

STABILIZATION, DESTABILIZATION, AND THE POPULAR CLASSES IN NICARAGUA, 1979-1988*

Richard Stahler-Sholk
University of California, Berkeley

The political tensions surrounding economic stabilization in revolutionary Nicaragua between 1979 and 1988 will be examined in this article. A review of the Nicaraguan case reveals that the Sandinista model of a mixed economy (presupposing at least simple reproduction of the capitalist, small producer, and state sectors) with multiclass "national unity" created a series of demands that were increasingly difficult to reconcile with defense priorities and longer-term goals for socioeconomic transformation. After 1981, access to external finance became more restrictive, the payoff horizon for investment projects began to lengthen, and destabilization intensified. Failure to assess these internal and external tensions realistically contributed to inflationary pressures and de facto shifts in income distribution, which at times undermined the consolidation of revolutionary hegemony and required reconsidering alliance strategies.

Focusing on dynamic class alliances in Nicaragua helps define what has been characterized as an atypical experience of socialist transition (Conroy and Pastor 1988). After ten years of revolution, capitalists and peasant or artisan producers still controlled a major share of the economy. Instead of central planning, the Nicaraguan state used control of foreign trade and banking, along with varying degrees of market intervention, to support an accumulation model explicitly aimed at favoring workers and peasants within a broad multiclass alliance. When this model, with its internal and external tensions, proved incapable of pro-

*This article draws on the author's work as a research associate at the Coordinadora Regional de Investigaciones Económicas y Sociales (CRIES) in Managua from 1984 to 1989. Research for this article was supported by a grant from the International Development Research Centre (IDRC) in Ottawa, Canada. Travel funds from the Ministry of Development Cooperation of Norway permitted the presentation of an earlier version at the Congress of the Latin American Studies Association in New Orleans, 17-19 March 1988. The author is grateful to Laura Enriquez, Mario Arana, Gerardo Timossi, Trevor Evans, and the anonymous *LARR* reviewers for their helpful comments.

viding continued improvement in basic welfare, the resulting adjustments formed part of an evolving definition of the character of the Sandinista Revolution.

The Nicaraguan case also raises some of the more general issues associated with the political economy of transition, such as the availability of external finance, the possibilities and implications of various strategies for mobilizing resources for development, and the articulation and balance between different sectors of property. Similar experiences elsewhere suggest that revolutionary transitions have a propensity for financial instability (Griffith-Jones 1981; FitzGerald 1988). The reasons include the immediate demand for expanded government activity, costs associated with sabotage and resistance to proposed transformations, and the disruption of existing patterns of production and distribution. These factors are typically aggravated by external destabilization, which may be considered an inherent part of revolutionary transitions (Vuskovic and Aceituno 1982).

The term *stabilization* is generally reserved by economists to refer to policies aimed at reducing inflation (that is, stabilizing the general price level in a given economy) and correcting macroeconomic disequilibria. The term *destabilization*, in contrast, has acquired currency in the field of politics to refer to actions (usually covert) by one government to undermine and promote the collapse of another government, such as the U.S. destabilization of the Unidad Popular government in Chile in the 1970s. In practice, however, the two concepts are often interrelated because stabilization policies have distributive implications and destabilization campaigns focus on potentially disaffected groups in the target country.

In Nicaragua during this period (as in other revolutionary transitions), access to external financing was restricted and conditioned by geopolitical considerations and the perceived "radicalism" of the regime (Stallings 1986). Nicaragua had suffered a 26 percent drop in production in 1979, the year the Somoza dictatorship was overthrown, and qualified as an obvious candidate for reconstruction financing. But as a result of U.S. pressure, loans from multilateral development banks such as the World Bank and Inter-American Development Bank fell from 78 percent of Nicaragua's contracted borrowing in 1979 to zero between 1984 and 1988 (Stahler-Sholk 1987a). To some extent, Nicaragua was able to replace these sources with bilateral credits, mainly from socialist countries and the social democracies of Western Europe and Latin America. But tied credit lines offered less import flexibility than hard cash, and new commitments of bilateral credits began to taper off in 1986.¹ Although the Nicaraguan Revolution held more possibilities for diversifying dependence than the Cuban Revolution had, quantitative and qualitative limits existed on available aid.

This external financial restriction, in an open economy where

imports represented an average of 33 percent of gross domestic product between 1980 and 1987, was reinforced by a coordinated series of hostilities by the U.S. government aimed at economic and social disruption. U.S.-backed Contra forces attacked coffee harvests (Nicaragua's main export crop), schools, health posts, and other economic and social targets. Meanwhile, the trade embargo imposed by the Reagan administration in May 1985 particularly affected industrial production, which was dependent on U.S.-made parts and materials.

The destabilization campaign, which has been well documented and analyzed elsewhere (FitzGerald 1987a; Walker 1987), inflicted over one billion dollars in direct material damages (see table 1) and a total direct economic cost estimated at five billion dollars between 1980 and 1988,² an amount equaling more than two years of economic production. By the end of this period, defense spending was absorbing over 40 percent of the government budget, 15 percent of the work force, and a significant portion of the country's scarce technical and organizational capacity. Nor was the Contra war the only factor contributing to the economic disequilibria of the 1980s. The Central American economies had already been facing serious structural difficulties by the 1970s (Weeks 1985), which were aggravated by unfavorable international terms of trade, a recession that reduced intraregional commerce to one-third of prewar levels, and an unraveling of mechanisms for regional integration.

In addition to these various external constraints, the ambitious Sandinista model of structural economic transformation was plagued by a disjuncture between demands and available sources of foreign exchange as well as by tension between the state and the capitalist sector, which controlled some 60 percent of agro-export production in the post-1979 mixed economy. These problems were complicated by a lack of state capacity that reflected the dilemma of balancing managerial incentives and revolutionary consciousness as well as the concentration of scarce human resources on the defense effort from 1983 to 1987.³

The relative weight of each of these factors—the war and destabilization, external financial limitations, international and regional economic crisis, and tensions within the revolutionary project itself—as well as other factors is still being studied and debated (Spalding 1987). But the resulting economic imbalances are evident in such indicators as the large trade deficit, fiscal deficit, and hyperinflation (see table 1). In effect, the distributive impact of economic stabilization and adjustment between 1979 and 1988 involved a considerably smaller "pie" to be distributed than the pre-1979 dimensions. In fact, real per capita income in the 1980s fell to 1960 levels.

At the center of the stabilization and destabilization dynamic could be found the struggle over consolidating hegemony in post-Somocista Nicaragua (Núñez 1987). Although the Sandinista project defines work-

TABLE 1 Economic Indicators in Nicaragua, 1979–1988

	1979	1980	1981
Basic Indicators			
GDP (millions of 1980 U.S. dollars) ^b	1,990.4	2,079.9	2,191.4
Population (in thousands) ^c	2,689.5	2,771.0	2,860.8
Real GDP growth (percent) ^d	-26.4	4.5	5.4
Real per capita GDP growth (percent) ^b	-28.5	1.4	2.1
External Sector (millions of U.S. dollars)			
Exports (FOB) ^d	566.5	450.4	508.2
Imports (CIF) ^d	360.2	887.2	999.4
Balance of trade ^d	206.3	-436.8	-491.2
International terms of trade ^b (index 1980 = 100)	95.6	100.0	79.4
External debt (year-end) ^e	1,562.6	1,804.8	2,501.2
Other Indicators			
Index of real wages ^f (base 1980 = 100)	101.2	100.0	91.2
Inflation, Dec.-Dec. (percent) ^c	70.3	24.8	23.2
Unemployment (percent) ^b	32.0	18.3	16.0
Fiscal deficit/GDP (percent) ^b	7.2	8.4	10.0
Costs of the War			
Material damage and production loss (millions of U.S. dollars) ^g	—	1.6	9.2
Defense expenditures as % of government budget ^h	—	20.4	22.0

Sources: See notes below.

^a Preliminary figures.

^b Secretaría de Planificación y Presupuesto (SPP). Conversion of GDP to dollars is the author's calculation, based on IMF methodology.

^c Instituto Nacional de Estadísticas and Censos (INEC).

^d Ministerio de Economía, Industria and Comercio (MEIC).

^e Banco Central de Nicaragua (BCN).

^f Author's calculation, based on inflation figures from INEC and salaries from the Ministerio del Trabajo (MITRAB).

ers and peasants as fundamental classes of the Revolution, numerically they are outnumbered by the urban informal sector and semiproletarianized rural poor within a highly fluid class structure. This "third force" was a crucial base of support for the Frente Sandinista de Liberación Nacional (FSLN) during the 1978–79 insurrection.⁴ For purposes of studying the stabilization-destabilization dynamic, it is important to analyze the distributive impact of specific policies on the more broadly defined "popular classes" and not just the narrower "historical subject" of the Revolution (Vilas 1986b, 46).

The Sandinista strategy for consolidating revolutionary hegemony

TABLE 1 (continued)

1982	1983	1984	1985	1986	1987	1988 ^a
2,173.5	2,273.8	2,238.2	2,146.8	2,125.0	2,110.0	1,941.4
2,956.8	3,058.0	3,163.4	3,272.1	3,384.4	3,501.2	3,621.6
-0.8	4.6	-1.6	-4.1	-1.0	-0.7	-8.0
-4.0	1.2	-4.8	-7.3	-4.3	-4.1	-11.4
406.0	428.8	385.7	301.5	244.2	294.8	235.1
775.5	806.9	825.5	891.9	774.5	825.2	807.1
-369.5	-378.1	-439.8	-590.4	-530.3	-530.4	-572.0
69.7	68.2	73.5	65.4	62.7	74.8	67.7
2,976.1	3,788.6	4,362.2	5,067.9	6,264.0	6,798.7	7,220.1
81.0	69.7	68.3	52.3	19.2	6.7	3.8
22.2	32.9	50.2	334.3	747.4	1,347.2	33,602.6
19.9	18.9	20.6	20.9	22.1	24.4	26.6
13.5	29.8	24.5	23.3	17.6	16.6	24.0
32.1	164.9	216.6	165.0	243.6	408.9	178.1 ^h
18.9	18.2	24.1	34.1	38.5	41.3 ^{a,i}	n.d.

^a CEPAL, "Notas para el estudio económico de América Latina: Nicaragua 1988," Mexico City, 7 July 1989.

^b Ministerio de la Presidencia.

ⁱ CEPAL, "Notas para el estudio económico de América Latina: Nicaragua 1987," Mexico, 2 Mar. 1988.

in the context of external destabilization involved three major elements. The first was to strengthen the urban and rural proletariat through a state-directed process of accumulation that focused on agricultural and agro-industrial modernization (Irvin 1983), a line most closely associated ideologically with the Tendencia Proletaria of the FSLN and perhaps instrumentally with technocrats and state managers.⁵ The second element consisted of strategic alliances with "patriotic" fractions of the bourgeoisie and middle strata—initially promoted by the Tendencia Insurreccional or Tercerista under the rubric of "national unity" (Vilas 1985). A third element of the strategy, which was still being formulated as part of a

restructuring of alliances, involved policies designed to articulate the state sector with wealthier peasants and small agrarian capitalists.

The remainder of the first section of this article will outline macroeconomic policies and stabilization dilemmas in Nicaragua from 1979 to 1988. The second section will examine the level of organization and consciousness of the popular sectors, which are critical to the consolidation of revolutionary hegemony. The following three sections will discuss the distributive implications of stabilization policies, focusing on salaried workers, the urban informal sector, and the peasantry. The concluding section will examine the general implications of the Nicaraguan case for stabilization in the context of revolutionary transition.

MACROECONOMIC POLICIES AND STABILIZATION DILEMMAS, 1979–1988

Stabilization policies in Nicaragua have been described in more detail elsewhere (Arana, Stahler-Sholk, and Timossi 1988; Ruccio 1989). They can be usefully examined in the context of four distinct periods of economic policy: 1979–1981, an expansive phase; 1982, a limited adjustment; 1983–1984, a period of worsening disequilibria and policy indecision; and 1985–1988, gradual adjustment efforts and shock efforts (in 1988) aimed at correcting distortions and reactivating production.

In the 1979–1981 period, economic growth rates recovered from minus 26 percent to plus 5 percent, unemployment was reduced from 32 to 19 percent, and inflation was brought down from 70 percent in 1979 to 23 percent in 1981. Reactivation was accompanied by an expansion of popular consumption levels—arguably a political necessity in the wake of the revolutionary overthrow of the Somoza regime. Urban and rural rents were frozen at low levels, price controls and subsidies were applied to some basic goods, and credit availability was sharply increased.⁶ In 1981 an agrarian reform law began to break up and redistribute latifundia, with the initial emphasis on establishing state enterprises and cooperatives. The tax structure was rendered somewhat more progressive, and government spending outpaced growth of government revenues. The availability of easy foreign credit financed unprecedented levels of imports, without which it would have been impossible to sustain such levels of consumption and maintain relative price stability. Popular mobilization also facilitated the provision of social benefits such as a massive literacy campaign and vaccination programs.

In 1982 the looming foreign credit crunch (partly due to U.S. financial pressures) forced an adjustment that cut imports 26 percent and was accompanied by reductions in real credit to the private sector and in real wages. But the fiscal deficit continued to grow due to rising defense costs (President Ronald Reagan had approved Central Intelligence Agency

support for the Contras in November 1981), floods in May 1982, and the demands of a large investment program that was central to the Sandinista model of long-term structural transformation. The overall effect of the 1982 adjustment was recessionary, although government control and rationing of scarce foreign exchange insured that the cuts affected nonbasic consumption more than basic consumption.⁷ An export incentive program was announced and implemented in a scaled-down version, amidst intense debate that led to the resignation of Alfredo César, president of the Banco Central de Nicaragua. The program established a multiple exchange-rate system coupled with "guaranteed prices" that implied exchange-rate subsidies for agro-exporters (mainly capitalist producers).⁸

Until mid-1983, stabilization policies could be conceived within a framework of development with redistribution (FitzGerald 1985a). In 1983–84, however, U.S. military destabilization intensified, a military draft was instituted, and the cost of the war rose sharply. But despite restriction of external resources and the increasing defense drain, some of the largest investment projects of the revolution were launched in 1982 and 1983, among them the Tipitapa-Malacatoya (TIMAL) sugar mill, Chiltepe dairy plant, and El Bluff deepwater port (Argüello, Croes, and Kleiterp 1988). In addition, a large waiver of *campesino* debt was granted in 1983. Inflationary pressures began to accumulate, and despite explicit recognition of the need for adjustment and stabilization measures (Nicaragua/JGRN 1983), no policy consensus emerged.⁹ The 1984 national elections were undoubtedly a factor in postponing measures that might have a short-term recessionary impact.

During the 1983–84 period, the fiscal deficit reached an all-time high of 29 percent of gross domestic product (GDP) (see table 1), largely due to defense expenditures. The "foreign-exchange subsidy" to agro-export capitalists rose, as Nicaragua's international terms of trade slipped and the dollar shortage intensified, requiring growing monetary emission to cover the gap between implicit exchange rates for imports and exports. Serious distortions in relative prices fostered increased speculation at the expense of productive activity. A national salary system introduced in 1984 briefly attempted to stabilize real wages. But even basic consumption began to fall, and the extensive price-subsidy program probably benefited intermediaries more than poor consumers and actually hurt peasants producing grain for domestic consumption.

The growing disequilibria in this period reflected the impossibility of achieving various goals, given external economic constraints that were unlikely to change in the short term: simultaneously expanding popular consumption, subsidizing the agro-export sector in the interests of national unity, launching a large-scale state investment program aimed at structural transformation, and providing adequately for defense in the

face of escalating external aggression. These tensions were expressed in the form of inflationary pressures (partly repressed by price controls) and a series of economic distortions reflected in a flourishing parallel economy (FitzGerald 1988; Arana, Stahler-Sholk, and Timossi 1988).

In February 1985, a major policy shift was introduced that was intended to correct some of these distortions (Pizarro 1987). Price subsidies were phased out and replaced with regular salary hikes. The official exchange rate was devalued from ten *córdobas* to the U.S. dollar to twenty-eight *córdobas* in February 1985 and then to seventy in February 1986. Import duties in June 1987 imposed an additional 100–300 *córdoba* surcharge on each dollar of nonessential imports. Dollar incentives were expanded for agro-exporters, and campesino producer prices for corn and beans were liberalized to stimulate production. Credit was cut from 100 percent to 80 percent of working capital, and the fiscal deficit was reduced from 23 percent of GDP in 1985 to 17 percent in 1987, although mostly at the expense of civilian public spending.¹⁰

In practice, supply response from the agro-export sector proved inelastic between 1985 and 1987, suggesting that the problem stemmed from a more complex mixture of political and economic factors (including irregular flow of imported inputs) and not simply from lack of price incentives. For campesino producers, policies designed to improve terms of trade showed no results until the 1986–87 harvest. The partial elimination of subsidies unleashed an acceleration of inflation, from 334 percent in 1985 to 747 percent in 1986 and 1,347 percent in 1987. Wage indexing collapsed in mid-1985, and it became clear that the inflationary burden was falling largely on salaried workers. The main distributive effect of economic policies between 1985 and 1987 was to shift resources toward defense, financing a military offensive that dealt the Contras a “strategic defeat” in 1985–86, and toward the rural areas to eliminate potential bases of campesino support for the counterrevolutionary forces. This shift in favor of the countryside was accompanied by a major expansion and reorientation of the agrarian reform. In sum, the 1985 package produced both intended and unintended resource transfers but fell short of traditional stabilization and adjustment goals.

On 14 February 1988, a major new adjustment package was announced, this time of the “shock” variety.¹¹ Key elements of the plan included a devaluation of some 3,000 percent and unification of the official exchange rate, a monetary reform, and a new schedule of controlled prices and salaries. The short-term objectives were to withdraw excess money from circulation, dampen inflationary expectations, and neutralize the monetary holdings of speculators and Contras. In the longer term, the measures sought to alter the structure of relative prices in such a way as to rationalize imports, stimulate export production, reduce speculation, and force greater economic efficiency.

The monetary reform created a "new córdoba," redeemable for one thousand "old córdobas," with the official exchange rate initially set at ten new córdobas to the dollar (a large effective devaluation but still an overvaluation). Wages and prices of basic goods were frozen at levels that provided temporary respite from the steady decline in real wages.¹² Credit policy was tightened, and outstanding debts were revalued. Plans were announced to "compact" the central government apparatus and cut the fiscal deficit to 10 percent of the gross domestic product.

Considerable internal debate took place over the timing of the measures and the relative merits of a gradual approach versus a shock approach. The package was first planned for January, then postponed to March, and then set back to February. The Ministerio de Desarrollo Agropecuario y Reforma Agraria (MIDINRA) presented simulations of a devaluation of the exchange rate to ten thousand (ten new córdobas to the dollar) with 500 percent salary increases, showing that virtually all export production would become unprofitable. The Banco Central de Nicaragua, concerned about the inflationary implications of continued exchange-rate subsidies, countered that profitability would have to be restored in the medium term by increasing efficiency and reducing use of imported inputs, that is, by adjusting to the new structure of relative prices (CIERA 1988). Ideally, the package should have been preceded by extensive cost studies and infrastructural planning to facilitate shifts of production as well as advance stockpiling of basic consumer goods to stabilize prices. In practice, efforts to secure a three-hundred-million-dollar liquid foreign-exchange "cushion" from the EEC and Contadora countries were unsuccessful. Unlike the Plan Cruzado in Brazil, which had been launched with a thirteen-billion-dollar trade surplus, the Nicaraguan plan featured limited recourse to imports as a means of stabilizing short-term supply.

As a potential focus of mobilization, the February 1988 package boosted popular morale on several counts. The surprise monetary reform—like similar measures in Mozambique in 1980 (Wuyts 1988) and Vietnam in 1959 (Spoor 1987)—created a redistributive effect, capturing or nullifying large sums of money presumably in the hands of speculators and Contras. Pro-government newspapers reported that the U.S. Embassy in Managua was forced to deposit more than two hundred and eighty million córdobas in cash while embassy officials dispersed throughout Managua trying to get rid of millions more. As internal prices moved closer to world prices, the U.S. government's destabilization campaign became more costly because the dollars funneled to opposition groups lost the privileged position that had resulted from the highly overvalued exchange rate.

Another impetus to popular mobilization was the temporary increase in the purchasing power of salaries versus official prices of basic goods. The days following the announcement of new wage and price

schedules witnessed levels of direct class confrontation unequaled since 1981: marches organized by the *Comités de Defensa Sandinista* (CDS) through Managua's marketplaces seized goods and forced their sale at official prices as police stood by (IHCA 1988a). The political will to encourage direct action had already been building for several months, as evidenced in a series of speeches by the FSLN leadership urging supporters to "take to the streets" and challenge the opposition forces emboldened by the August 1987 Esquipulas accord and the new political opening. With general elections scheduled for 1990, the political panorama was clearly changing to one in which protracted economic chaos could become a rallying cry for a reinvigorated opposition.¹³

But in actuality, the mobilization potential of the February 1988 package proved short-lived. Price controls were unsustainable in the wake of the cost-price shock triggered by the massive devaluation. Despite official slogans proclaiming that the new córdoba was really worth something, the monthly inflation rate hit 98 percent by June, the purchasing power of salaries had slipped back to pre-February levels, and 80 percent of Managuans surveyed felt that the new money could buy less than the old (Ortega et al. 1988).

On 14 June 1988, another round of adjustment policies was announced, including another maxidevaluation (from thirteen to eighty new córdobas per dollar) and indexation of interest and exchange rates. Remaining subsidies were eliminated except for transportation and social services, price controls were lifted, and official salaries were increased by only 30 percent. Salaries were liberalized for enterprises not financed through the government budget; in practice, however, the new cost structure put a number of firms in the red, and the recession placed unions in a disadvantageous position. The relatively orthodox June 1988 measures were greeted with enthusiasm by the *Consejo Superior de la Empresa Privada* (COSEP), the big business council,¹⁴ but with consternation among salaried workers and the rural poor (IHCA 1988b). In subsequent months, some retreat occurred: credit restrictions imposed in February were eased in May to prevent a collapse in production, and basic food subsidies were reintroduced in July for one hundred and sixty thousand state employees in the health, education, and defense sectors.

Despite these exceptions, tight monetary and credit policies and demand restriction—combined with the cost increases resulting from the second maxidevaluation—forced implicit choices between levels of recession and inflation. By August the restriction of demand had virtually halted the rise in the black-market exchange rate, reduced the gap between market and official prices, and created backlogs of unsold inventory. More than ten thousand public employees were laid off (with a goal of thirty thousand by 1989), and unprecedented cuts were announced in the defense and security budgets. Preliminary figures showed an 8 per-

cent drop in real GDP in 1988. Efforts to reduce the fiscal deficit in 1988 failed, however (partly due to the impact of Hurricane Joan), and inflation hit a monthly peak of 126 percent by December (closing the year at 33,000 percent). More drastic demand restraint in 1989 managed to reduce monthly inflation to 12 percent by April. Although the realignment of relative prices held medium-term prospects for improving productive efficiency, further economic contraction was expected in 1989.

One explicit objective of the reforms was to favor the export sector in order to relieve the foreign-exchange constraint. By the end of 1988, the exchange rate had devalued in real terms, real wages had fallen further, and the industrial sector (a net user of foreign exchange) was forced to undergo serious contraction and restructuring. Employing a new policy of *concertación* (conciliation), the MIDINRA minister, Comandante Jaime Wheelock, announced an end to land confiscations, and the government initiated a series of discussions with private producers that led to concessions.¹⁵ As the Contra military threat receded, the economic crisis took center stage. The government reconsidered the state-centered development strategy, and the shifting correlation of forces opened new space for negotiations in the mixed economy.

With elections scheduled for February 1990, the economic crisis had obvious political implications. As the military dimension of the war diminished, popular expectations for improved living standards outpaced the more lengthy process of adjusting the economy and obtaining financing for postwar reconstruction (Conroy 1988). Meanwhile, the U.S. government employed destabilization tactics similar to those used against the regime of Salvador Allende in Chile. U.S. Ambassador Richard Melton was expelled in July 1988, charged with participating in right-wing organizing of the middle class and bourgeoisie, including such groups as the Coordinadora Democrática de Nicaragua (CDN) and COSEP. In May 1989, two U.S. diplomats were expelled for promoting a teachers' strike. The National Endowment for Democracy, a quasi-governmental U.S. agency, was reportedly distributing millions of dollars to opposition groups in mid-1989, in preparation for the elections.¹⁶

The 1988 economic reforms stimulated widespread debate about their implications for the Sandinista alliance strategy and indeed the overall direction of the revolution (INIES 1988; IHCA 1988b). Critics on the left as well as the right questioned whether the measures differed significantly from standard conditionality of the International Monetary Fund. In fact, the reforms were intended at least partly to encourage new resource flows from official lenders.¹⁷ In the short term, the measures had both recessionary and negative distributive impacts resulting from demand restriction, salary lags, layoffs, and the elimination of subsidies. In the medium term, some suggested, the main beneficiaries would be small and medium agricultural producers (especially in export products such as

coffee, cattle, and sesame), while the main losers would be the urban middle strata, particularly the state bureaucracy (IHCA 1989; Núñez Soto 1989). In this view, the reforms reflected a shift toward a distinctly Nicaraguan grass-roots socialism, while concertación represented an effort to favor the efficient and modernizing fraction of the capitalists over COSEP hard-liners.

The accuracy of this interpretation depends on whether the economic reforms effectively shifted the center of accumulation from the state to small and medium producers and cooperatives, created new mechanisms for socialization of surplus, and opened channels of popular participation in economic decision making. A key factor was the adjustment capacity of the cooperatives, which had become just as dependent as the state farms on subsidized imports and credit (CIERA 1988, 229). Another factor was the ability of the unions to demand access to the enterprises' financial data and to press wage claims in the midst of severe recession (INIES 1988).

The definition of economic policy, as in the preceding period from 1981 to 1987, was strongly influenced by the perceived need to consolidate revolutionary hegemony in the face of external destabilization and structural economic constraints, especially foreign-exchange limitations. Recognition of these dilemmas was avoidable because of easy access to credit in 1979–1981 and was delayed in 1982–1984. It was directly confronted only in the 1985–1988 period, when the economic crisis intensified.

ORGANIZATION AND CONSCIOUSNESS OF THE POPULAR SECTORS

While “stabilization with economic justice” was an abstract goal of Sandinista policy (FitzGerald 1985a), that goal was tempered by a series of alliances (which were not necessarily internally compatible) and also by the need to counteract destabilization measures. These factors tended to alter distributive priorities.

The Sandinistas' political base traced back to clandestine “mass organizing” in the 1970s, but the anti-Somoza movement extended beyond the sectors directly mobilized by the FSLN. The victory of the Sandinista Revolution in 1979 was more an expression of the intense political contradictions of the moment than of the accumulating economic contradictions of the Somocista model (Vilas 1986b). In aggregate economic terms, 1977 represented a peak year of the Somoza dictatorship, mostly due to high cotton prices, although distribution was highly unequal.¹⁸ Only after 1979 did the space for popular organizing significantly widen, and the FSLN, which was still defining itself as a vanguard

organization, began to develop more structured relations with the mass organizations.

In the labor unions, the organized workers' movement had suffered a crippling combination of repression and co-optation since the late 1940s. Few workers had had union experience, and by 1979 only 11 or 12 percent of the work force was unionized.¹⁹ By 1986, in contrast, the proportion of unionized workers had soared to over 50 percent. Most of the growth came from the Sandinista-mobilized urban workers' confederation, the Central Sandinista de Trabajadores (CST), and the agricultural workers' association, the Asociación de Trabajadores del Campo (ATC). Together these two organizations accounted for about 63 percent of organized workers (Stahler-Sholk 1987b). Thus while some of the Sandinista labor activists were former militants from the leftist parties, many had little or no union experience.

The rapid growth of mass organizations after 1979 was not always matched by policies that reinforced the real material base of these constituencies or by a corresponding development of consciousness. The ATC, for instance, initially attempted to group agricultural laborers with small and medium campesinos. Only in 1981 were differences in interests recognized and the separate union of small farmers and ranchers established as the Unión Nacional de Agricultores y Ganaderos (UNAG). This regrouping reflected a deliberate effort to prevent a coalescence of wealthier peasants and capitalists in a counterrevolutionary alliance (Deere, Marchetti, and Reinhardt 1985, 87–91), although rural distribution and agrarian reform policies were not significantly modified to consolidate these bases until 1985.

By the mid-1980s, over half the adult population of Nicaragua had been formally integrated into the mass organizations, despite the fact that membership did not always reflect active participation or autonomous representation of interests. As the war and the economic crisis intensified, the national priorities of "defense and production" sometimes clashed with particular interests of the organized popular sectors. On several notable issues, such clashes prompted a reformulation of economic and social policies (Ruchwarger 1987, 142–46). But the tendency toward verticalism was a general problem acknowledged by the FSLN. Gradual institutionalization of the revolutionary state, particularly after the 1984 elections, also tended to remove substantive tasks from the purview of the mass organizations.

Relations between the FSLN and mass organizations were further complicated by the Frente's ambiguity toward popular mobilization. After a period of direct class-based confrontation with internal opponents of the Sandinista project between 1979 and 1981, including factory takeovers and land invasions promoted by the CST and ATC, the state stepped in to mediate and defuse such conflict. This shift was symbolized by the Social

a pay ceiling for state employees and by enforcing the minimum wage and other previously ignored labor protections. General nominal wage increases of 10 percent in 1980 and 20 percent in 1981 lagged behind inflation, but this modest erosion of real money wages was compensated by a significant expansion of the social wage through a variety of redistributive policies. For example, by 1983–84 school enrollments, social security coverage, and medical consultations had all more than doubled their prerevolutionary levels, while infant mortality fell from 121 to 74 per thousand (Collins 1985, 249). Although such benefits were less class-specific than wage increases, they were accompanied by intense political work in the factories and fields. Strike threats and demands for large wage increases in this period, promoted mainly by unions associated with leftist parties (the Partido Socialista Nicaragüense or PSN, the Partido Comunista de Nicaragua or PCdeN, and the Movimiento de Acción Popular–Marxista Leninista or MAP–ML), were countered by FSLN-organized workers' assemblies advocating improvement of the social wage in place of inflationary pay increases.

This argument began to lose persuasiveness sometime after 1983, as economic constraints limited further expansion of the social wage. An extensive price-subsidy program turned out to be a disincentive to production and exacerbated the already large fiscal deficit. In general, the "social wage" solution was neither less inflationary nor necessarily more equitable than wage hikes, an outcome that became clear when the surplus available for consumption began to shrink. Free or subsidized lunches, clothing, and household articles became an important part of the total remuneration package in the 1980s.²⁰ Both the Sandinista union confederations and the Ministerio del Trabajo (whose approval was required for all collective bargaining agreements after October 1980) had actively promoted substituting nonwage benefits for wage demands. But subsequent efforts in 1984–85 to equalize nonwage benefits were vehemently opposed by affected workers, including such proposals as reducing "payment in kind" (which were worth two or three times the salary in some enterprises) and replacing workplace commissaries with centralized workers' supply centers, the Centros de Abastecimiento de los Trabajadores.²¹

In a further effort to equalize pay and avoid inflationary pressures by linking wage hikes to overall increases in productivity, in 1984 the government introduced the Sistema Nacional de Organización del Trabajo y los Salarios (SNOTS). The system established standardized occupational categories and corresponding wage scales, which were designed to permit regular adjustments for inflation, and initiated an incentive scheme linking pay to production per worker. In practice, however, a rapid succession of nominal adjustments in these salary scales proved

unable to keep pace with inflation, the result being that indexing virtually collapsed and real wages fell sharply after mid-1985 (see table 1).

The problems of wage policy highlighted some of the tensions inherent in the Nicaraguan model of a mixed economy (entailing the reproduction of all sectors of property) and broad class alliances (including workers, campesinos, urban marginals, patriotic capitalists, and professionals), given the external financial constraints and growing defense requirements. These tensions generated inflationary pressures that in practice redistributed income in an increasingly regressive manner. This trend was accentuated by the 1985 economic package, which unleashed repressed inflation and implicitly attempted to stimulate production by restoring profit rates and reducing civilian consumption. Macroeconomic modeling of the Nicaraguan economy (Gibson 1985) indicates that devaluation and salary adjustments under foreign-exchange constraints (as in the 1985 situation) provoked an inflationary spiral with recessionary and negative distributive consequences. More simply put, it was not possible to maintain workers' standard of living while attempting to provide incentives for agro-export capitalists, given external restrictions.

In this context, the incentive bonus scheme incorporated into the national salary system after 1984 was illusory from the outset. Given the absence of complementary policies to increase wage-good production, market prices rose faster than salaries, hence the incentive potential of bonus pay was greatly diminished. While the incentives offered by the national salary system may have increased the intensity of work—particularly in agriculture, where the working day had fallen from historic levels of six hours per day to four hours or less²²—it could do little to correct the enormous productivity problems resulting from wartime and foreign-exchange constraints: irregular supply and quality of imported inputs and spare parts, defense mobilizations, and power blackouts. The system may even have exacerbated productivity problems by provoking more labor turnover in search of better incentive packages. For example, by 1986 annual turnover in Nicaraguan industry was estimated to exceed 40 percent (Nicaragua/SPP 1987, 133–35), a problem that the national salary system could not eliminate. Despite its apparent egalitarianism, which theoretically reduced salary dispersion from a prerevolutionary spread of perhaps seventy-eight to one (Collins 1985, 76) to a low of six to one, in practice the incentive system invited large deviations from the official scales. By 1987 all the non-Sandinista union confederations were calling for abolition of the national salary system, which had come to symbolize rigid and restrictive wage policy (INIES 1987). To whatever extent that a national wage compact existed implicitly in the productivity incentive formula, it had evidently broken down.

The apparently dramatic drop in real wages between 1979 and 1987

a pay ceiling for state employees and by enforcing the minimum wage and other previously ignored labor protections. General nominal wage increases of 10 percent in 1980 and 20 percent in 1981 lagged behind inflation, but this modest erosion of real money wages was compensated by a significant expansion of the social wage through a variety of redistributive policies. For example, by 1983–84 school enrollments, social security coverage, and medical consultations had all more than doubled their prerevolutionary levels, while infant mortality fell from 121 to 74 per thousand (Collins 1985, 249). Although such benefits were less class-specific than wage increases, they were accompanied by intense political work in the factories and fields. Strike threats and demands for large wage increases in this period, promoted mainly by unions associated with leftist parties (the Partido Socialista Nicaragüense or PSN, the Partido Comunista de Nicaragua or PCdeN, and the Movimiento de Acción Popular–Marxista Leninista or MAP–ML), were countered by FSLN-organized workers' assemblies advocating improvement of the social wage in place of inflationary pay increases.

This argument began to lose persuasiveness sometime after 1983, as economic constraints limited further expansion of the social wage. An extensive price-subsidy program turned out to be a disincentive to production and exacerbated the already large fiscal deficit. In general, the "social wage" solution was neither less inflationary nor necessarily more equitable than wage hikes, an outcome that became clear when the surplus available for consumption began to shrink. Free or subsidized lunches, clothing, and household articles became an important part of the total remuneration package in the 1980s.²⁰ Both the Sandinista union confederations and the Ministerio del Trabajo (whose approval was required for all collective bargaining agreements after October 1980) had actively promoted substituting nonwage benefits for wage demands. But subsequent efforts in 1984–85 to equalize nonwage benefits were vehemently opposed by affected workers, including such proposals as reducing "payment in kind" (which were worth two or three times the salary in some enterprises) and replacing workplace commissaries with centralized workers' supply centers, the Centros de Abastecimiento de los Trabajadores.²¹

In a further effort to equalize pay and avoid inflationary pressures by linking wage hikes to overall increases in productivity, in 1984 the government introduced the Sistema Nacional de Organización del Trabajo y los Salarios (SNOTS). The system established standardized occupational categories and corresponding wage scales, which were designed to permit regular adjustments for inflation, and initiated an incentive scheme linking pay to production per worker. In practice, however, a rapid succession of nominal adjustments in these salary scales proved

unable to keep pace with inflation, the result being that indexing virtually collapsed and real wages fell sharply after mid-1985 (see table 1).

The problems of wage policy highlighted some of the tensions inherent in the Nicaraguan model of a mixed economy (entailing the reproduction of all sectors of property) and broad class alliances (including workers, campesinos, urban marginals, patriotic capitalists, and professionals), given the external financial constraints and growing defense requirements. These tensions generated inflationary pressures that in practice redistributed income in an increasingly regressive manner. This trend was accentuated by the 1985 economic package, which unleashed repressed inflation and implicitly attempted to stimulate production by restoring profit rates and reducing civilian consumption. Macroeconomic modeling of the Nicaraguan economy (Gibson 1985) indicates that devaluation and salary adjustments under foreign-exchange constraints (as in the 1985 situation) provoked an inflationary spiral with recessionary and negative distributive consequences. More simply put, it was not possible to maintain workers' standard of living while attempting to provide incentives for agro-export capitalists, given external restrictions.

In this context, the incentive bonus scheme incorporated into the national salary system after 1984 was illusory from the outset. Given the absence of complementary policies to increase wage-good production, market prices rose faster than salaries, hence the incentive potential of bonus pay was greatly diminished. While the incentives offered by the national salary system may have increased the intensity of work—particularly in agriculture, where the working day had fallen from historic levels of six hours per day to four hours or less²²—it could do little to correct the enormous productivity problems resulting from wartime and foreign-exchange constraints: irregular supply and quality of imported inputs and spare parts, defense mobilizations, and power blackouts. The system may even have exacerbated productivity problems by provoking more labor turnover in search of better incentive packages. For example, by 1986 annual turnover in Nicaraguan industry was estimated to exceed 40 percent (Nicaragua/SPP 1987, 133–35), a problem that the national salary system could not eliminate. Despite its apparent egalitarianism, which theoretically reduced salary dispersion from a prerevolutionary spread of perhaps seventy-eight to one (Collins 1985, 76) to a low of six to one, in practice the incentive system invited large deviations from the official scales. By 1987 all the non-Sandinista union confederations were calling for abolition of the national salary system, which had come to symbolize rigid and restrictive wage policy (INIES 1987). To whatever extent that a national wage compact existed implicitly in the productivity incentive formula, it had evidently broken down.

The apparently dramatic drop in real wages between 1979 and 1987

THE URBAN INFORMAL SECTOR

The impact of the inflationary erosion of salaried workers' purchasing power tended to produce a deproletarianization of the work force, undermining one of the strategies conceived by the FSLN for consolidating revolutionary hegemony. The combination of declining real wages and exaggerated distortions of relative prices (which opened large margins for speculative commerce) prompted a flight of salaried workers into the urban informal sector, particularly into informal commerce and services.

Excessive growth in the urban informal sector had been a structural feature of the Nicaraguan economy since the agro-export boom of the 1950s and 1960s, when subsistence cultivators were violently displaced from the Pacific lowlands and industrial growth promoted by the Central American Common Market (CACM) proved insufficient to absorb the rapid rural-urban migration (FitzGerald 1987b). Furthermore, the old agro-export-agro-industrial model required a large seasonal work force with low costs of reproduction (implying cheap food policies). The urban informal sector continued to grow after 1979 for a variety of reasons, including two major ones: the traditional pattern of "informalization" resulting from limited growth of employment in formal-sector activities, aggravated by the foreign-exchange crisis and collapse of the CACM, which particularly affected industrial production; and war-related displacement from rural areas, which by the mid-1980s affected a quarter of a million persons out of a total population of three and one-half million. Internal migration helped double the population of Managua since 1979 to perhaps a million by 1987.

After 1979 the agrarian reform and other social policies contributed to disrupting traditional links between the agro-export and campesino economies. Food policies aimed at benefiting the urban popular classes actually resulted in low peasant-producer prices that aggravated supply constraints (Spoor et al. 1987), inflationary state subsidies, and large margins for commercial speculation, which accelerated the flight of workers into unproductive informal-sector activities.

Although data on shifts in labor and income are sparse,²⁵ some general trends can be deduced from available indicators. Comparing the growth rates of the GDP deflator (a proxy for wholesale prices) with the consumer price index gives some indication of the skyrocketing of commercial margins. By 1985 a street vendor selling three cases of soft drinks a day could earn far more than a cabinet minister. Large exchange-rate differentials created another source of potential windfall earnings. For example, a speculator in foreign exchange between 1980 and 1984, with capital borrowed at commercial interest rates, could turn a real profit of around 80 percent,²⁶ far exceeding profit rates in agricultural production. Between 1985 and 1987, not even dollars kept pace with inflation. With

such dramatic price fluctuations, perhaps the largest profit margins were reaped by *buhoneros*, informal importer-exporters who tracked the pulse of foreign-exchange and consumer-goods markets. A 1985 study showed that an estimated four thousand *buhoneros* in Nicaragua earned about 360 times the average salary (Cabieses 1986, 62–65).

By 1982 five to nine thousand formerly salaried workers had entered the informal sector (Vilas 1986a). By 1985 the urban informal sector accounted for 43 percent of the economically active population of Managua. By 1987 some ten thousand professionals had joined the urban informal sector and another ten thousand had left the country, with only eighteen thousand continuing in salaried jobs.²⁷ In the absence of a national census, available household survey data indicate rapid growth in the informal sector between 1981 and 1985, particularly in commerce and services.

A 1984–85 survey conducted by the Ministerio del Trabajo revealed that income was a major factor cited by workers who had left their jobs for the informal sector but that income within the urban informal sector was highly stratified. Of the highest-earning fifth of the urban informal sector, most were self-employed and often employed others: 41 percent were engaged in commerce, and 30 percent in certain lucrative services (Nicaragua/MITRAB 1987, 42–44). But below this higher-income substratum, the majority of the urban informal sector consisted of workers and apprentices earning minimal, unstable incomes who were less protected from cost of living increases than were salaried workers who enjoyed commissaries and other benefits.

Urban household surveys taken by the Instituto Nacional de Estadísticas y Censos (INEC) between 1981 and 1983 indicate that the average number of income earners per household increased from 1.76 to 2.20, a trend confirmed by preliminary data for 1984–85. But this tendency was not matched by growth in formal-sector employment (see table 1), reflecting instead survival strategies in response to economic crisis. Surveys in Managua barrios in 1986 tended to confirm that household reproduction for the urban poor typically involved a “mixed survival strategy” (IHCA 1986) combining incomes earned in the salaried work force with a variety of productive and unproductive informal activities.

These data suggest that the growing gaps between official and market prices created potentially large speculative margins, signifying a shift of income from salaried workers toward a small subsector of the urban informal sector. Erratic price and foreign-exchange policies were partly responsible for this concentration. On the one hand, economic distortions and accelerating inflation induced large sectors of the population to engage in at least minor forms of speculation or hoarding, given the fact that it would have been irrational to hold córdobas whose value was declining by as much as 50 percent per month. On the other hand,

official discourse portrayed such behavior as a cause of the economic crisis, thus equating the urban informal sector as a whole with "speculation," unproductive activity, or even counterrevolutionary proclivities (Coraggio 1986). Coercive measures that were sporadically applied against speculation, like the campaigns between 1985 and 1987 known as *Puño de Hierro* and *Victoria de Julio*, failed to elicit popular support.

Paradoxically, the urban informal sector had constituted an important base of urban insurrectionary organizing in the late 1970s, and a 1985 Managua study showed substantial support for the revolutionary process among informal-sector vendors (Redondo Lubo 1985). Nevertheless, an undifferentiated approach toward the urban informal sector tended to undermine this potential support base. This incongruity, which reflected a general FSLN indecisiveness with regard to its strategy of alliances, obstructed efforts to mobilize the urban popular sectors and reactivate the CDS between 1985 and 1988.

THE IMPACT OF ADJUSTMENT ON THE PEASANTRY

One of the key dilemmas of transition toward socialism in peripheral agro-export economies is achieving a "balance" between popular consumption, which depends on peasant production of food, and accumulation, which requires primary-product exports (and therefore depends on the world market) for the foreign exchange needed to import producer goods (FitzGerald 1985b). Efforts to subsidize basic consumption while increasing investment, particularly in a context of increased defense expenditure, typically lead to financial imbalance. The transition experiences of Nicaragua and countries like Mozambique suggest that using administrative prices and inflationary money-creation to transfer resources in support of a strategy of state-centered accumulation actually creates a parallel economy. As a result, the state sector becomes disarticulated from peasant and other forms of production and loses its capacity to mobilize resources for accumulation, while the peasant economy is undermined (Wuyts 1988; Kaimowitz 1988). A similar strategy employed in the early transition years in Vietnam led to a shortage of basic agricultural inputs and wage goods for the peasantry, with credit expansion for the state sector being accompanied by increasing inflation and growing imbalance between money in circulation and goods available (Spoor 1987).

In Nicaragua the policy combination of food price subsidies for urban popular consumers, support prices for agricultural producers, and "delinking" from world prices fueled growing deficits that increasingly depended on internal financing. Expansionary domestic credit policies and a huge increase in imports in 1980–81, financed by a temporary surge in liquid foreign loans, permitted a substantial increase in subsidized food consumption while inflation actually decelerated. After 1982, food

imports fell sharply due to foreign-exchange constraints and the resulting adjustment policies, with domestic supply being further affected by various production problems. Foreign-exchange rationing and other redistributive mechanisms were employed to favor basic consumption over nonbasic items (Vilas 1986a, 99). Per capita consumption of basic foodstuffs rose between 1980 and 1983, surpassing prerevolutionary levels, but declined subsequently (Utting 1987).

The repression of nonessential consumption through inflation was a vehicle for surplus extraction, financing a state-led investment rate between 1981 and 1985 that outstripped the rest of Central America. But this approach had unintended negative consequences on rural-urban terms of trade. Moreover, the scarcity of nonbasic consumer goods proved to be a disincentive to large agricultural producers as well as professionals and managers (FitzGerald 1988; Argüello 1988), reflecting some of the underlying tensions inherent in the mixed-economy model and its associated political alliances.

Given supply constraints, continued expansion of demand led to periodic shortages and growing gaps between official and market prices, on both producer and consumer ends, with commercial intermediaries reaping much of the difference. After a number of price subsidies were eliminated by the 1985 economic reforms, inflation shot up, led by food prices. In general, internal terms of trade heavily favored urban consumers at the expense of campesinos during the period from 1980 to 1983. Recognition of the plight of the peasantry was largely prompted by political-military considerations, and terms of trade improved for the peasantry between 1986 and 1988 as a result of resource transfers that mainly burdened urban salaried workers.

1979–1985: EROSION OF TERMS OF TRADE FOR THE PEASANTRY

Precise measurement of these trends is difficult for two reasons: rural consumption surveys have been scattered and micro-level, and effective prices are not easily determined due to extreme segmentation of markets and the quasi-illegality of most basic grain transactions between 1979 and 1985. Tables 4 and 5 present a set of unweighted prices indicating a general deterioration of rural-urban terms of trade in this period, with subsequent reversal of this trend between 1986 and 1988 (until the economic reform of February 1988).²⁸ A number of other studies confirm the deterioration of prices for the peasantry until 1985 (Zalkin 1986; Núñez Soto 1987, 188; Spoor et al. 1987).

At the root of this erosion of domestic terms of trade lay the classic dilemma of cheap food versus peasant support and the economic limits of wishing the problem away through subsidies. The implicit choices that had to be made after 1980–81 were shaped by a vision prevailing in the

TABLE 4 *Evolution of Relative Prices for the Nicaraguan Peasantry (prices in córdobas)*

<i>Item</i>	1978	1985	January 1988	May 1988 ^a
Corn (quintal)	45.0	1,000.0	70,000.0	280.0
Machete (unit)	22.0	400.0	28,779.0	126.5
Rubber boots (pair)	18.0	500.0	35,000.0	233.0
Work trousers	22.0	1,800.0	26,400.0	212.5
Work shirt	10.0	1,400.0	14,916.0	187.0

Source: Calculated from unpublished data of the Centro de Investigaciones y Estudios de la Reforma Agraria (CIERA).

^aMay 1988 prices are shown in *córdobas nuevos*, with 1 equaling 1,000 *córdobas viejos*.

TABLE 5 *Purchasing Power of One Quintal (100 Pounds) of Corn in Nicaragua, 1978-1988*

<i>Item</i>	1978	1985	January 1988	May 1988 ^a
Machete	100	122	119	108
Rubber boots	100	80	80	48
Work trousers	100	27	130	64
Work shirt	100	16	104	33

Source: Calculated from table 4, above.

Note: In the index used, the year 1978 equals 100.

^aMay 1988 prices are shown in *córdobas nuevos*, with 1 equaling 1,000 *córdobas viejos*.

Sandinista alliance strategy that stressed two tracks: the transformation of relations of production through a state-directed modernization of agricultural and agro-industrial production, as part of a process of social differentiation and state accumulation considered essential to consolidating revolutionary hegemony; and cooperativization as a necessary intermediate strategy (Kaimowitz 1986). For example, as late as 1984, 57 percent of all land confiscated under the agrarian reform passed over to the state sector, with only 43 percent going to campesinos and the landless (Núñez Soto 1987, 171), and cooperativization became a virtual requirement for receiving redistributed land. At least in its initial phases, the thrust of the agrarian reform was not anti-capitalist but anti-oligarchical, affecting mainly holdings larger than 350 hectares.

Two other factors that explain the deterioration of relative prices for campesinos were underestimation of the productive importance of the small and medium agricultural producers and an exaggerated appreciation of the political clout of the capitalist producers (Baumeister 1988). The capitalists had a long organizational history in producer associations affiliated with the Consejo Superior de la Empresa Privada (COSEP),

representing the non-Somoza fractions of capital, which may have been more unified than ever by the late 1970s. Small and medium agricultural producers, in contrast, became formally organized only in 1981, when UNAG was formed as a breakaway from the agricultural workers' union (the ATC).

1986–1988: RECOMPOSITION OF RURAL ALLIANCES

After 1985, agrarian reform policies underwent a major shift: more land was redistributed to individual campesinos in 1985–86 than in the years from 1979 to 1984, and the agrarian reform law was formally amended in January 1986 to expand the categories of potentially affected property. Of all land affected in 1985, 95 percent was redistributed to campesinos (Núñez Soto 1987, 171). In addition, producer prices for domestic agriculture were officially liberalized as part of the 1985 economic package (although prices were not entirely freed until the 1986–87 cycle), stimulating an increase in grain production (Spoor et al. 1987).

From the standpoint of adjustment and stabilization, these measures formed part of a series of policies that reintroduced market forces, with the aim of stimulating production and reducing economic irrationalities. In distributive terms, the 1985 package eventually resulted in improving relative prices for the peasantry and thus reinforced the effect of accelerated land distribution and titling. While this transfer of resources toward the rural poor and toward defense contributed to the decisive weakening of the armed counterrevolution (Marchetti 1986; Vilas 1987), it also meant a deterioration in living standards for urban popular sectors.

The relative shift of resources in favor of the *campesinado* was part of a move toward reformulating political alliances. On the one hand, the worker-peasant alliance was strained; and the 1985 package, with its consequent inflationary jolt, had failed to prevent a certain speculative concentration of income. On the other hand, a broader rural alliance had begun to take shape. UNAG's leading role in the successful 1985 land demands and later in organizing an independent network for distributing productive inputs gave it an image of increased autonomy from official policy. This image translated into new capacity to compete effectively for the loyalties of medium and even large agricultural producers and ranchers (Luciak 1987). The shift was symbolized by the 1985 "defection" of part of the membership of the Asociación de Algodoneros de Chinandega (ADACH) from COSEP, the right-wing business council, to UNAG, which resulted from a strategy to undercut COSEP by appealing directly to its local member organizations. At the same time, dollar incentive bonuses were expanded to apply not only to the cattle sector but to other agro-

TABLE 4 Evolution of Relative Prices for the Nicaraguan Peasantry (prices in córdobas)

Item	1978	1985	January 1988	May 1988 ^a
Corn (quintal)	45.0	1,000.0	70,000.0	280.0
Machete (unit)	22.0	400.0	28,779.0	126.5
Rubber boots (pair)	18.0	500.0	35,000.0	233.0
Work trousers	22.0	1,800.0	26,400.0	212.5
Work shirt	10.0	1,400.0	14,916.0	187.0

Source: Calculated from unpublished data of the Centro de Investigaciones y Estudios de la Reforma Agraria (CIERA).

^aMay 1988 prices are shown in *córdobas nuevos*, with 1 equaling 1,000 *córdobas viejos*.

TABLE 5 Purchasing Power of One Quintal (100 Pounds) of Corn in Nicaragua, 1978–1988

Item	1978	1985	January 1988	May 1988 ^a
Machete	100	122	119	108
Rubber boots	100	80	80	48
Work trousers	100	27	130	64
Work shirt	100	16	104	33

Source: Calculated from table 4, above.

Note: In the index used, the year 1978 equals 100.

^aMay 1988 prices are shown in *córdobas nuevos*, with 1 equaling 1,000 *córdobas viejos*.

Sandinista alliance strategy that stressed two tracks: the transformation of relations of production through a state-directed modernization of agricultural and agro-industrial production, as part of a process of social differentiation and state accumulation considered essential to consolidating revolutionary hegemony; and cooperativization as a necessary intermediate strategy (Kaimowitz 1986). For example, as late as 1984, 57 percent of all land confiscated under the agrarian reform passed over to the state sector, with only 43 percent going to campesinos and the landless (Núñez Soto 1987, 171), and cooperativization became a virtual requirement for receiving redistributed land. At least in its initial phases, the thrust of the agrarian reform was not anti-capitalist but anti-oligarchical, affecting mainly holdings larger than 350 hectares.

Two other factors that explain the deterioration of relative prices for campesinos were underestimation of the productive importance of the small and medium agricultural producers and an exaggerated appreciation of the political clout of the capitalist producers (Baumeister 1988). The capitalists had a long organizational history in producer associations affiliated with the Consejo Superior de la Empresa Privada (COSEP),

representing the non-Somoza fractions of capital, which may have been more unified than ever by the late 1970s. Small and medium agricultural producers, in contrast, became formally organized only in 1981, when UNAG was formed as a breakaway from the agricultural workers' union (the ATC).

1986–1988: RECOMPOSITION OF RURAL ALLIANCES

After 1985, agrarian reform policies underwent a major shift: more land was redistributed to individual campesinos in 1985–86 than in the years from 1979 to 1984, and the agrarian reform law was formally amended in January 1986 to expand the categories of potentially affected property. Of all land affected in 1985, 95 percent was redistributed to campesinos (Núñez Soto 1987, 171). In addition, producer prices for domestic agriculture were officially liberalized as part of the 1985 economic package (although prices were not entirely freed until the 1986–87 cycle), stimulating an increase in grain production (Spoor et al. 1987).

From the standpoint of adjustment and stabilization, these measures formed part of a series of policies that reintroduced market forces, with the aim of stimulating production and reducing economic irrationalities. In distributive terms, the 1985 package eventually resulted in improving relative prices for the peasantry and thus reinforced the effect of accelerated land distribution and titling. While this transfer of resources toward the rural poor and toward defense contributed to the decisive weakening of the armed counterrevolution (Marchetti 1986; Vilas 1987), it also meant a deterioration in living standards for urban popular sectors.

The relative shift of resources in favor of the *campesinado* was part of a move toward reformulating political alliances. On the one hand, the worker-peasant alliance was strained; and the 1985 package, with its consequent inflationary jolt, had failed to prevent a certain speculative concentration of income. On the other hand, a broader rural alliance had begun to take shape. UNAG's leading role in the successful 1985 land demands and later in organizing an independent network for distributing productive inputs gave it an image of increased autonomy from official policy. This image translated into new capacity to compete effectively for the loyalties of medium and even large agricultural producers and ranchers (Luciak 1987). The shift was symbolized by the 1985 "defection" of part of the membership of the Asociación de Algodoneros de Chinandega (ADACH) from COSEP, the right-wing business council, to UNAG, which resulted from a strategy to undercut COSEP by appealing directly to its local member organizations. At the same time, dollar incentive bonuses were expanded to apply not only to the cattle sector but to other agro-

based, multiclass alliance was narrowed by economic priorities, as the urban informal sector and the less efficient capitalist producers lost some protections offered by indiscriminate subsidies. Middle-class consumption continued to be squeezed, even at the cost of losing technicians and professionals. Whether or not initial policies can be accurately attributed to urban-technocratic bias, policy shifted between 1985 and 1988 in an effort to consolidate rural alliances, and the government showed willingness to contract the state and cooperative sectors rather than maintain them for ideological reasons at the cost of greater worker and peasant sacrifice. But the 1988 reforms, instead of leading to massive privatization, reintroduced the possibility of price stability and economic calculation, potentially increasing the state's capacity for planning.

In terms of basic welfare provision, the revolutionary government was forced to reduce its initial aspirations for socially guaranteed levels of consumption (and implicitly, to accept higher unemployment rather than to subsidize low productivity). The Nicaraguan case tends to confirm two points regarding the labor process in Third World transitions. First, the "social wage" can be increased through popular mobilization campaigns and volunteer labor only up to a certain point, after which significant commitments of financial resources are required; and politically, the social wage is not an entirely acceptable substitute for money wages. Second, productivity incentives tend not to work without adequate supplies of incentive goods.

The role of the state as "center of accumulation" underwent some redefinition as part of the stabilization policies adopted in Nicaragua. Comparative experience suggests that the use of inflationary money-creation to finance state-led (capital-intensive) investment, to the neglect of agricultural implements and basic consumption goods, drives the peasantry into the parallel economy and creates distortions that ultimately undermine the project of state-led transformation of the productive structure. In political terms, the mobilization and allegiance of the peasantry proved to be a central concern for the FSLN, particularly in the context of external aggression.

Finally, the external policies of the Sandinista government continued to prioritize defense and diversification of dependency. The military defeat of the Contras and the undermining of their political support in Nicaragua as well as the United States created some of the conditions necessary for successful economic stabilization, including the possibility of reducing defense spending and attracting support from the international community for economic reconstruction.

NOTES

1. Total credits and donations fell from a peak of more than one billion dollars contracted in 1985 to less than three hundred and eighty-five million in 1987 (see Conroy 1988). Liquid foreign exchange fell from 81 percent of import financing in 1980 to 29 percent in 1985–1987, while credit lines rose from 10 percent to 47 percent in the same period (according to the Ministerio de Economía, Industria y Comercio).
2. Figures for total economic cost come from the Ministerio de la Presidencia, based on United Nations–ECLA methodology (FitzGerald 1987a). This estimate includes material damage and loss, financial costs, and “excess” defense spending.
3. According to Fagen, the new government personnel were “neither totally ‘revolutionary’ nor very ‘expert’” (Fagen 1986, 251). The pro-FSLN professional association CONAPRO (Confederación Nacional de Asociaciones Profesionales–Héroes y Mártires) estimated that one-third of the thirty-three thousand professionals had left Nicaragua by 1988. On management problems in state enterprises, see Biondi-Morra (1988).
4. Students and artisans or tradespersons made up the largest share of direct participants in the insurrection (Núñez Soto 1980; Vilas 1986b). Richard Harris estimates the urban class structure as being made up of 25 percent artisans or self-employed, 21 percent informal services or unemployed, 20 percent proletariat, 10 percent salaried petty bourgeoisie, and 24 percent property owners (Harris 1985). For the rural sector, Vilas indicates 29 percent proletariat, 38 percent poor peasants, 22 percent medium peasants, 8 percent wealthy peasants, and 2 percent bourgeoisie (Vilas 1986b).
5. Baumeister (1988) emphasizes ideological explanations of state-centered accumulation bias in the Nicaraguan case. FitzGerald (1988) points to institutional and organizational features of peripheral socialist economies. Griffith-Jones (1981), analyzing Allende’s Chile, stresses politically generated demand for government expenditures.
6. Agricultural credit in this period increased in real terms by 85 percent, with small producers benefitting in particular. See the chapter by Laura Enriquez and Rose Spalding in Spalding (1987).
7. In index figures with the base year of 1980 equaling 100, per capita basic consumption fell to 92 in 1982 and to 74 in 1985 while per capita nonbasic consumption fell to 53 and 26, respectively (Vilas 1986a, 99).
8. Foreign trade was nationalized after the Revolution. The state sold imported inputs to exporters at the official exchange rate and purchased their production at a “guaranteed price” based on a higher implicit exchange rate (equaling guaranteed price divided by world-market price). The state took a córdoba loss on the transaction (known as *pérdidas cambiarias*) that equaled 9 percent of GDP in 1987, financed by inorganic monetary emission by the Banco Central. On this subsidy and its inflationary impact, see Arana, Stahler-Sholk, and Timossi (1988) and CIERA (1988, 198, 213–18).
9. After the 1988 economic reform, government sources revealed that planning for a major adjustment and monetary reform had begun as early as 1982. See “Operación ‘Bertha,’” *Barricada*, 1–3 Mar. 1988. By the time the technical details had been put in place in 1984, the plan was judged politically inconvenient.
10. In practice, this credit restriction did not necessarily force producers to put up their own capital because controls were lax and interest rates remained strongly negative in real terms. Despite the reduction in the central government deficit, the global public-sector deficit (including exchange-rate losses and unfunded investment) amounted to 30.9 percent of GDP, according to data from the Banco Central.
11. This description draws on an interview with Ministro Alejandro Martínez Cuenca, Secretaría de Planificación y Presupuesto, 9 June 1988. For details of the economic reforms, see “A defender el córdoba nuevo,” *Barricada*, 15 Feb. 1988, p. 1; “¡Córdoba nuevo!” *El Nuevo Diario*, 15 Feb. 1988, p. 1; and “A cerrar filas en batalla económica,” *Barricada*, 15 June 1988, p. 1. See also “Situación y alternativas económicas en Nicaragua,” INIES *Boletín Socio-Económico* (Managua) no. 7 (May 1988):1–40; “Radical reforma en Nicaragua,” *Pensamiento Propio* (Managua), no. 49 (Mar. 1988):40–52; and “Reforma económica nicaragüense,” *Pensamiento Propio*, no. 58 (Mar. 1989):2–4.
12. Average salaries rose 384 percent (ranging from 305 percent at the low end of the scale

- to 662 percent at the high end), while official price increases for thirty-three basic goods averaged 273 percent. My calculations are based on data from the Ministerio de Trabajo. The new salary table represented a widening of the maximum-minimum ratio from eight to one to about fifteen to one.
13. A coalition of fourteen right- and left-wing opposition parties formed in 1987, appealing to middle sectors and urban workers mainly on the basis of economic issues. An opposition "march against hunger" in Managua in January 1988 attracted some ten thousand participants.
 14. COSEP Vice President Ramiro Gudián stated, "I congratulate the Sandinista government." See "Empresarios alegres con medidas," *El Nuevo Diario*, 16 June 1988, p. 1.
 15. Comandante Tomás Borge, "Concertación es discutir la desconfianza histórica," *Barricada*, 7 Mar. 1989, p. 3; Presidente Daniel Ortega, "Hay que rescatar el espíritu de los buenos productores," *Barricada*, 12 Mar. 1989, p. 3; and "Consenso nacional para impulsar la producción," *Barricada*, 21 Apr. 1989, p. 1. For views of the moderate and hard-line private sector, see "¿Qué esperar de la concertación?" *Barricada*, 6 Mar. 1989, p. 3; and "Bolaños Geyer habla para *La Crónica*," *La Crónica*, 25 Jan. 1989, p. 1.
 16. See "More Outside Funding for Opposition," *Regionews from Managua* (published by Coordinadora Regional de Investigaciones Económicas y Sociales), no. 5, 1 June 1989, p. 6; and "Chilenización, el nuevo nombre de la guerra," *Envío* 8, no. 93 (May 1989):1-13.
 17. See Comandante Henry Ruíz, Ministro de Cooperación Externa, "¿Está la Revolución en una nueva etapa histórica?" *Barricada*, 25 Feb. 1989, p. 3. A UNDP-World Bank mission in May 1988 and a 1989 Swedish mission endorsed the direction of the reforms. In May 1989, Sweden took the lead in organizing an unusual fifty-million-dollar European package of bilateral loans to support the balance of payments, following a visit by President Ortega and leaders of the Nicaraguan private sector. IMF financing seemed unlikely due to mutual political reservations.
 18. The wealthiest 5 percent in Nicaragua controlled 28 percent of national income, while the poorest 50 percent received only 15 percent. See CEPAL, "Repercusiones económicas de los acontecimientos políticos recientes" (Mexico City: CEPAL, 1979).
 19. This estimate comes from Vilas (1986b, 176). Aside from Somocistas, many of the labor activists with the most experience came from the Partido Socialista Nicaragüense (PSN), the Partido Comunista de Nicaragua (PCdeN), or the Movimiento de Acción Popular-Marxista Leninista (MAP-ML).
 20. A 1984 survey of the metallurgical industry indicated that salaries represented 60 percent of enterprises' total wage fund, legally required benefits, 20 percent, and additional benefits, another 20 percent. From my interview with an official of the Secretaría de Planificación y Presupuesto, Departamento de Empleo y Salarios, in Managua, 8 July 1985. Content analysis of collective bargaining agreements showed that the proportion of clauses referring to money wages fell from 19 percent in 1979 to 3 percent in 1983 (see Nicaragua, MITRAB 1984, 45).
 21. In the large state textile factory FANATEX (Fábrica Nacional de Textiles), hundreds of workers walked off the job in June 1985 to protest the elimination of allotments of fifteen yards of cloth per worker per month. A CST survey of twenty-two industrial firms in May 1985 showed that payment in goods represented an average of 42 percent of workers' total income. The practice was especially widespread in the textile industry, where the Communist party of Nicaragua had most of its union strength (Stahler-Sholk 1985).
 22. Internal study, Ministerio de Desarrollo Agropecuario y Reforma Agraria, cited in "A ganar la guerra de las seis horas," *Barricada*, 17 June 1986, p. 1.
 23. Also, the tax structure came to depend heavily on regressive indirect taxes after 1981, and social spending as a percentage of the government budget declined steadily (Vilas 1985).
 24. Alfonso Pérez, ATC Secretario de Asuntos Laborales, INIES forum on labor in Nicaragua, Managua, 12 Nov. 1986.
 25. No national census has been conducted since the Revolution. The consumer price index was based on 1958 and 1972 consumption surveys until 1988, when the weighting was

- adjusted with 1984–85 data. Urban household surveys were conducted by the Instituto Nacional de Estadísticas y Censos (INEC) in 1981, 1982, and 1983. A rural survey in 1983 was discarded because of methodological defects. Results of a 1985 national socio-demographic survey are still unavailable. Few studies have been made of the informal sector since 1979. No wholesale price index exists. National accounts were being overhauled in 1987–88 with UN technical assistance.
26. Incomes of street vendors were reported in *El Nuevo Diario*, 20 Sept. 1985. Comparison of gross-domestic-product deflator and consumer price index based on data from the Secretaría de Planificación y Presupuesto and the Instituto Nacional de Estadísticas y Censos. Profit estimates are based on Banco Central data on exchange rates and interest rates and on inflation figures from INEC.
 27. Figures on professionals come from February 1988 estimates made by CONAPRO/HyM (Confederación Nacional de Asociaciones Profesionales-Héroes y Mártires).
 28. This trend is confirmed by a comparison of basic grain prices with the GDP price deflator for industry (see Ruccio 1989 and IHCA 1986).
 29. For details of Sandinista efforts to reconstruct a social base in Region VI and later in Region V, see "VI Región," *Pensamiento Propio*, no. 41 (May 1987):29–45; and "V Región," *Pensamiento Propio*, no. 45 (Oct. 1987):24–36; see also "Ganando al campesinado en la V," *Barricada*, 19 July 1988, p. 3.
 30. The April and June 1989 measures are described in "Consenso nacional para impulsar la producción," *Barricada*, 21 Apr. 1989, p. 1; and "UNAG: desembolsos según el tipo de productor," *Barricada*, 26 June 1989, p. 3.
 31. Comandante Henry Ruíz, Ministro de Cooperación Externa, "Tenemos que organizar nuestras propias fuerzas," *Barricada*, 27–29 July 1987, pp. 1–3.

BIBLIOGRAPHY

- ARANA, MARIO, RICHARD STAHLER-SHOLK, AND GERARDO TIMOSSI
 1988 "Debt, Stabilization, and Adjustment: The Transformation in Nicaragua, 1979–1986." *Annual Review of Nicaraguan Sociology* 1, nos. 1–2:54–89. Published by Loyola University, New Orleans.
- ARGÜELLO, ALEJANDRO, EDWIN CROES, AND NANNO KLEITERP
 1988 *Acumulación y transformación: Nicaragua, 1979–1985*. INIES Cuadernos de Investigación, no. 3. Managua: INIES.
- BAUMEISTER, EDUARDO
 1988 "Tres condicionantes político-ideológicos en la formulación de las políticas agrarias en Nicaragua." *INIES Boletín Socio-Económico*, no. 7 (May):3–11.
- BIONDI-MORRA, BRIZIO N.
 1988 "Managing Food Policy Implementation in Developing Countries: The Case of the Nicaraguan State-Owned Agribusiness Enterprises, 1979–1985." Ph.D. diss., Harvard University, School of Business Administration.
- CABIESES, HUGO
 1986 *Economía nicaragüense, 1979–1986: marco global para su análisis*. Managua: Departamento de Economía Agrícola, Universidad Nacional Autónoma de Nicaragua.
- CIERA (CENTRO DE INVESTIGACION Y ESTUDIO DE LA REFORMA AGRARIA)
 1988 *El debate sobre la reforma económica*. Managua: CIERA.
- COLLINS, JOSEPH
 1985 *Nicaragua: What Difference Could a Revolution Make?* 2d ed. San Francisco: Institute for Food and Development Policy.
- CONROY, MICHAEL E.
 1988 *Nicaragua: The Economic Dilemmas of Peace and Democracy in 1988*. Texas Papers on Latin America, no. 88–05. Austin: University of Texas.
- CONROY, MICHAEL E., AND MANUEL PASTOR, JR.
 1988 "The Nicaraguan Experiment: Characteristics of a New Economic Model." In *Crisis in Central America: Regional Dynamics and U.S. Policy in the 1980s*, edited by Nora Hamilton, Jeffrey A. Frieden, Linda Fuller, and Manuel Pastor, Jr., 207–25. Boulder, Colo.: Westview.

Latin American Research Review

- CORAGGIO, JOSE LUIS
1986 "Economics and Politics in the Transition." In FAGEN, CORAGGIO, AND DEERE 1986, 143-70.
- DEERE, CARMEN DIANA, PETER MARCHETTI, AND NOLA REINHARDT
1985 "The Peasantry and Sandinista Agrarian Policy, 1979-1984." *LARR* 20, no. 3:75-109.
- FAGEN, RICHARD R.
1986 "The Politics of Transition." In FAGEN, CORAGGIO, AND DEERE 1986, 249-63.
- FAGEN, RICHARD R., JOSE LUIS CORAGGIO, AND CARMEN DIANA DEERE, EDS.
1986 *Transition and Development: Problems of Third World Socialism*. New York: Monthly Review.
- FITZGERALD, E. V. K.
1985a "Stabilization and Economic Justice: The Case of Nicaragua." In *Debt and Development in Latin America*, edited by Kwan S. Kim and David F. Ruccio, 191-204. Notre Dame, Ind.: University of Notre Dame Press.
1985b "The Problem of Balance in the Peripheral Socialist Economy: A Conceptual Note." *World Development* 13, no. 1:5-14.
1987a "An Evaluation of the Economic Cost to Nicaragua of U.S. Aggression, 1980-1984." In SPALDING 1987, 195-213.
1987b "Notas sobre la fuerza de trabajo y la estructura de clases en Nicaragua." *Revista Nicaragüense de Ciencias Sociales* 2, no. 2 (Mar.):34-40.
1988 "Problems in Financing a Revolution: Accumulation, Defence, and Income Distribution in Nicaragua, 1979-86." In *Financing Economic Development*, edited by E. V. K. Fitzgerald and R. Vos. London: Gower.
- GIBSON, BILL
1985 "A Structuralist Macromodel for Post-Revolutionary Nicaragua." *Cambridge Journal of Economics* 9:347-69.
- GRIFFITH-JONES, STEPHANY
1981 *The Role of Finance in the Transition to Socialism*. Totowa, N.J.: Allenheld, Osmun.
- HARRIS, RICHARD L.
1985 "Transformación económica y desarrollo industrial de Nicaragua." In HARRIS AND VILAS 1985, 81-138.
- HARRIS, RICHARD L., AND CARLOS M. VILAS, EDS.
1985 *La revolución en Nicaragua*. Mexico City: Era.
- IHCA (INSTITUTO HISTORICO CENTROAMERICANO)
1986 "Crisis económica: lenta transición a un modelo de sobrevivencia popular." *Envío* 5, no. 63 (Sept.):1b-24b.
1988a "La reforma monetaria: ¿inicio de una insurrección económica?" *Envío* 7, no. 82 (Apr.-May):17-42.
1988b "El pueblo de Nicaragua: por la paz y por un modelo económico más popular." *Envío* 7, no. 85 (July-Aug.):1-54.
1989 "Nicaragua." *Envío* 8, no. 92 (Mar.):57-95.
- INIES (INSTITUTO NICARAGÜENSE DE INVESTIGACIONES ECONOMICAS Y SOCIALES)
1987 "Las centrales sindicales ante la política económica." *Cuadernos de Investigación*, no. 2. (December).
1988 "Ajuste sin monetarismo: una alternativa para afrontar la crisis." *Boletín Socio-Económico*, no. 10. (Nov.-Dec.):1-8.
- IRVIN, GEORGE
1983 "Nicaragua: Establishing the State as Centre of Accumulation." *Cambridge Journal of Economics* 7, no. 2 (June):125-39.
- KAIMOWITZ, DAVID
1986 "Nicaraguan Debates on Agrarian Structure and Their Implications for Agricultural Policy and the Rural Poor." *Journal of Peasant Studies* 14, no. 1 (Oct.):100-17.
1988 "Nicaragua's Experience with Agricultural Planning: From State-Centered Accumulation to the Strategic Alliance with the Peasantry." *Journal of Development Studies* 24, no. 4 (July):115-35.
- LUCIAK, ILJE
1987

- Reform Policies, 1979–1986." *Journal of Latin American Studies* 19, no. 1 (May): 113–40.
- MARCHETTI, PETER
 1986 "War, Popular Participation, and Transition to Socialism." In FAGEN, CORAGGIO, AND DEERE 1986, 303–30.
- NICARAGUA/JGRN (JUNTA DE GOBIERNO DE RECONSTRUCCION NACIONAL)
 1983 *Lineamientos de política económica, 1983–1988*. Managua: JGRN.
- NICARAGUA/MITRAB (MINISTERIO DEL TRABAJO)
 1984 *La convención colectiva en Nicaragua*. Managua: Centro de Estudios del Trabajo (CETRA).
 1987 *El sector informal en Managua*. Managua: Centro de Estudios del Trabajo (CETRA).
- NICARAGUA/SPP (SECRETARIA DE PLANIFICACION Y PRESUPUESTO)
 1987 *Plan económico nacional 1987*. Managua: INIES/SPP.
- NUÑEZ SOTO, ORLANDO
 1980 "La tercera fuerza social en los movimientos de liberación nacional." *Estudios Sociales Centroamericanos*, no. 27. (Sept.–Dec.):141–57.
 1987 *Transición y lucha de clases en Nicaragua, 1979–1986*. Mexico City: Siglo Veintiuno.
 1989 "Reforma económica y orientación socialista de la Revolución." *Revolución y Desarrollo*, no. 4 (Jan.–Mar.):5–16.
- ORTEGA, MARVIN, ET AL.
 1988 "Encuesta de opinión sobre la paz y la democracia en Nicaragua y Centroamérica." UCA/Centro de Investigaciones Itztani, Managua. *Encuentro*, no. 35 (September–December).
- PIZARRO, ROBERTO
 1987 "The New Economic Policy: A Necessary Readjustment." In SPALDING 1987, 217–32.
- REDONDO LUBO, AIDA
 1985 "El sector informal: la mujer en el pequeño comercio." Forty-Fifth Americanist Congress, Bogotá. July. Summarized in *Pensamiento Propio* (Mar. 1986):7–11.
- RUCCIO, DAVID F.
 1989 "The Costs of Austerity in Nicaragua: The Worker-Peasant Alliance, 1979–1987." In *Paying the Costs of Austerity in Latin America*, edited by Howard Handelman and Werner Baer. Boulder, Colo.: Westview.
- RUCHWARGER, GARY
 1987 *People in Power: Forging a Grassroots Democracy in Nicaragua*. South Hadley, Mass.: Bergin and Garvey.
- SPALDING, ROSE J., ED.
 1987 *The Political Economy of Revolutionary Nicaragua*. Boston: Allen and Unwin.
- SPOOR, MAX
 1987 "Finance in a Socialist Transition: The Case of the Democratic Republic of Vietnam (1955–1964)." *Journal of Contemporary Asia* 17, no. 3.
- SPOOR, MAX, ROBERT BAKKER, ORLANDO MENDOZA, AND EVERT VISSER
 1987 "Política de precios y de comercialización en Nicaragua (1979–1987): notas sobre la intervención estatal en el mercado de granos básicos." *Cuadernos ocasional papers*. Managua: Departamento de Economía Agrícola, Universidad Nacional Autónoma de Nicaragua.
- STAHLER-SHOLK, RICHARD
 1985 "La política salarial en Nicaragua, 1979–85." Managua: Equipo de Estudios Económicos, Coordinadora Regional de Investigaciones Económicas y Sociales.
 1987a "Foreign Debt and Economic Stabilization Policies in Revolutionary Nicaragua." In SPALDING 1987, 151–68.
 1987b "Organized Labor in Nicaragua." In *Latin American Labor Organizations*, edited by Sheldon L. Maram and Gerald Michael Greenfield, 549–75. Westport, Conn.: Greenwood.
- STALLINGS, BARBARA
 1986 "External Finance and the Transition to Socialism in Small Peripheral Societies." In FAGEN 1986, 54–78.

Latin American Research Review

- TORRES, ROSA MARIA, AND JOSE LUIS CORAGGIO
1987 *Transición y crisis en Nicaragua*. San José, Costa Rica: Coordinadora Regional de Investigaciones Económicas y Sociales, Instituto Centroamericano de Documentación e Investigación Social, and Departamento Ecuménico de Investigaciones.
- UTTING, PETER
1987 "Domestic Supply and Food Shortages." In SPALDING 1987, 127-48.
- VILAS, CARLOS M.
1985 "Unidad nacional y contradicciones sociales en una economía mixta: Nicaragua, 1979-1984." In HARRIS AND VILAS 1985, 17-50.
1986a "El impacto de la transición revolucionaria en las clases populares: la clase obrera en la revolución sandinista." *Cuadernos Políticos*, no. 48 (Oct.-Dec.):92-114.
1986b *The Sandinista Revolution: National Liberation and Social Transformation in Central America*. Translated by Judy Butler. New York: Monthly Review.
1987 "El impacto de la guerra en la revolución sandinista." *Revista Nicaragüense de Ciencias Sociales* 2, no. 2 (Mar.):5-18.
- VUSKOVIC, PEDRO, AND GERARDO ACEITUNO
1982 "Los problemas económicos de la transición." *Investigación Económica*, nos. 159-60 (January-June).
- WALKER, THOMAS W., ED.
1987 *Reagan versus the Sandinistas: The Undeclared War on Nicaragua*. Boulder, Colo.: Westview.
- WEEKS, JOHN
1985 *The Economies of Central America*. New York: Holmes and Meier.
- WUYTS, MARC ERIC
1988 *Money and Planning for Socialist Transition: The Mozambican Experience*. London: Gower.
- ZALKIN, MICHAEL
1986 "Peasant Response to State Grain Policy in Post-Revolutionary Nicaragua." Ph.D. diss., University of Massachusetts, Amherst.