SANDINISTA ECONOMIC AND SOCIAL POLICY:
The Mixed Blessings of Hindsight

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TO CHANGE THIS HOUSE: POPULAR EDUCATION UNDER THE SANDINISTAS. By Deborah Barndt. (Toronto: Between the Lines, 1991. Pp. 181.)

HUNGRY DREAMS: THE FAILURE OF FOOD POLICY IN REVOLUTIONARY NICARAGUA, 1979–1990. By Brizio N. Biondi-Morra. (Ithaca, N.Y.: Cornell University Press, 1993. Pp. 214. $35.00 cloth.)

INDUSTRIALIZATION IN SANDINISTA NICARAGUA: POLICY AND PRACTICE IN A MIXED ECONOMY. By Geske Dijkstra. (Boulder, Colo.: Westview, 1992. Pp. 225. $35.00 paper.)

¡OIGAME! ¡OIGAME! STRUGGLE AND SOCIAL CHANGE IN A NICARAGUAN URBAN COMMUNITY. By Michael James Higgins and Tanya Leigh Coen. (Boulder, Colo.: Westview, 1992. Pp. 184. $32.50 paper.)

SANDINISTA ECONOMICS IN PRACTICE: AN INSIDER'S CRITICAL REFLECTIONS. By Alejandro Martínez Cuenca. (Boston, Mass.: South End Press, 1992. Pp. 178. $12.00 paper.)

SANDINISTA NICARAGUA: PART 1, REVOLUTION, RELIGION, AND SOCIAL POLICY. Edited by Neil Snarr and associates. (Ann Arbor, Mich.: Pierian, 1989. Pp. 188. $40.00 paper.)

SANDINISTA NICARAGUA: PART 2, ECONOMY, POLITICS, AND FOREIGN POLICY. Edited by Neil Snarr and associates. (Ann Arbor, Mich.: Pierian, 1990. Pp. 191. $40.00 paper.)

ECONOMIC ADJUSTMENT UNDER THE SANDINISTAS: POLICY REFORM, FOOD SECURITY, AND LIVELIHOOD IN NICARAGUA. By Peter Utting. (Geneva: United Nations Research Institute for Social Development, 1991. Pp. 113. $12.00 paper.)

The eclectic revolution represented by the Sandinista government in power from 1979 to 1990 attracted intense interest, situated as it was in the U.S. "backyard" during the final years of the cold war.[1] When the

1. For a review of earlier literature, see Laura J. Enriquez, "Half a Decade of Sandinista Policy-Making: Recent Publications on Revolutionary Policies in Contemporary Nicaragua," *LARR* 22, no. 3 (1987):209–22. For a compilation covering various aspects of the

Frente Sandinista de Liberación Nacional (FSLN) became the first revolutionary group to hand over the reins of government through election in 1990, that transfer did not erase a decade of socioeconomic transformation, as party leader Daniel Ortega emphasized in promising that the Sandinistas would "govern from below." But the election of Violeta Chamorro and her pro-capitalist government did mark a turning point that places Sandinista social and economic policies in a new perspective.[2] In this context, it is interesting to consider some of the more recent analyses of the Sandinista period. The first work to be reviewed here is a two-part annotated bibliography, which will serve as an introduction to the literature. The next two books deal with social policy, providing a sense of the human dimension of the revolution by examining popular education and life in the barrio. Two other studies point to the dilemmas of the Sandinista mixed economy, one focusing on industry and the other on state agricultural enterprises. The last two works to be reviewed cover the increasingly orthodox economic adjustment policies undertaken in the late years of the Sandinista government, pointing to some of the limits and hard lessons of this period.

Monday Morning Quarterbacking

One of the dangers of an overdose of hindsight is the tendency to see everything too clearly and to forget how blurred the picture looked at the time the decisions had to be made. Yet a little distance is helpful for sorting through the tangle of issues, each of which seemed to loom so large through the magnifying glass of that day's emergency.

Sandinista Nicaragua, the exhaustive two-volume annotated bibliography compiled and edited by Neil Snarr and seventeen academic associates, reminds readers of the tremendous amount of debate generated by the Sandinista revolution. As Snarr notes in the introduction to Part 1, the disproportionate U.S. response to the revolution inevitably clouded all efforts to analyze the program and policies of the Sandinista government: "If U.S. policy had not been so bellicose and the [Reagan]

Sandinista government, see *Revolution and Counterrevolution in Nicaragua,* edited by Thomas W. Walker (Boulder, Colo.: Westview, 1991). Other recent overviews include Kent Norsworthy with Tom Barry, *Nicaragua: A Country Guide,* 2d ed. (Albuquerque, N.M.: Inter-Hemispheric Education Resource Center, 1990); Hazel Smith, *Nicaragua: Self-Determination and Survival* (Boulder, Colo.: Pluto, 1993); and Harry E. Vanden and Gary Prevost, *Democracy and Socialism in Sandinista Nicaragua* (Boulder, Colo.: Lynne Rienner, 1993).

2. For post-1990 reassessments, see *Nicaragua: Political Economy of Revolution and Defeat,* edited by John W. Soule, special issue of *International Journal of Political Economy* 20, no. 3 (Fall 1990); David Close et al., *The Central American Maelstrom,* special issue of *New Political Science,* nos. 18–19 (Fall–Winter 1990); Carlos M. Vilas, "Nicaragua: A Revolution That Fell from the Grace of the People," *Socialist Register 1991* (London: Merlin, 1991), 302–21; and Lisa Haugaard, "In and Out of Power: Dilemmas for Grassroots Organizing in Nicaragua," *Socialism and Democracy* 7, no. 3 (Fall 1991):157–84.

administration so willing to circumvent the Congressional prerogative over the appropriation of funds, the climate for a more objective evaluation of the Sandinistas might have been present" (p. 3). With mines in Nicaraguan harbors and sonic booms resounding over Managua, Nicaraguans understandably wondered when the U.S. invasion was coming. In fact, it was daily and insidious, undermining the economy and society. Meanwhile, the party faithful kept reciting the trilogy of causes of the country's ills—the Somocista legacy, the counterrevolutionary war, and the international economic crisis—until the Sandinista leadership finally acknowledged a "fourth cause" consisting of errors in economic policy.[3]

With hindsight, it has now become conventional wisdom that successive attempts at policy adjustment were late and inadequate and that somewhere along the way, the Sandinista leadership lost touch with the social sectors that had once constituted the FSLN's mobilized base of support. Yet such generalizations still leave considerable room for debate over what succeeded and why, what failed and why, what might have been, and even what is left. Contending interpretations of the Central American revolutionary experience are already producing divisions within the Nicaraguan FSLN and Salvadoran Frente Farabundo Martí de Liberación Nacional (FMLN). The reverberations of these debates, like those surrounding Cuba in the 1960s and Chile in the 1970s, will affect the future of progressive forces throughout Latin America.[4]

Scholars following the trajectory of the Nicaraguan revolution will find *Sandinista Nicaragua* a record of the evolving formulation of the issues as well as a useful guide to the literature. The work is divided into thematic chapters, each consisting of an annotated bibliography preceded by an analytical essay. The essayists, like most of the authors reviewed here, draw on extensive personal experience in Nicaragua during (and in some cases, prior to) the revolutionary period. While aimed mainly at a U.S. academic audience, this bibliography includes important published and unpublished materials that are generally not found outside Nica-

3. Comandante Jaime Wheelock, "Medidas económicas forman parte de la defensa de la patria," *Barricada*, 13 Feb. 1985, as cited in José Luis Coraggio, "Economics and Politics in the Transition to Socialism: Reflections on the Nicaraguan Experience," in *Transition and Development: Problems of Third World Socialism*, edited by Richard R. Fagen, Carmen Diana Deere, and José Luis Coraggio (New York: Monthly Review Press, 1986), 143–70. This growing recognition of problems in economic policy in the mid-1980s is explored in *The Political Economy of Revolutionary Nicaragua*, edited by Rose J. Spalding (Boston, Mass.: Allen and Unwin, 1987).

4. The outlook for Nicaragua and Central America is discussed in George Vickers and Jack Spence, "Nicaragua Two Years after the Fall," *World Policy Journal* 9, no. 3 (Summer 1992):533–62; and Lisa Haugaard et al., "El Pueblo Unido: A Central America Retrospective," *NACLA Report on the Americas* 26, no. 3 (Dec. 1992):17–45. For a socialist interpretation of the implications for the Latin American Left, see Shafik Jorge Handal and Carlos M. Vilas, *The Socialist Option in Central America: Two Reassessments* (New York: Monthly Review Press, 1993); for a social democratic interpretation, see Jorge G. Castañeda, *Utopia Unarmed: The Latin American Left after the Cold War* (New York: Knopf, 1993).

raguan centers of documentation. Both the bibliographic essays and the summaries are uneven in scope and depth.

In *Part 1, Revolution, Religion, and Social Policy,* the historical sections on Augusto César Sandino and the FSLN do not fully convey the complex nature of the state ruled by the Somozas or the broad base of organizing in civil society that gave the Central American revolutions their distinctive character.[5] Chapters on religion, the social sector, and the Atlantic Coast all provide good summaries of the literature through the 1980s.[6] The chapter on human rights is thin, but these issues are explored further in the chapter on the state in the second part (pp. 67–74). The essay on the Atlantic Coast by Philippe Bourgois and Charles Hale succinctly analyzes the economistic perspective that led to Sandinista policy errors, which left an opening for what the authors call "the ethnic liberation opportunism" of the U.S. Central Intelligence Agency and the "ethnic reductionism" of the so-called Fourth Worldists (p. 139). The chapter on social policy includes an extensive bibliography under the heading "Women and Family." The issue of women and the revolution is particularly important in light of the resurgence of the women's movement in Nicaragua since the late 1980s, which has challenged the FSLN's reluctance to move feminist issues off the back burner.[7]

5. See Orlando Núñez Soto, "The Third Social Force in National Liberation Movements," *Latin American Perspectives* 8, no. 2 (Spring 1981):5–21; Amalia Chamorro, *Algunos rasgos hegemónicos del somocismo y la revolución sandinista,* INIES/CRIES Cuadernos de Pensamiento Propio, Serie Ensayos no. 5 (Managua: Instituto Nicaragüense de Investigaciones Económicas y Sociales and Coordinadora Regional de Investigaciones Económicas y Sociales, 1983); and Edelberto Torres-Rivas, *Repression and Resistance: The Struggle for Democracy in Central America* (Boulder, Colo.: Westview, 1989). Other histories include James Dunkerley, *Power in the Isthmus: A Political History of Modern Central America* (London: Verso, 1988); *Sandino: The Testimony of a Nicaraguan Patriot, 1921–1934,* edited by Edgar Conrad (Princeton, N.J.: Princeton University Press, 1990); and Jeffrey L. Gould, *To Lead as Equals: Rural Protest and Political Consciousness in Chinandega, Nicaragua, 1912–1979* (Chapel Hill: University of North Carolina Press, 1990).

6. More recent works on religion include Philip J. Williams, *The Catholic Church and Politics in Nicaragua and Costa Rica* (Pittsburgh, Pa.: University of Pittsburgh Press, 1989); and Michael Dodson and Laura Nuzzi O'Shaughnessy, *Nicaragua's Other Revolution: Religious Faith and Political Struggle* (Chapel Hill: University of North Carolina Press, 1990). On the Nicaraguan Atlantic Coast, see Carlos M. Vilas, *State, Class, and Ethnicity in Nicaragua: Capitalist Modernization and Revolutionary Change on the Atlantic Coast* (Boulder, Colo.: Westview, 1989); and Charles R. Hale, *Resistance and Contradiction: Miskitu Indians and the Nicaraguan State, 1894–1987* (Stanford, Calif.: Stanford University Press, 1994). On social policy, see Richard Garfield and Glen Williams, *Health and Revolution: The Nicaraguan Experience* (London: Oxfam, 1989).

7. See Beth Stephens, "Women in Nicaragua," *Monthly Review* 40, no. 4 (Sept. 1988):1–18; *Women and Revolution in Nicaragua,* edited by Helen Collinson (London: Zed, 1990); Norma Stoltz Chinchilla, "Revolutionary Popular Feminism in Nicaragua: Articulating Class, Gender, and National Sovereignty," *Gender and Society* 4, no. 3 (Sept. 1990):370–97; Lois Wessel, "Reproductive Rights in Nicaragua: From the Sandinistas to the Government of Violeta Chamorro," *Feminist Studies,* no. 17 (Fall 1991):537–49; Margaret Randall, *Gathering Rage: The Failure of Twentieth-Century Revolutions to Develop a Feminist Agenda* (New York: Monthly Review Press, 1992); Randall, *Sandino's Daughters Revisited: Feminism in Nicaragua* (New

Part 2, Economy, Politics, and Foreign Policy was published in 1990 and contains only a brief postscript on the 1990 election. The introduction notes the severe economic deterioration by the end of the 1980s and muses on the difficulty of sorting out external and internal causes (pp. 1–3). The fact that so little attention was devoted then to the 1990 election may reflect the commonly held assumption that the FSLN would win.[8] The chapter on the economy highlights some of the tensions within the Sandinista mixed-economy model, summarized as workers versus the state, the state versus the private sector, the bourgeoisie versus workers and peasants, planning versus market, and planning versus short-term immediacy (pp. 10–11). The extensive bibliography includes many Nicaraguan conference papers and documents that might not otherwise come to the attention of U.S. researchers.[9] This chapter also documents the accumulating tensions in the economy leading up to the shift in 1988 and 1989 toward more orthodox adjustment policies. Chapters on Nicaragua's relations with the United States and with other countries document the decade-long conflict between the Sandinistas' efforts to diversify foreign relations and the U.S. effort to restrict their space for maneuvering in the international arena.

The chapters in the second part of *Sandinista Nicaragua* on agriculture and the internal structure of the Sandinista state hint at issues that in retrospect were particularly problematical for the revolution. The chapter on agriculture is brief, and several important studies have appeared since this compilation was published.[10] These more critical works highlight the

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Brunswick, N.J.: Rutgers University Press, 1994); Paola Pérez-Alemán, "Economic Crisis and Women in Nicaragua," in *Unequal Burden: Economic Crises, Persistent Poverty, and Women's Work*, edited by Lourdes Benería and Shelley Feldman (Boulder, Colo.: Westview, 1992):239–58; and Mercedes Olivera and Anna María Fernández, "Subordinación de género en las organizaciones populares nicaragüenses," in *Democracia emergente en Centroamérica*, edited by Carlos M. Vilas (Mexico City: Universidad Nacional Autónoma de México, 1993), 161–86.

8. On the 1990 election, see Latin American Studies Association, *Electoral Democracy under Pressure: The Report of the Latin American Studies Association Commission to Observe the 1990 Elections* (Pittsburgh, Pa.: LASA, 1990); Jack Spence, "Will Everything Be Better?" *Socialist Review* 20, no. 3 (July–Sept. 1990):115–32; Carlos M. Vilas, George R. Vickers, and Trish O'Kane, "Nicaragua: Haunted by the Past," *NACLA Report on the Americas* 24, no. 1 (June 1990):9–39; William I. Robinson, *A Faustian Bargain: U.S. Intervention in the Nicaraguan Elections and American Foreign Policy in the Post–Cold War Era* (Boulder, Colo.: Westview, 1992); and *The 1990 Elections in Nicaragua and Their Aftermath*, edited by Vanessa Castro and Gary Prevost (Lanham, Md.: Rowman and Littlefield, 1992).

9. I contributed to the annotated bibliography in the chapter on the economy.

10. See the ten-volume overview by the Centro de Investigación y Estudio de la Reforma Agraria, *La reforma agraria en Nicaragua, 1979–1989* (Managua: CIERA, 1989); *El debate sobre la reforma agraria en Nicaragua*, edited by Raúl Rubén and Jan P. DeGroot (Managua: Instituto Nicaragüense de Investigaciones Económicas y Sociales and Editorial Ciencias Sociales, 1989); Laura J. Enriquez, *Harvesting Change: Labor and Agrarian Reform in Nicaragua, 1979–1990* (Chapel Hill: University of North Carolina Press, 1991); and Orlando Núñez Soto, *Transición y lucha de clases en Nicaragua, 1979–1986* (Mexico City: Siglo Veintiuno, 1987), which focuses on agrarian transformation. Critical articles include Michael Zalkin, "Nicaragua: The Peasantry, Grain Policy, and the State," *Latin American Perspectives* 15, no. 4 (Fall

tensions surrounding agrarian reform in an economy dependent on agro-exports, problems aggravated by an overly schematic diagnosis of Nicaraguan agriculture that underestimated the role of peasant producers and exaggerated the state's capacity to serve as the center of accumulation. The Sandinista government's agrarian policies undermined the FSLN's rural support base by initially favoring state enterprises over land redistribution, holding down prices paid to peasant grain producers, and prioritizing urban consumption over supplies of basic rural goods. These errors help explain the ability of the Contras to make some inroads in rural areas, the lopsided rural vote against the FSLN in 1990, and the fact that former agriculture minister Jaime Wheelock was the only member of the FSLN's original Dirección Nacional to be removed at the May 1994 party congress.

The chapter in *Part 2* entitled "Internal Structure of the Sandinista State" notes the continuing ambiguity, ten years into the revolution, between liberal-pluralist and mass participatory conceptions of democracy (p. 66). In retrospect, the top-down pattern of relations between the party and state vis-à-vis the mass organizations proved to be a central flaw in Sandinista governance. The more effective policies of the era were those that reflected autonomous initiative from the grass roots.[11] The war and economic decline affected the time and resources that Nicaraguans had available for political participation, but that did not explain why the coping mechanisms were so often individual rather than collective. This area needs more research, although it already appears that economic policies were often out of coordination with Sandinista strategies for political mobilization. Workers and peasants were mobilized to seize factories and lands, but then the state took control of most confiscated properties. Comités de Defensa Sandinista (CDS) were called on to distribute rationed goods, but then inflationary policies fed a flourishing black market that made "speculators" out of the most loyal revolutionaries. Even after the FSLN lost the election in 1990, the party leadership's stop-and-go strategy of mobilization continued to clash with efforts by organized labor, women, and other social sectors to shape policies rather than have their interests defined for them.

1988):71–91; René Mendoza, "Costos del verticalismo: un FSLN sin rostro campesino," *Envío* 9, no. 107 (Sept. 1990):19–51; Eduardo Baumeister, "Agrarian Reform," in Walker, *Revolution and Counterrevolution in Nicaragua*, 229–45; and Laura J. Enriquez, "La reforma agraria en Nicaragua: pasado y futuro," in Vilas, *Democracia emergente en Centroamérica*, 123–59.

11. See Ilja Luciak, "Democracy in the Nicaraguan Countryside: A Comparative Analysis of Sandinista Grassroots Movements," *Latin American Perspectives* 17, no. 3 (Summer 1990): 55–75; Luciak, "Democracy and Revolution in Nicaragua," in *Understanding the Central American Crisis: Sources of Conflict, U.S. Policy, and Options for Peace*, edited by Kenneth M. Coleman and George C. Herring (Wilmington, Del.: Scholarly Resources, 1991), 77–107; and Luis Serra, "Democracy in Times of War and Socialist Crisis: Reflections Stemming from the Sandinista Revolution," *Latin American Perspectives* 20, no. 2 (Spring 1993):21–44.

Revolution on a Human Scale

Two recent studies of social policies take a hands-on approach to the dilemmas of revolution as experienced from below. Deborah Barndt's *To Change This House: Popular Education under the Sandinistas* is presented as a "how-to-figure-out-how-to-do-it book" illustrated with poignant photos (pp. 6–7). The Sandinistas, borrowing loosely from Brazilian educator Paulo Freire, set out to change the basic premise of education. Rather than dispensing information to the few, education would pose problems relevant to the everyday lives of the many, who in the process of participating would also be overcoming the passivity born of centuries of oppression (p. 65). In this broader conception of education-cum-democracy, the tools of the trade were expanded to include participatory research, cartoons, slogans, photos, metaphors, and humor. *To Change This House* uses disarmingly simple examples to illustrate the practice of popular education in Nicaragua. For example, to encourage collective solutions to economic problems, the women's association AMNLAE (Asociación de Mujeres Nicaragüenses "Luisa Amanda Espinoza") launched a house-to-house campaign to collect bottles for tomato sauce, an effort that became a catalyst for further discussion and organizing (pp. 117–19). A popular health campaign empowered volunteer *brigadistas* by explaining that health was like baseball (the national passion) in that it could not be learned and transmitted through books alone but required group participation.

Barndt neatly captures the political implication of this shift. She contrasts Anastasio Somoza García's remark, "I don't want educated people. I want oxen," with FSLN founder Carlos Fonseca's famous instruction to Sandinistas who were training new peasant combatants in the 1960s: "And also teach them to read" (pp. 29–32). Ironies abound, such as the 1983 celebration of the Sandinista literacy campaign in which marchers carried a coffin and shouted "¡Muerte a la ignorancia!" while Contra attacks were killing teachers and burning schools (pp. 23–24). I was reminded of my own experience picking coffee in Matagalpa in 1985, when we took time out from our daily labors for a political cadre leader to hold discussions about the meaning of those red beans for the Nicaraguan economy and society. He was later killed when the Contras burned the farm to the ground.

All is not black and white in Barndt's account. She observes that the 1981 Consulta Nacional was weighted toward Sandinista supporters, its questionnaire was problematical, and the "popular knowledge" collected was structured by the historical experience of the participants and by filtering and compilation by the revolutionary leadership (pp. 50–51). The war meant not only that materials were scarce but also that officials from the education ministry were reluctant to travel outside Managua to

see how the curriculum fit the reality and that constant emergencies and changes of plans disrupted continuity (pp. 89–90). Barndt also notes that popular education aimed at empowering women was limited by the low priority assigned to funding women's programs and enforcing legal protections (pp. 123–24). Mass organizations like the neighborhood CDS were torn between their role in educating people to participate and articulate demands from the grass roots and pressure from government ministries for the CDS to transmit and implement state policies.

Unfortunately, *To Change This House* focuses mainly on the years from 1980 to 1984, leaving the reader to extrapolate conclusions about how policies evolved under duress. The few statistics presented are outdated, such as school enrollments from 1978 to 1983 (p. 3), making it difficult to assess the impact of the war and economic decline in the late 1980s. The book's tone, however, is a refreshing departure from the excessive cynicism or resignation that infuses many accounts of social programs stalled in the later years of Sandinista governance. Readers are nonetheless left to wonder about the fate of popular education under the Chamorro government. Education minister Humberto Belli, a member of the conservative charismatic Catholic sect known as Ciudad de Dios, reoriented the curriculum toward "family values" and memorization while restricting access by partially privatizing education.[12]

Michael Higgins and Tanya Coen's *¡Oigame! ¡Oigame! Struggle and Social Change in a Nicaraguan Community* is another work of activist-scholarship on social issues, combining solidarity work with participant-observation in a Managua barrio in what the authors call "ethnographic praxis" (p. 3). As a micro-study of Barrio William Díaz Romero, the book does not claim to be a representative or comprehensive study of urban social policy. In actuality, the barrio was known to locals as "Gringolandia" because its proximity to hotels and an out-of-town bus station made it a favorite stop for *internacionalistas.*

In the two strongest chapters, Higgins and Coen focus on socioeconomic organization at the household and barrio level (formal and informal employment, procurement of supplies, and survival strategies) as well as on popular politics in the barrio and CDS. The detailed descriptions of household economic activities and social networks are revealing, although they would be more useful if they were systematized and compared with typologies of survival strategies documented by Nicaraguan researchers.[13]

12. Michael Friedman, "The Counterrevolution in Nicaraguan Education," *Monthly Review* 43, no. 9 (Feb. 1992):19–28; and Rosemary R. Ruether, "De-Educating Nicaragua: Destroying Knowledge to Destroy a People's Resistance," *Christianity and Crisis* 53, no. 4 (12 Apr. 1993):93–94.

13. See, for example, M. Alemán et al., "Survival Strategies in the Popular Sectors of Managua," *Critical Sociology* 15, no. 1 (Spring 1988):5–32.

The examples of barrio politics point to broader lessons. Health campaigns showed Sandinista social policy at its best, galvanizing grassroots participation in an empowering project for the common good. Efforts to organize a collective to buy rice, in contrast, were thwarted by galloping inflation, lack of transportation to the countryside, and dependence on the benevolence of local merchants for credit (pp. 92–93). Neighbors came together effectively through the CDS to deal with a battery shop that was dumping acid into the water system, but state health inspectors responded only when pressure was maintained at the grass roots. A cheese store evading price controls negotiated a compromise with the CDS because barrio residents did not want the local store closed down, given the severe transportation shortage. When the barrio committee clashed with a woman offering cheap prefab construction material and the local CDS coordinator accused her of attacking the revolution, a community member pointed out that "no matter what all the complexities of this problem were, the basic reality was that they were all still neighbors with this woman. . . . This example also illustrates a concern felt by many people . . . that the CDS were more than community-based action groups; they were, in fact, the local representatives of the Sandinista party" (p. 107). Such is the mundane stuff of revolution, and this book offers what Higgins and Coen call a "view through the door frame" of the barrio (p. 37).

¡Oigame! does not provide, however, a clear sense of the national picture or historical context. An introductory historical chapter rambles, and much of the text is written in present tense, even as it skips around chronologically without a clear periodization of national economic policy or CDS organizing. Numerous tables of fragmentary data have too little context to be meaningful, and half of the Spanish words and names in the book are misspelled. Higgins and Coen labor heroically to be postmodern: "We wish to use the hegemonic space generated by post-modern argumentation to situate ourselves, these communities, and this work into the contested realities of metropolitan intellectual production and Third World struggles of self-determination. We are well aware of the overdetermined hegemonic terrain within which these contestations take place" (pp. 166–67). Long passages like this recall the joke about the postmodern anthropologist's comment to the interview subject: "Enough about you, let's talk about me!"

Taken together, Barndt's *To Change This House* and Higgins and Coen's *¡Oigame!* serve as useful reminders that governments come and go but policies have meaning because of their human dimension. For all the problems of Sandinista social policy, *¡Oigame!* captures the deep ambivalence among the grass roots when describing barrio residents' first meeting with government officials from the Unión Nacional Opositora (UNO): "Of those in attendance, the majority had most likely been people

who had voted for UNO, never envisioning that their votes would put them in jeopardy of losing their newly acquired lots and homes. . . . The UNO representatives . . . assumed the audience shared the militancy of the [CDS] committee. By the end of the evening, they did" (pp. 173–74).

The Mixed (Up) Economy

The mantra of the Sandinista government was "mixed economy, political pluralism, and nonalignment," which together made for an unusual revolution. Two recent studies focus on the dilemmas of the Sandinista model of mixed economy.

Geske Dijkstra's *Industrialization in Sandinista Nicaragua: Policy and Practice in a Mixed Economy* is the first book-length examination of the industrial sector of Nicaragua's mixed economy. The study is based on extensive fieldwork in Nicaragua, including a major survey of management in 33 of the country's 141 medium and large industrial enterprises.[14] Dijkstra compares the Sandinista model with the Soviet experiment known as the New Economic Policy or NEP (1921–1928) in order to identify the necessary conditions for stability in a mixed economy. Drawing on the NEP experience, she deduces five "stability conditions": ideological commitment by the leadership to sustaining the mixed economy; a viable rate of desired state accumulation and expected contributions from the private sector; a price policy that can be used effectively to finance state accumulation; willingness in the private sector to maintain production; and external factors. The third condition, price policy, requires effective control of domestic trade and taxes, a minimum level of private accumulation, and macroeconomic stability (p. 31).

Dijkstra demonstrates that in the Nicaraguan case, the main sources of instability were not so much the ideological polarization as the problems of accumulation and price policies, which were further complicated by external constraints. Her rigorous analysis of original survey data shows that industrial capitalists tended to be more pragmatic than their agrarian counterparts because of their dependence on finance and foreign exchange (which were nationalized after 1979). Dijkstra shows that the state did not attempt to use these instruments in a discriminatory fashion to close down private industry (pp. 66, 89, 165–66). The accumulation problem arose from excessive emphasis on state investment, for which too little financing was available. Macroeconomic stability was sacrificed as deficits rose, fueled by demands for social services and by defense spending that drained half of the budgets from 1985 to 1988 (p. 124). Another cause identified was the development of massive agro-

14. Dijkstra's definition includes enterprises with thirty workers or more. For a study of small industry, see Arie Laenen, *Dinámica y transformación de la pequeña industria en Nicaragua* (Amsterdam: Centro de Estudios y Documentación Latinoamericanos and FORIS, 1988).

industrial projects, which Dijkstra labels as typical of the inability of "socialist oriented governments to avoid 'growth optimism' and 'megalomania' in the initiation of investment projects" (pp. 186–87). Meanwhile, nationalization of foreign trade failed to generate revenues. Export production, which remained largely in private hands, declined, and the Banco Central de Nicaragua absorbed large exchange losses as the state subsidized imports and exports to sustain production and investment.[15] The nationalized banks also showed losses due to the passive financial policy of extending credit to all comers, while "many problems with the efficiency of state enterprises" eliminated another potential source of finance (pp. 126–27).

The remaining condition for stability, price policy, failed to serve as an effective instrument for transferring surplus from the private sector because price controls in times of scarcity produced a black market. Given the weak control of domestic commerce, dispersed production, and the Sandinistas' unwillingness to force collectivization, market forces prevailed. Dijkstra concludes, "Other countries with mixed economies . . . would have abandoned the mixed system under the combined influence of imbalances and external threat, but . . . because of Nicaragua's mixed economy, many Latin American and Western European countries did not support the U.S. government's anti-Sandinista policy, which was important in preventing a direct U.S. invasion" (p. 188). This explanation gives new meaning to the term *survival economy.*

Industrialization in Sandinista Nicaragua offers important insights into the dilemmas of economic policy but without making any of the outcomes seem inevitable. Some readers may wish for a little more discussion of the impact of industrial policy on factory workers and consumers of their wage goods. Data on income distribution are old (pp. 128–31), and the survey includes only the perspective of managers. Discussion of economic reform is also brief. Written by a Dutch economist, the book's prose is dense, and the literature review on the NEP reads like a reincarnated dissertation. Even so, the original data and analysis make *Industrialization in Sandinista Nicaragua* worth struggling through.

Brizio Biondi-Morra's *Hungry Dreams: The Failure of Food Policy in Revolutionary Nicaragua, 1979–1990* focuses on another aspect of the mixed economy, the management of state agricultural enterprises. The author directed a Ford-funded research and training project at the Instituto Centroamericano de Administración de Empresas (INCAE) from 1984 to 1987, in coordination with the Ministerio de Desarrollo Agropecuario y Reforma Agraria (MIDINRA). This project was set up to analyze problems

15. The use of support prices to win the cooperation of agroexport capitalists is questioned by Vilas in "Unidad nacional y contradicciones sociales en una economía mixta: Nicaragua, 1979–1984," in *La revolución en Nicaragua*, edited by Richard L. Harris and Carlos M. Vilas (Mexico City: Siglo Veintiuno, 1985), 17–50.

facing state managers in the more than a hundred agricultural enterprises in the Area Propiedad del Pueblo (APP). The result is a first-rate piece of scholarship with insights that go beyond other works on the subject.[16]

When a draft of Biondi-Morra's highly critical study first circulated in Managua in the late 1980s, local researchers wondered how the agriculture minister, Comandante Jaime Wheelock Román, would take it. To the surprise of many, he was reportedly very receptive. Perhaps one reason is that Biondi-Morra's thoroughly researched work was not intended as a blanket indictment of state ownership or of Sandinista policy goals. As the author explains, "Because of the limited scope of the MIDINRA/INCAE research project, the diagnosis and the prescription are taken as given. The primary focus is on the application of the treatment: food policy implementation and the administrative skills that it requires . . ." (p. 15). Also, the conclusion is a subtle and important one: problems in the state enterprises are shown to stem not so much from managerial incompetence as from the clash between micro- and macro-level rationality.

To demonstrate this point, Biondi-Morra focuses on four case studies: a cotton farm to illustrate the problems of exchange-rate policy; food-processing agroindustry (milk and beef) to examine price policy; a rice-producing enterprise to exemplify problems of wage policy; and a sugar operation to highlight issues of credit policy. The cotton farm case helps explain why most of the APP enterprises operated at a loss (pp. 56–61). Exchange rates proved to be a disincentive to private agroexporters, who cut back production, which in turn put pressure on state enterprises to generate more foreign exchange at the expense of profitability. Credit subsidies disguised the losses (p. 94).

In the food-processing industry, bureaucratically controlled prices led private producers to evade price controls by diverting milk into local cheese production or cattle into clandestine slaughterhouses for the domestic market. The result was idle capacity in agroindustry (pp. 112–13).

In the rice enterprise, low wages contributed to a 50 percent drop in hours worked per day (pp. 149–50). To slow down labor turnover rates exceeding 100 percent per year, the micro "rational" thing for state managers to do was to put the whole family on the payroll and supplement wages with rice that the workers could sell on the black market (p. 168). Price controls on first-grade rice prompted producers to break the rice so it could be sold on the market at three to four times the price. Efficiency suffered as mid-level state administrators spent hours every day standing in line at state stores to get their quota of subsidized goods.

16. Another intriguing work with a focus more limited to the micro level is Gary Ruchwarger, *Struggling for Survival: Workers, Women, and Class on a Nicaraguan State Farm* (Boulder, Colo.: Westview, 1989).

The state sugar mill ran at a loss because the state agency that distributed refined sugar delayed payments for over a year, thus reducing its own costs through inflation, knowing that the sugar enterprise could get unlimited bank credit at negative real interest rates. Meanwhile the sugar firm borrowed massively to expand acreage, but problems caused by salary and foreign-exchange policies caused irregular irrigation and a drop in production (pp. 183–88).

Biondi-Morra's study adopts a managerial perspective, somewhat abstracted from the dilemmas and debates that shaped policy. For example, his discussion of labor productivity focuses on worker discipline, setting aside the foreign-exchange constraints that interrupted production and the policy goal of maintaining employment levels. *Hungry Dreams* concentrates on the period from 1979 to 1985 on the grounds that "No new policy initiatives were undertaken during the second half of the decade" (p. 10). Thus the book overlooks major policy shifts aimed at transferring land and resources toward the peasantry. The study also lumps all producers in the "private sector" together, missing the variation in behavior of distinct social subjects. While the data are generally excellent, one table on the distribution of credit by sector is questionable.[17]

Dijkstra's work on industry and Biondi-Morra's study of state agricultural enterprises complement each other well in highlighting problems in the Sandinista mixed economy. Dijkstra notes in passing what she generically calls "problems" in the state sector in the context of a broader discussion of financing accumulation (p. 127), while Biondi-Morra details those problems from the perspective of state managers. Biondi-Morra notes idle capacity in agroindustry, while Dijkstra's work explains how excess capacity in the food industry was partly caused by reinvestment of profits as a result of policies that made savings or other use of the funds unviable. Both studies emphasize the growing macroeconomic imbalances that undermined the mixed economy and motivated the adjustment programs of the late 1980s.

Economic Adjustments and the School of Hard Knocks

Former planning minister Alejandro Martínez Cuenca's short book, *Sandinista Economics in Practice: An Insider's Critical Reflections*, focuses mainly on economic policy from 1985 to 1990, when he presided over an increasingly orthodox series of adjustment programs. Written in the form of an interview by his former advisor, Chilean economist Roberto Pizarro, the book contains a few nuggets of inside perspective. Martínez Cuenca recalls how in 1979, many Sandinistas regarded government officials who

17. Biondi-Morra shows 61 percent of agricultural credit going to state enterprises in 1985 (p. 175). Peter Utting's more updated table puts the figure at 26 percent (p. 15), which coincides with other sources.

had not been guerrillas as "bourgeois," while Alfonso Robelo, who actually did represent the bourgeoisie on the first governing junta, objected to FSLN organizing in government ministries (pp. 32–33). Martínez Cuenca recounts his own adventures in helping circumvent the U.S. embargo at his earlier job as foreign trade minister (pp. 39–41). He also details pressure by U.S. Secretary of State James Baker to cancel a May 1989 conference of donors in Stockholm, which proceeded anyway, and successful U.S. pressure to postpone a second conference in Rome until after the 1990 election (p. 19). Despite Sandinista efforts in 1989 to implement stabilization measures that would satisfy the International Monetary Fund as well as Sandinista overtures to the Bush administration, the United States maneuvered to freeze Nicaraguan assets in Panama three days before the 1990 election (pp. 80–81). These anecdotes highlight the constraints under which Sandinista policymakers were operating.

As a key technocrat promoting more orthodox adjustment, Martínez Cuenca assigns blame for economic failings to Comandante Henry Ruíz for favoring "centralized socialism" (p. 51), to British advisor Valpy FitzGerald for a "state-izing view" and the introduction of ration cards (pp. 54–55), and to Comandante Jaime Wheelock for "agricultural policy [that] was skewed in favor of a greater State role and was centered on the idea of carrying out big projects and centralizing resources" (p. 60). In a less personal vein, Martínez Cuenca points to a "triumphalist attitude" exemplified by assuming that foreign aid was inexhaustible, emphasizing redistribution over productive efficiency, not paying enough attention to labor discipline, and tending to view the economy as a technical issue divorced from the political front (pp. 48–49). While many of these criticisms are suggestive, Martínez Cuenca's reflections offer scant details or evidence. Typical of such memoirs, the refrain in *Sandinista Economics in Practice* is, "In short, my position . . . was very much in the minority, but over time, my position showed itself to be correct" (p. 38).

Peter Utting's *Economic Adjustment under the Sandinistas: Policy Reform, Food Security, and Livelihood in Nicaragua* packs in a wealth of excellent data from primary sources. Drawing on years of work in Nicaragua and on urban and rural survey research conducted for the UN Research Institute for Social Development in 1989, Utting examines critically the impact on food security of the "reform" of 1984–1987 and the stabilization and adjustment policies implemented in 1988 and 1989. His perspective is further enriched by his comparative work on economic reform in socialist countries.[18]

Utting takes seriously the Sandinista policy shift enacted between 1984 and 1987, in which "The state reduced by a third the area of farming

18. Peter Utting, *Economic Reform and Third-World Socialism: A Political Economy of Food Policy in Post-Revolutionary Societies* (New York: St. Martin's, 1992).

land under its control, the pace of land redistribution was stepped up and more land and resources were allocated to individual agricultural producers . . . [while] major increases in food producer prices sought to improve the terms of trade for peasant producers . . ." (p. 4). Although these measures were not very successful in terms of macroeconomic stabilization, Utting's meticulous compilation of data shows that peasants responded with increased production, even when production was falling in the "enterprise sector" made up of large private and state enterprises (p. 24). As adjustment policies became more orthodox, per capita food consumption fell below the recommended caloric minimum after 1988 (pp. 45–46). Thus the consequence was literal belt-tightening.

Economic Adjustment under the Sandinistas makes plain the political trade-offs involved in economic adjustment, which probably intensified after the 1990 election.[19] Over half of the families in Utting's 1989 urban survey disapproved of the austerity policies in 1988 and 1989, and 59 percent blamed the government for their economic hardship (pp. 64–65). In a postscript, Utting notes the social unrest after the Chamorro government attempted to impose even harsher austerity with fewer compensatory policies: "The new government was learning the hard way that . . . economic growth and restructuring could not be achieved by riding roughshod over groups that, through a decade of revolutionary transformation, had come to expect and demand both social justice and a degree of participation in the policy process" (p. 103).

Conclusion

The seven works reviewed here paint a picture of a mixed economy pulled in many directions at once. Capitalists demanded incentives, newly mobilized masses expected continually expanding social benefits, and state managers pushed large-scale investments while rising defense costs strained resources. The tensions inherent in this model were often aggravated by policies that concentrated resources and authority in technocrats instead of in the direct producers and social subjects that the policies supposedly represented. Economic imbalances grew, and the more

19. For various perspectives, see Richard Stahler-Sholk, "Stabilization, Destabilization, and the Popular Classes in Nicaragua, 1979–88," *LARR* 25, no. 3 (Fall 1990):55–88; Stahler-Sholk, "El ajuste neoliberal y sus opciones: la respuesta del movimiento sindical en Nicaragua," *Revista Mexicana de Sociología* 56, no. 3 (July–Sept. 1994): 59–88; Oscar Neira Cuadra and Adolfo Acevedo, *Nicaragua, hiperinflación y desestabilización: análisis de la política económica, 1988 a 1991*, Cuadernos CRIES, Serie Ensayos no. 21 (Managua: CRIES, 1992); José Antonio Ocampo, "Collapse and (Incomplete) Stabilization of the Nicaraguan Economy," in *The Macroeconomics of Populism in Latin America*, edited by Rudiger Dornbusch and Sebastián Edwards (Chicago, Ill.: University of Chicago Press, 1991):331–61; and John Weeks, "The Nicaraguan Stabilisation Programme of 1989 and Prospects for Recovery," in *Economic Maladjustment in Central America*, edited by Wim Pelupessy and John Weeks (New York: St. Martin's, 1993), 25–40.

austerity the Sandinistas imposed, the more they undermined their own support base without getting much additional external finance.

The altered priorities of the Chamorro government were soon reflected in the supermarket shelves, which were once again "so stuffed with things in all colors unnecessary and necessary" but accessible to only the few.[20] Inflation fell, but unemployment soared to over 50 percent. Peasants lost access to credit, and some lost land. The mayor of Managua sent bulldozers to raze squatter settlements. In response to all these events, the same strata that were once mobilized for insurrection began to reorganize to demand what they had come to see as their rights. Evidently, whether the FSLN remains at the forefront of those struggles or not, the Sandinista revolution made social subjects out of those who were once the mere objects of policy.

20. From the poem by Padre Ernesto Cardenal, former Sandinista Minister of Culture, "Los estantes vacíos," *Barricada/Ventana*, 20 July 1985, p. 8.