considered a “communist blue print.” The objective was to prove that the Sandinistas intention was not to maintain a “political pluralism and a

96 Ibid., 11.
97 Ibid., 14.
mixed economy.” Instead they claimed the September, 1979 document was just a scam to
cover their real plans in turning Nicaragua into a communist state.⁹⁸

The Reagan administration believed that the Sandinista government’s intention
was to create a one-party communist state and Reagan launched a war, despite the fact
that the U.S Congress opposed this idea. In Reagan’s covert “Contra War” the United
States claimed that the freedom fighters were the contras, and the Sandinistas were
labeled as communists. Thus, the first attempts by the Sandinistas to practice democracy
failed to a great extent due to the United States intervention. The Sandinista government
promised to hold an election by 1984 as another way to prove the strength and purpose of
the revolution. The Sandinistas sent out “delegations around the world to study other
country’s electoral laws. The government took the first step in institutionalizing the rights
of opposing parties, rather than leaving them to depend on the Sandinista good will, by
negotiating with them the law of political parties.”⁹⁹ This marked a start towards
democracy in the history of Nicaragua in which opposite political parties were granted
the right to compete and had great support from the government.¹⁰⁰ Despite this support
the opposition parties were disgruntled too.

Immediately with news of the 1984 elections results, the United States claimed that
the Nicaraguan election was invalid, with secretary of State Richard Shultz calling the

⁹⁸ Susanne Jonas and Nancy Stein, “Construction of Democracy in Nicaragua,” Latin America Perspective,
17 (summer 1990):15
⁹⁹ Ibid.
¹⁰⁰ Ibid.
voting a "Soviet Style Sham." The claim was among the first open signs of activities in the U.S itself that helped undermine the revolution. The Reagan Administration continued to insist that Nicaragua did not have an elected government to run for elections.\textsuperscript{101} Furthermore, the United States forced candidate Arturo Cruz of the Coordinadora Democratica (CD) and Virgilio Godoy of the Partido Liberal Institucionalista (PLI) to back out of the elections. The Reagan administration’s main ambition was to dishonor the Sandinista government instead of allowing Cruz to take part in the election and respect the results from the vote of the Nicaraguan people. Overall the United States government wanted to prove that there was no “freedom of elections in Nicaragua.”\textsuperscript{102}

As part of the process of building Nicaragua as a democratic state, the Sandinistas began writing and preparing to ratify a constitution. Following the 1984 election, the development process for the Nicaraguan constitution was based on the participation of both the Nicaraguan public and the political parties. The National Constituent Assembly election in 1984 chose a Constitutional Commission formed by twelve members of the FSLN or Sandinistas and ten others from different parties. The FSLN made sure it occupied fewer seats in order to allow the participation of other parties.\textsuperscript{103} Writing of the first draft of the Constitution took place between August and October of 1985, with the

\textsuperscript{101}Ibid., 18.
\textsuperscript{103}Ibid., 20.
participation of “twenty four political parties, religious groups, labor and professional unions and other organizations.” The commission held meetings and discussion in order to integrate many views. Copies of the constitution were handed out all over the country to facilitate access to the Nicaraguan public allowing them voice and participation in the issues the constitution addressed.  

Even though the Sandinistas promoted the formation of a strong democracy in Nicaragua, once elected they had problems with political rights and civil liberties. The fall of the Somoza Dynasty had marked the victory of the Sandinista Revolution and a new start for the Nicaraguan people. The Sandinistas had won a victory towards democracy but they had also inherited intense amounts of debt from the Somoza dynasty that made their goals more challenging. The new government was faced with, an 

Average deficit of 355 million dollars per year, and government deficits increased from 37 percent of the 300 million 1975 budget to 51 percent of the 439-million 1978 budget. Of the 1.44-billion total public expenditures from 1975 to 1978, Nicaragua had financed 31 percent (459 million) through foreign borrowing. The new government came to power with the foreign accounts of the treasury drawn down to zero and with an international public debt of 1.6 billion.

The main goal for the Sandinista government once it came to power was to better the living conditions of the majority of poor people and redistribute the wealth that was concentrated in the hands of the Somoza family and a few aristocrat groups in Nicaragua. The main focus was to make Nicaragua progress economically, socially and democratically as a nation. In 1977, the most underprivileged of the Nicaraguan

104 Ibid.
population was barely surviving off 15 percent of the national income. By 1979 to 1980 there was an increase in unemployment making it more difficult for the poor to survive. Despite these obstacles, by mid 1980's inequalities were slowly decreasing. One of the objectives of the Sandinista government was to boost industrial and agricultural production as well as public sector construction in order to create more jobs. This goal did succeed for the first two years until 1981 at which time "land distribution and increases in the size of the armed forces took up much of the slack in employment so that unemployment did not rise precipitously, remaining at 14 percent." Another main concern for the Sandinista's government was "to raise real wages for the poor without promoting inflation, and this aim led to caution in raising real wages." This to some extent was successful in agriculture, since the land redistribution led to rise in the production of goods and an increase in the earnings of a vast amount of peasants. The state farm workers were able to acquire garden plots. This to some degree kept inflation moderate despite the fact that the anti-inflation effort caused aggravation among workers and unions. In spite of the attempts to moderate wages and prevent inflation, "food price subsidies somewhat placated workers' concerns about wages, but subsidies reduction in 1981 and 1983 and the expanding currency supply fueled inflation, which eroded real  

106 Ibid., 258.  
108 Ibid.  
109 Ibid.
wages more than 35 percent between 1981 and 1983." Additionally, the government tried creating what it described as the "social salary," which consisted of a range of public services intended to better the lives of the poor in Nicaragua.

Best remembered were the literacy campaign and the fourfold increase in spending for education, which was interrupted by the war, and thus its lasting effects were very severely undermined. Though primary school education for the majority poor has continued over the past three decades, communities continue to struggle to maintain educational quality and high levels of enrollment. Literacy rates, measured after the 1980-1981 literacy crusade, remain substantial in spite of the varying quality of education services between rural and city poor. Social Security payments and consistently more just wage levels do continue into the 21 century and strong neighborhood organization efforts continue as well, especially in communities where persons with strong leadership skills which were developed through trainings in the 1980’s, remain active. All in all, during the half-decade following "The Triumph" of 1979 and before the Contra War consumed the attention and efforts of substantial numbers of citizens and citizen-leaders, the list of public services intended and delivered to better the lives of the poor in Nicaragua included: construction of parks and recreation facilities in rural and poor city neighborhoods; handicap rehabilitation; services for orphans and delinquent teens; neighborhood cleanup campaigns; health, nutrition and hygiene workshops in poor neighborhoods and vaccination campaigns against communicable diseases. In all,

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110 Ibid.

111 Ibid., 259.
according to John Booth, by 1983 “service development and neighborhood improvement programs for poor urban neighborhoods had improved the living conditions for an estimated two hundred and fifty thousand people.”

Regardless of government efforts to improve the standard of living for the poor, the “Contra War” crippled the advancement of these programs. The government’s budget and resources were limited in fully carrying out, the continuation of many public services fully. In spite of these obstacles the Sandinista government had, by 1984, accomplished their goal to redistribute some of the wealth that had been strongly concentrated in the hands of the Somoza family to the majority of the poor in Nicaragua.

*The Contra War*

The Ronald Reagan administration viewed the Sandinista government as a threat to their hegemony in the Western hemisphere. The Sandinista’s revolution was especially threatening since this was a period of time during which the Cold War was at its height. Fear that the Soviet Union would continue to influence Communist ideas in Nicaragua was the first reason the U.S gave for intervention. Former National Security adviser, Robert McFarlane, suggested that “the influence of communism in Nicaragua is strong and as a result it is necessary to apply the Reagan Doctrine. Nicaragua is in the backyard of U.S. territory, meaning that an enemy influence like the Soviet Union in this region will interfere with U.S ability to be in control and to dictate events elsewhere in

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113 Ibid., 261.
the Third World." The United States felt that the fact that Nicaragua was in its backyard made it more urgent for them to promote removal of the Sandinista government.

Once the United States intervened in Nicaragua there was worldwide criticism of its violation of international laws. The constant criticism of the war encouraged the Democrat-controlled House of Representative to call for a stop of U.S aid of the war. However, this did not stop the Reagan administration from continuing its mission of removing the Sandinistas. Oliver North, a White House emissary was sent out to Honduras to communicate to the FDN leaders that the president Reagan was still determined to remove the Sandinista government from power.\(^{115}\)

The "Contra War," aside from being illegal, made it significantly difficult for the Sandinista government to prosper. The social programs that were developed to help better the standard of living of the Nicaraguan people were jeopardized by the war. The war took away the vision of the revolution. Instead, the Sandinistas had to invest in a war that decreased progress for the Nicaraguan society. Furthermore, the Sandinistas restricted civil liberties and political rights, leading to a decrease in support from the Nicaraguan people.

The end of the cold war triggered the U.S to stop its support to the "Contras." This paved the way for elections and a victory towards democracy. The election of a new president marked a new era for Nicaragua and its democratic process.

\(^{114}\) Ibid.

\(^{115}\) Ibid.
Nevertheless, the results of the 1990 elections took the Sandinista party by surprise, as they had felt sure of their victory. President Ortega was aware that the main concern of the Nicaraguan people was to end the Contra War and the U.S embargo that was holding back Nicaragua’s ability to grow economically and democratically. Ortega admits that the main reason for his defeat was the lack of assurance to the majority of Nicaraguans that the war would end if they won the elections. He also pointed out that Nicaraguans felt that United States would only come to peace if Violeta Chamorro were elected. Ortega argued that the U.S officials were not going to change their policies toward Nicaragua even if his party had won the elections fairly.\textsuperscript{116}

Violeta Chamorro, with 55 percent of the votes, did unseat Ortega. Chamorro was the widow of Pedro Chamorro, editor of \textit{La Prensa}, the opposition Newspaper against the Somoza government, making her a great candidate for the opposition party Union Nacional Opositora (UNO). The anti-Sandinista coalition, UNO, was created with the following parties: Conservatives, Independent Liberals, Social Christians, Social Democrats, Socialist and Communist. Despite tense moments the transition was ultimately peaceful.

Chamorro’s victory indicated to the world that Nicaragua was transforming into a new era. Nicaragua was at another point of change, manifested through a second democratic election and movement way from a socialist to a conservative democratic

government. Chamorro's vision was "both conservative and democratic," by increasing civil liberties and creating free market policies meant to build the Nicaraguan economy. The Nicaraguan people believed that Chamorro would be able to bring prosperity and economic growth and build a strong democratic state. The United States ended the embargo and aid to the Contras right after Chamorro took office, Chamorro assumed power by the end of April, promising the Nicaraguan people a 100-day immediate recovery plan for the economy that would be accomplished through major support and assistance from the U.S. The 100-day recovery plan resulted in the abolishment of many of the social programs that the Sandinistas had accomplished over the eleven years. Her "presidential decrees sought to return businesses and land confiscated by the revolutionary government to their previous owners. Classic neoliberal economic policies sought to dismiss thousands of government workers and privatize state-owed businesses." Under Chamorro the social programs that the Sandinistas created, such as health care, education and literacy programs, suffered budget cuts. In reality, the years of instability during the Contra War weakened the Sandinistas' public support and the Nicaraguan people wanted change. Nicaraguans voted for Chamorro


118 Ibid., 203.

119 Ibid., 210.


121 Ibid., 316.
because they wanted to transition from a socialist government that had influenced conflict and war into a market economy that would bring economic growth. However, this new market economy led to the loss of many Sandinista social programs and an increase in class inequalities. Chamorro was able to assure better civil liberties, but her neoliberal economics failed to protect the poor. Party division between liberals, conservatives and Sandinismo re-emerged. The struggle for political domination continues among these parties.

The 1990 election was a vital point for Nicaraguan citizens taking charge in electing the next government. The Nicaraguan people were following closely what each candidate had to offer, making sure that they chose the right candidate suitable for Nicaragua. Chamorro was successful at bringing together a coalition of parties that offered the Nicaragua economy a new path and citizens a change of regime, aside from the fact that most of her neoliberal economics did not effectively protect those social programs that the Sandinista era had attempted. The Contra War, along with the United States embargo, had reduced the Sandinista’s public support. Still, by the end of Chamorro government many Nicaraguans wanted some type of safety net reminiscent of the Sandinista program.

The Sandinistas entered the 1996 campaign divided, creating the new Renovisionist Sandinista movement (MRS). Ortega tried to reinvent his image to the Nicaraguan people, but the years of war and embargo haunted his new campaign. The

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Liberal Alliance had a new face, Arnoldo Aleman, who previously was the mayor of Managua. His campaign promoted both a "free market and a social safety net," that most Nicaraguans believed would strengthen Nicaragua economically and democratically. Once Aleman won the 1996 elections his government was clearly more devoted toward the rich than Chamorro had been, and promises made during his campaign were unfulfilled. Aleman’s main recognition during his years as president was his greed for power. His policies and attitude slowed Nicaragua’s ability to prosper democratically even more. His market economy allowed the rich to accumulate more wealth while increasing inequalities among the poor. His government was filled with corruption “he disregarded many aspects of fiscal law and encouraged his Liberal Party supporters in the National Assembly and elsewhere to do the same.”

After six years of corruption under the Aleman government Nicaraguans were again ready for change. In the 2001 elections, the new face for the Liberal Party was Enrique Bolanos, former vice president of Aleman. During his campaign he sought to distant himself from Aleman’s dishonest government. Chamorro was a strong supporter of Bolanos. She assured the Nicaraguan people that better days would come, to be patient, and that Bolanos would continue the work and changes she made during her

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124 Ibid.,234.

125 Ibid.,235.
government.\textsuperscript{126} Bolanos campaigned against his strongest opponent, Ortega. This time Ortega tried to change his appearance by wearing casual civilian clothes instead of his red and black Sandinistas colors. He also emphasized the poverty that still existed and the priority his government would place in providing a better standard of living for the poor.\textsuperscript{127}

However, Bolanos won the 2001 elections and upon his inauguration he stood by his promise to the Nicaraguan people to respect the rule of law by calling on legislation to remove Aleman from his self-imposed immunity. Bolanos joined the National Assembly along with Sandinista activists to remove Aleman’s immunity. The legislators finally voted to remove Aleman’s immunity; he was sentenced to prison for corruption charges and for the immunity he had attempted to set up for himself.\textsuperscript{128}

\textit{Nicaragua’s Current Government}

The 2006 election brought Ortega back to power. Ortega has a unique approach to the issues the country faces; according to news reports he has spent a great deal of time trying to fix and change things to his favor so that he can remain in power.\textsuperscript{129} He has also allied himself with Arnoldo Aleman, the former president convicted of corruption and sentenced to prison during his years as president. Arnoldo Aleman, who still forms part

\textsuperscript{126}Ibid., 239.

\textsuperscript{127}Ibid.


\textsuperscript{129} "Ortega’s Crab dance." \textit{The Economist}, 13 October 2007, 41.
of the Liberal Party is speculated to have formed a political pact with Ortega. “El pacto,” in which the two former enemies conspired to change the constitution to give the Sandinistas “almost an equal number of seats on the supreme Court, the Comptroller’s Office and in the Federal Electoral Council.” Ever since the allegations began, Aleman’s sentence has been cut from 20 years to five and his house arrest now allows him to travel throughout the country. Ortega’s adviser on Social Affairs defends his alliance with Aleman, arguing that it was done for “the sake of building an anti-oligarchic front. According to this theory, Aleman and the Somozas represented an emergent capitalist class that took on the old oligarchy, which has dominated Nicaraguan politics and the economy since the 19th century.”

According to an analyst of the Heritage Foundation Ortega is caught between conflicting priorities: a mix of economic policies that would boost investor confidence and be good for Nicaragua’s versus his goals of consolidating power and building a socialist State. While working with private capitalist and foreign investors in the background, he has been condemning the “Savage capitalist” and has kicked off a traditional campaign to buy votes among the poor with handout promises of “a cow, a pig, poultry and seeds to 75,000 rural families.

Since Ortega became re-elected he has promised the poor in Nicaragua “Free education, health care and medicine” as it was available during the Sandinista administration in the 1980’s. In Ortega’s “2008 budget, announced in October 2007, he

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did dramatically increase funding for education and health care, but at the expense of a large deficit. The government has not yet explained how it will cover the deficit and could be tempted to suspend debt services and default on Nicaragua’s external debt.\textsuperscript{133}

As reported by the Economist in 2007, Ortega has “fired four ministers and a number of junior officials for speaking out of turn, all in just a short nine months of office.”\textsuperscript{134} Critics have charged that Daniel Ortega has been more worried about his friendship with Venezuelan President, Hugo Chavez than the issues Nicaragua is facing. Chavez has offered Ortega “power plants, tractors and factories. These will be financed by soft loans from Venezuelan state banks, according to Miguel Gomez, the Venezuelan ambassador in Managua.”\textsuperscript{135} Chavez has pledged to build a pipeline across Nicaragua to the Pacific to carry Venezuela crude oil for shipment to refineries in China and Japan, but to date this has not materialized.\textsuperscript{136}

Ortega’s government has promised the Nicaraguan people it will continue the vision of the first revolutionary government. He initiated an innovative number of social programs with populist titles such as “zero hunger,” “Houses for the people,” and “zero unemployment.”\textsuperscript{137} He implemented a literacy campaign with the objective of lowering

\begin{flushleft}
\textsuperscript{133} Ibid.
\textsuperscript{134} “Ortega’s Crab dance.” \textit{The Economist}, 13 october 2007, 41.
\textsuperscript{135} Ibid.
\textsuperscript{137} “Sandinistas Mark anniversary of Revolution” Miami Herald 19 July 2009,1.
\end{flushleft}
the illiteracy rate that had grown to a 35 percent in 2007, as a continuation of the literacy crusade of the 1980s. Ortega has accomplished “important progress in energy production and road construction, while social programs providing loans for women, handouts to farmers, and drinking water, and land titles to the rural poor.” Most of this support can be credited to Chavez who gave the Ortega government 457 million in aid in 2008, according to data from the Central Bank.

Ortega has also welcomed assistance from Iran’s President, Mahmud Ahmadinejad, who has offered 350 million dollars for a new port. Ortega met up with Iranian Deputy Energy Minister Hamid Chitchian to help construct several hydroelectric plants to help solve the energy crisis in Nicaragua. So far Iran has committed itself to help build just one plant. Nicaragua continues to deal with blackouts almost daily, so this plant is crucial in beginning to solve a major problem. The Ortega government has received harsh criticism from opposition parties for his friendship with former president Aleman and his lack of effort in making sure Nicaragua progresses economically. Despite the criticism, the Nicaraguan government continues to receive credit for moving forward towards improving the lives of the majority of the poor.

138 Ibid.

139 Ibid., 2

140 Ibid.

141 Ibid.
Since the 1990s' elections to the present, Nicaragua has sought to build a strong democracy. The Chamorro government marked the end of a socialist era and the beginning of a new regime. With the Liberal Party control for the past 16 years this symbolizes progress towards democracy. Nicaragua’s people have been able to participate and vote for the government of their choice, triumphing over the years of Somoza authoritarianism. Democracy has finally been accomplished, though poverty still remains as part of the lives of most Nicaraguans. Nicaragua continues to search for a government that will meet the needs of the majority of Nicaraguans and alleviate the economic problems the country faces.

<table>
<thead>
<tr>
<th>Period</th>
<th>Historical Time frame</th>
<th>Regime Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somoza Dynasty</td>
<td>1936-1979</td>
<td>Dictatorship</td>
</tr>
<tr>
<td>Sandinista</td>
<td>1979-1990</td>
<td>Revolution</td>
</tr>
<tr>
<td>Violeta Chamorro</td>
<td>1990-1997</td>
<td>Democracy</td>
</tr>
<tr>
<td>Arnoldo Aleman</td>
<td>1997-2002</td>
<td>Democracy</td>
</tr>
<tr>
<td>Enrique Bolanos</td>
<td>2002-2007</td>
<td>Democracy</td>
</tr>
<tr>
<td>Daniel Ortega</td>
<td>Assumed office 2007</td>
<td>Democracy</td>
</tr>
</tbody>
</table>
The table above offers a summary of the time periods and regime types that constitute an historical overview of Nicaragua over the past 70 years. The Somoza regime, labeled as a dictatorship, lasted 43 years and was filled with widespread human rights violations. Somoza ruled and controlled Nicaragua through the National Guard, which constituted the core of his Dynasty. During the Sandinista era from 1979-1990 there were attempts to have elections but the opposition did not participate. Once the Contra War began they were faced with violation of civil liberties and political rights. The revolution best describes this era since it marks the transition period between the end of the Somoza dynasty and it takes place during a time that Nicaragua was at war. The Violeta Chamorro era indicates the start of a new regime in which Nicaraguans were able to vote under a democracy.

CHAPTER IV

Analysis of Nicaragua growth and the effect of Democracy since 1990’s

Nicaragua’s economic growth is going to be analyzed at the micro and macro levels. This study will be divided into two sections: a macro level analysis based on World Bank Development Indicators, and a micro level analysis based upon survey data from the Latin American Public Opinion Project. The analysis will determine whether macro and micro level measures of economic development are influenced by democratic governance.

The independent variable democracy is going to be defined as “the principle of
consent of the governed. The term implies that the people of a country or territory are sovereign and consent, in a direct referendum or through elected representatives, to the establishment of their own government.”

Table 2 categorizes political development in Nicaragua, noting the timeframe of the current democratic government.

To measure the dependent variable, this analysis relies upon multiple indicators. The analysis will include measures of poverty. Poverty will be defined as a deprivation of fundamental human needs such as the right to, health care, education, and access to clean water, protection and shelter. To better understand how democracy affects the poor at domestic level, poverty will be measured through economic measures that exclude social welfare issues such as gender and equality. To further understand whether or not democracy translate into growth, changes in the poverty rate will be measured through indicators such as life expectancy at birth, improved water resources available to the population and mortality rate under age five. Additionally, the primary education completion rate will be examined. These are the social indicators most frequently used by politicians and international organizations to determine the growth of a nation at a domestic level. It is important to keep in mind there is missing data in some time periods since it is a fact that instability and poverty tend to undermine data collection.

In addition to poverty, the analysis will also include measures of economic growth and wealth. Nicaragua’s economic growth will be measured through the GNP per capita and electric power consumption. These two economic indicators will provide insight into

Nicaragua’s growth and industrialization. Democracy is going to be measured through the GNP per capita since its best suited to analyze the level of growth Nicaragua has attained since it became a democratic nation. The GNP per capita measures Nicaragua’s growth at a national level this does not capture the levels of poverty that persist in Nicaragua domestically.

Both the economic and social indicators will demonstrate that a level of growth in prosperity and well-being has occurred in Nicaragua beginning even in a part of the Somoza era in 1960 and continuing through the revolution and four elections up to 2006. The only national economic indicator presented here for the Somoza Era is evidence of electric consumption in Nicaragua. Electric power consumption, starting from 1970, shows a slight increase, which quickly decreases, in the early 1970’s. However, by mid-1970 the Somoza government era shows a high level of performance in electric consumption, with the increase continuing up to the end of the regime.

At the beginning of the Sandinista era 1980, electric consumption decreases but then shows some growth by mid 1980’s, once again decreasing by the end of their term. Also in the Chamorro term, there is a good start in the electric consumption that decreases by mid 1990’s. By 1996, as Aleman’s government begins, there is an increase in electric consumption with only a slight decrease in late 1990 and quickly again, growth into the 2000’s. Bolanos government shows a continuation of the increase in electric consumption and this carries over into the new Sandinista era in 2006. It is interesting to note that the highest level of electric consumption were reached in the mid-1970’s were lost and not regained until mid-2000’s.
The data collected for the electric power consumption shows that slowly Nicaragua is heading towards becoming a more industrialized country. The data demonstrate a slight growth in energy consumption in the late 1970s and early 1980s, remaining neutral during the early 1990’s and increasing into the late 1990s. The 1990s mark the beginning of a new regime with Violeta Chamorro’s presidency. During her term, energy consumption is at the lowest, declining for most of her term. By the late 1990s, energy consumption starts to increase. In the 2000’s energy consumption is at its highest and continues to grow in the mid 2000’s, showing progress for Nicaragua.
The GNI per capita excludes the Somoza government due to a lack of data. At the initiation of the Sandinista government in the 1980’s, the graph shows a slight increase that continues into early 1980’s with a small decline by mid 1980’s but continuing its increase into late 1980’s. Then, drastic decreases appear in the late 1980’s near the end of their term. Chamorro’s government experienced the lowest level of GNI per capita. Her government started with a small increase in 1990 that drastically declined during her term though somewhat increasing by mid 1990’s. During Aleman’s government the GNI per capita continued its increase till the end of his term. Followed by Bolanos government the GNI per capita showed a constant increase that remained up to the beginning of the current government of Ortega.
In the early 1990s there is a drastic decline in GNI per capita which then slowly shows increase into the 1990s. And in the early 2000’s, a drastic increase appears which continues into the mid- 2000’s. Under a democratic system, Nicaragua has experienced growth and industrialization as the GNI per capita and the electric power consumption rates have shown. The question remains: Have these factors led to tangible improvements in people’s lives? Has there been poverty reduction, or a reduction in the social problems linked to poverty? The following four social indicators: life expectancy at birth, mortality rate, primary school completion rate and improved water source will be used to analyze the impact of these indicators in relation to the reduction of poverty in Nicaragua. Such
social and economic indicators are commonly used to determine the level of poverty and social problems that Third World nations encounter.

**Social Indicators**

The social indicator, life expectancy at birth, gives strong evidence that health care assistance has drastically improved in Nicaragua since the 1960’s. The line shown above illustrates a steady growth in life expectancy at birth. Since then, up to late in the first decade of the 21st century, the line continues up, showing a 20% increase over the 40-year period and indicating that progress continues.
The primary school completion rate shows a steady growth in 1970’s during the Somoza government transition into the Sandinista era. Very early in the 1980’s the Sandinista government accomplished an increase in primary school completion, which decreased by mid-1980’s and then continued to increase again in the early 1990’s. The Chamorro government continued the trend of increased in primary school completion and Aleman’s government maintained this increase. Though at the beginning of Bolanos government there is a slight decrease, an immediate but brief increase in early 2000,
decreasing once again within a short time frame and remaining the same for most of his presidential term. Under the current government and second Ortega administration, an increase in primary school completion rate occurs and remains steady. Thus, primary school completion rates are at their lowest in the early 1990’s with some increase by mid 1990’s but with much missing data for about five years. With increases again in 2000, mostly maintained up to the current date, it is fair to draw the conclusion that most Nicaraguan are now able to have at least some degree of basic education compared to all of the earlier years.
In 1970, during the Somoza era, the infant mortality rate starts to slowly decrease from its rather high rate, continuing a slow decline up to the end the regime in 1979. During the early Sandinista years the decrease in mortality rates consistently continues up to the end of their government rule in 1990 despite the missing data. Mortality rates remain low throughout the Chamorro, ALeman and Bolanos government eras. During the earliest years of the second Ortega government, the decrease in mortality rate continues.

Thus, mortality rates have decreased consistently and significantly over the entire 40-year period indicating a consistent and probable significant improvement in health care and physical well-being for the average Nicaraguan. More Nicaraguans are able to get better medical attention for children under age five.
Despite missing data examined in this paper, improvements in water resources appear to have been consistently rising in Nicaragua. An improved water source is an important social indicator in the reduction of poverty and ill health and thus is an important reflection of growth in national well being. The data above indicate that the Nicaraguan population has much greater access to improved water resources, indicating notable progress toward the reduction of poverty.

The social and economic indicators listed show that the living standards for the poor are improving but still in progress. This hypothesis testing provides insight regarding areas of progress made since Nicaragua became a democratic nation in the 1990s. The GNI per capita and the electric power consumption provides some evidence that
Nicaragua is working towards becoming a more industrialized country in spite of showing some set backs in the early 1990s. We still observe some progress in the late 2000s leaving hope for more improvement in the years to come. Primary school completion rates are significantly higher indicating that most Nicaraguans are at least able to have some degree of education now compared to the years under dictatorship. We can observe this improvement in education beginning with the Sandinista literacy campaign. The Sandinista literacy campaign set the stage for a more educated Nicaraguan population that continued under democracy. In the mortality rates and life expectancy at birth we observe a great amount of progress in health care and assistance for the average Nicaraguan. The Nicaraguan population has improved water resources as well. All of the social indicators reported here give strong indication that Nicaragua, since it became a democratic nation, has increased the standard of living for the average. It appears these changes will continue with the extension of democratic institutions in Nicaragua.

Analysis of Nicaragua
LAPOP surveys 1991 and 2008 (individual responses)

To complement this analysis of macro indicator, this study also examines how Nicaraguans view their welfare. Using the LAPOP survey data gathered during the year of 1991 and the year 2008, this section will examine individual responses on the level of satisfaction Nicaraguans have with their lives. These individual responses will only include urban respondents as the 1991 survey was only conducted in urban areas. The LAPOP survey since the 1970s has collected survey data in Latin America on a variety of political topics, such as support for the democratic system, citizen confidence, assessment and participation in the political system both nationally and locally, as well as measuring
the levels of corruption and victimization that affect the impact of democracy and economic growth.¹⁴³

Previous economic and social indicators were able to offer a glimpse at the national level of progress, but these do not show how citizens view these changes. These micro data will assess citizens' own personal opinions, as well as examine their personal economic situation through their possessions or consumer goods. The following chart and graphs will demonstrate the percentage of possession and consumer goods. They will also answer an important question: How satisfied are Nicaraguans with their lives?¹⁴⁴

¹⁴³ "We thank the Latin American Public Opinion Project (LAPOP) and its major supporters (the United Stated Agency for International Development, the United Nations Development Program, the Inter-American Development Bank, and Vanderbilt University) for making the data available."

¹⁴⁴ This is the only question on citizens satisfaction comparable between 1991 and 2008.
e.g. refrigeradora=refrigerator, teléfono=telephone, automóvil=vehicle, lavadora=washing machine
The charts above analyze individual responses comparing 1991 and 2008 material well being (income, goods, access to services) from the LAPOP surveys as well as individual perceptions of prosperity to determine how satisfied Nicaraguans are with their lives in 1991 and 2008 using the same LAPOP surveys. The individual response survey shows that material well being for the Nicaraguans surveyed have improved. Between 1991 and 2008, the main changes we recognize are the “access to a vehicle” suggesting that fewer Nicaraguan’s have access to a vehicle compared to 1990’s. The differences in the individual responses of 1991 are significantly different from those of 2008, aside from vehicle access. This indicates that the ability to access certain indicators of material well-being is, for the average Nicaraguan, improving since Nicaragua became a democratic state.

Despite the fact that most Nicaraguans are better able to have access to certain consumer goods, which are important, factors in measuring a economic prosperity, this measure of growth does not capture the level of access to public services that could reduce poverty, such as access to public libraries, parks and recreations, transportation, property protection, welfare and social security. These latter items are difficult to measure, as surveys in 1991 did not include items measuring citizen access to such goods. Still, this could be a valuable venue for future field research, if documentation of government expenditures in these areas were to become readily available.
Based on the survey that asked, how satisfied are you with your life? Between 1991 and 2008 Nicaraguans continue to be satisfied with their lives. While more people seem to be somewhat unsatisfied with their lives in 2008, still the number of those satisfied with their lives has increased in comparison to 1990’s respondents. Also, fewer Nicaraguans are unsatisfied with their lives than those in 1990s. What is evident is that despite the poverty that continues to prevail in Nicaragua, most Nicaraguans seemed to be satisfied or somewhat satisfied with their lives.

While Nicaragua has made some gains at the micro and macro levels, it is important to note that corruption has been a persistent problem, which could wipe out the gains made under democracy. As the figure below indicates, corruption has been an ongoing problem in Nicaragua under democracy, peaking in the late 1990’s and rising again in the late 2000s.
CHAPTER V

Conclusion

Does democracy help the poor?

<table>
<thead>
<tr>
<th>Democracy Helps</th>
<th>Democracy Hurts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Doh Chull Shi argues, “Citizens of democratic states experience a far better quality of life than those in non-democracies.”</td>
<td>• Michael Ross “democracies spend more money on education and health care than non-democracies, but these benefits seem to accrue to middle and upper income groups.”</td>
</tr>
<tr>
<td>• David Brown and Wendy Hunter add, “Democratic regimes are associated with higher rates of social expenditures when faced with important economic constraints.”</td>
<td>• Przeworski and Limongi suggest, “we do not know whether democracy fosters or hinders economic growth.”</td>
</tr>
<tr>
<td>• Thomas Zweifel and Patricio Navia report, “Fewer children die in democracies than in dictatorships.”</td>
<td>• Helliwell adds “democracy on subsequent economic growth, the evidence in this article pours cold water on the notion that introducing democracy is likely to accelerate subsequent growth.”</td>
</tr>
<tr>
<td>• Hiskey concludes, “The demand-based approach to fighting poverty is greatly enhanced by a democratic local political environment.”</td>
<td>• De Haan and Siermann suggest that, “the relationship between democracy and economic</td>
</tr>
</tbody>
</table>


\[150\] Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth,” Journal of
growth is not robust."\textsuperscript{152}

- Erich Weede concludes, "the overall effect of political democracy on economic growth is negative, but rather weak."\textsuperscript{153}

- Mitchell Seligson, "In Nicaragua, the study finds evidence supporting the World Bank's hypothesis of a link between corruption and erosion of belief in the legitimacy of the political system."\textsuperscript{154}

So, does democracy help the poor? Certainly democracy is a part of the ingredients necessary to allow solid establishment of factors that promote social and political rights. In the case of Nicaragua, an examination of the question for the 30-year period between the Sandinista revolution and what is foreseen in 2010 requires caution and the naming of crucial missing ingredients. Much more than a free election is required for democracy to help the poor. Those running must have vision, integrity, and a clear plan as well as, the support of the electorate and freedom from outside influence.

Deep shame on the part of some informed North Americans over the part played in derailing the Sandinista experiment would be expected but is insufficient to correct any current woes. On the ground in Nicaragua, the process since the end of the Contra war

Economic Perspective 3 (Summer 1993): 440.


\textsuperscript{154} Mitchel A. Seligson, "Corruption and Democratization What is to be done? Public Integrity (Summer 2001) 227.
has been, largely, a co-opting of the electoral system, a mixing of religious conservatism with political machinations. This has led many to wonder what the future holds for Nicaragua?

What remains is a history of five elections with enough markings of fairness to claim them successful enough by a measure of ‘democratic.’ Current president Daniel Ortega has argued that he aims to make a new fight to change the system: to get back to the agenda of the people he calls for a socially responsive agenda that matches policy with the needs of the people. The reality is that all there is left in Nicaragua is hope for change. The constant battle among different political parties has seriously delayed the process of growth in Nicaragua.

The question still remains: Does democracy help the poor? Various authors were able to offer plausible explanation as to why democracy helps or hurt the poor. Does democracy help in the case of Nicaragua? The analysis used in this research finds that democracy does help the poor in Nicaragua. What is missing, as discussed by various authors, is a transparent and accountable system in which the Nicaraguan public can trust. For democracy to prosper in a nation filled with a history of instability and conflict of interest among those who govern, it is crucial that we enforce what democracy preaches. Democracy requires direct participation and accountability from both citizens and government. Democracy is everyone’s responsibility. Until we all assume such responsibility, we will continue to struggle but barely attain a stable democracy in Nicaragua. While some might argue that voting constitutes the core of a strong democracy, in the case of Nicaragua, transparent and honest elections have been held at
least since Violeta Chamorro took office in 1990. Still Nicaragua remains with high levels of corruption as shown in the CPI scores in the graph above and the poor remain poor. The essence of a strong democracy is the informed consent of the governed. We the people should be able and active in every decision made by those whom were elected to govern.

From the graphs from the World Bank it can be argued that the standard of living for the poor in Nicaragua is improving and that democracy has brought some economic growth. Still the data from the LAPOP surveys in two different time periods 1991 and 2008 show that the level of improvements does not indicate any drastic increase in growth of material well being. The increase in consumer possession is significant, but not dramatic. Poverty remains a crucial problem. On the other hand, there appears to be some level of satisfaction among most Nicaraguans regarding their lives. We can argue that democracy did help the poor by opening the door to part take in the building of a strong democracy in Nicaragua. Finally it can be said that despite the poverty levels that do prevail among Nicaraguans based on the LAPOP surveys, Nicaraguans are somewhat satisfied with their lives. The struggle the nation went through to remove the years of somozismo and many thousands of the fallen heroes who fought for a better Nicaragua might be justified by these levels of satisfaction. To the same extent democracy seems to have helped the poor, allowing those who lived under an oppressive regime for years to fight for a better future for Nicaragua. While poverty still remains a problem the struggle has allowed the poor, to begin to participate in the political process.
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