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DEMOCRACY HELD HOSTAGE IN NICARAGUA: PART I

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BEFORE THE

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HOUSE OF REPRESENTATIVES

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DEMOCRACY HELD HOSTAGE IN NICARAGUA: PART I

THURSDAY, DECEMBER 1, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:14 a.m., in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order. After recognizing myself and the ranking member, Mr. Berman, for 7 minutes each for our opening statements, I will recognize the chair and the ranking member of the Subcommittee on the Western Hemisphere for 3 minutes each for their opening statements, and 1 minute for any other member seeking recognition.

We will then hear from our witnesses, and without objection, the witnesses' prepared statements will be made a part of the record, and members may have 5 days to insert statements and questions for the record, subject to length limitations in the rules. The chair now recognizes herself for 7 minutes.

Twenty-five years ago President Ronald Reagan assisted freedom fighters in pushing back the cancer of communism that Daniel Ortega and the Sandinistas were spreading into Nicaragua. At that time another Florida Member was chairing the Foreign Affairs Committee, the distinguished Dante Fascell, my friend and mentor, who had witnessed and heard firsthand from his constituents fleeing communism about what was taking place in Nicaragua.

Dante Fascell decided, as he always did, to stand for freedom and democracy against the oppressive tactics employed by the likes of Daniel Ortega. Today I am proud to carry the torch and do the same for the people of Nicaragua, although not as well nor as valiantly as Chairman Fascell did. I am standing for U.S. interests against Ortega's new assault on Nicaragua's democratic process and institutions.

Some may ask, why is Nicaragua important at all? As one of our fellow witnesses, Ambassador Callahan, wrote before the elections, "Nicaragua matters because Nicaraguans, like people everywhere, matter. They deserve to live in freedom and with dignity."

In 2008 Ortega orchestrated massive electoral fraud during the municipal elections. This caused the Millennium Challenge Corporation to terminate the remainder of the compact with Nicaragua in 2009, totaling $62 million. It therefore should come as no surprise that Ortega would pursue the same approach to the recent Presidential elections.

But what did we do to prevent this latest affront on the rule of law and constitutional authority? In hopes of receiving cooperation to fight drug trafficking in Central America, the Obama administration appeared to do nothing. A very small sector within the Nicaraguan military is assisting U.S. counternarcotics operations. U.S. foreign policy can neither be restricted to such narrow objectives in Latin America nor can we disregard democratic freedoms starting with the fundamental freedom to elect government leaders. Broader U.S. interests, such as ensuring long-term stability in Nicaragua and the entire region, are being threatened by Ortega's actions in conjunction with those of Chavez, Morales, Correa, and others. We cannot afford to let these injustices continue without any consequences.

In October I sent a letter to Secretary of State Hillary Clinton urging that the administration not recognize the Nicaraguan elections if Daniel Ortega was on the ballot. Why? According to Article 147 of the Nicaraguan Constitution, a candidate cannot serve consecutive terms as President and cannot be President for more than two terms total, yet this election would serve as the second consecutive term for Ortega and the third time that he is President of Nicaragua, all in clear violation of the country's Constitution.

If the election results stand, the consequences will prove detrimental to democracy in Nicaragua. Ortega will be able to change the Constitution at will and expand his absolute control over the legislative, judicial, and electoral branches of government.

Leading up to the election, Ortega sympathizers in the Supreme Electoral Council distributed voting identity cards to Ortega sympathizers and denied others the right to vote. The electoral mission, led by the European Union and the Organization of American States, noted irregularities in the electoral process and said that this election caused a severe setback to democracy in Nicaragua. According to the Nicaraguan Episcopal Conference, "The legitimacy of the electoral process and the respect for the will of the people have been seriously questioned."

There are clear indications of fraud in the electoral process in Nicaragua. The Department of State appears to agree that the elections were not transparent and that the Supreme Electoral Council did not operate impartially nor transparently. Thus, the U.S. must not recognize Daniel Ortega as Nicaragua's leader and should call for new, free, fair, and transparent elections to be held that are in keeping with Nicaragua's Constitution and reflect the will of the Nicaraguan people. The administration also should hold on any nomination for a new U.S. Ambassador to Nicaragua until this issue is resolved.

Similarly, the OAS should look to its own charter and reaffirm in the preamble to the Inter-American Democratic Charter which clearly states that "Representative democracy is indispensable to the stability, peace, and development in the region." Rather than putting its efforts in reintegrating the Cuban regime into the OAS, for example, the OAS must act quickly to reinstitute democratic order in Nicaragua.

September 2011 marked the 10-year anniversary of the Inter-American Democratic Charter. In light of recent developments in Nicaragua and the OAS and regional inaction, we need to evaluate

the charter and determine if it needs to be reformed to ensure that it is living up to its mandated defense of democracy and prevention of democratic demise as has taken place in Nicaragua.

Daniel Ortega is also trying to silence his critics by blocking the major local newspaper, La Prensa, from distributing its newspaper to a wide circulation. Threatening the freedom of the press is just another tactic by Ortega to prevent the Nicaraguan people and the whole outside world from learning the realities of his dictatorship, but Nicaraguans will not be deterred. This Saturday thousands of courageous Nicaraguans will once again march down the streets of Managua to peacefully protest Ortega's power grab.

As the famous Nicaraguan poet Ruben Dario once said, "If the nation is small, one dreams it great." The Nicaraguan people dream of a day that they will be free from tyrants and from the control of these tyrants, so it is our moral obligation to uphold the rule of law and democratic order in order to help them fulfill this dream.

And with that I am pleased to turn to my ranking member, my friend, Mr. Berman, for his statement.

Mr. BERMAN. Well, thank you very much, Madam Chairman. I was thinking about Mr. Fascell and your earlier comments because he was both a mentor to me and a friend, and I have fond memories.

On November 6, 2011, elections were held in Nicaragua. As the dust settles around the results, there are at least two things that are clear. First, this was a real setback for democracy in that country; and, second, Daniel Ortega will most likely be President for another 5-year term.

The problems with the election were numerous and will get a full airing here today. But before we get to those I do want to thank the Organization of American States, the OAS, the European Union, and The Carter Center for being present on the ground on Election Day despite significant efforts by Ortega to keep them out. All three organizations thought long and hard about participating at all under these difficult conditions, worried that they might become enablers of a fraud. Although the scope of their reports was somewhat limited by the fact that they did not have complete access, they are nevertheless critical for our understanding of the situation, and we are thankful for their voice in this debate.

In a briefing held before this hearing, the head of the OAS observer mission, Dante Caputo, reported on the election's significant irregularities, the indefensible results, and the efforts to impede observer access. It is worth recalling that this committee recently voted to defund the OAS, with some of my colleagues on the other side of the aisle claiming that it was an "enemy of democracy." The organization's participation in the Nicaraguan elections and its subsequent hard-hitting report is a stark indication of the kind of benefits that the OAS brings to the regional table.

Why has the Nicaraguan Government chosen to bitterly smear the OAS and its report and not the two other organizations that said essentially the same thing? I think the answer is that Ortega believes the OAS has few friends and many foes, foes led by Hugo Chavez. It is critical that we line up behind the people and the or-

ganizations doing the tough work on behalf of democracy in this hemisphere, including the OAS.

Even before these elections were held, the Nicaraguan political opposition was forced to decide if they should participate at all. Many people, and I include myself among them, saw Ortega's candidacy as unconstitutional from the series of questionable maneuvers from institutions he controls and the constitutional provisions cited by our chairman.

The vexing policy issue that I believe stands before us right now and that I hope to explore with our witnesses is: What should the United States do now? In the short term I believe we should resist the temptation to collect our marbles in a huff and go home. We have a long history with and commitment to the Nicaraguan people, and the values we hold dear suggest we remain engaged, just as the Nicaraguans themselves are remaining engaged. And we continue to have important interests in Nicaragua and in Central America, not the least of which is the worsening drug problem. By and large the United States Government, in my opinion, has deftly navigated very turbulent waters in the Nicaragua-U.S. bilateral relationship. We have called Ortega out when we needed to and held our fire when that was the better move.

Recently our Embassy fought very hard behind the scenes for the rights of election observers to do their job. While the Embassy itself was not invited to participate as an observer, I am told they did so anyway. Regionally, however, we are getting less traction. During last week's meeting at the OAS, the U.S. was very tough on Ortega, who is clearly running afoul of the Inter-American Democratic Charter, but we didn't get much support from other countries.

One of our witnesses today, Ambassador Callahan, served on the front lines in Managua in both the Bush and Obama administrations and can give us some perspective on these issues. I would ask the panel directly what measures they would recommend for dealing with the Ortega government over the long term. Should we consider visa restrictions? Removing the waivers on assistance to Nicaragua, which amounts to about $24 million annually? What effect would that have on the counternarcotics programs that are in our self-interest, on the poorest of the poor in Nicaragua, and on the civil society actors that we want to help? And does it make sense to cut off our aid when it is dwarfed by the $500 million provided by Hugo Chavez which, among other things, keeps the local business community quiescent? What about loans to Nicaragua and the Inter-American Development Bank? Last year these loans, which cover everything from direct help to government ministries to health aid, came to about $384 million. This year there are about $194 million worth of projects in the pipeline. This is, as they say, real money. Assuming we even can, should the U.S. try to interfere with these? What are the costs and what are the benefits?

It is easy to see that Ortega is no democrat. Right now he doesn't appear to see much downside in behaving undemocratically. If questionable results in the congressional races are confirmed, they would grant Ortega a supermajority to change the Nicaraguan Constitution at will, including to allow his indefinite reelection.

The waters that the United States has navigated for years in Nicaragua are about to get more turbulent, all the more important for the U.S. to define its strategic objectives and start on the path to achieve them. I look forward to the discussion with the panel on these issues. Thank you very much.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Berman.

I am very pleased to yield 3 minutes to the chairman of the Subcommittee on Western Hemisphere, my Florida colleague, Connie Mack.

Mr. MACK. Thank you, Madam Chair. Thank you for this hearing, and I also want to associate myself with your opening remarks. I thought they were excellent and right on target, and so thank you for that. And I also want to thank my friend on the other side of the aisle for his comments because I know he believes them, and that is what this process needs is people who believe in what they believe in and are willing to make the case. I happen to disagree.

The question is, you know, what should we do? Well, how about this? How about we tell Nicaragua that if you want the support of the United States, if you want support of the international community, then you must stand for freedom and democracy, you must have free and fair elections, and you must believe in the citizens of Nicaragua instead of the self-interests of one man. If we do that, all of the things that the ranking member talked about, the United States can engage in.

I believe that the OAS is a hindrance to democracy in Latin America. The OAS has become an organization that has on every turn supported the wrong side, and let me give you just a recent example. In Honduras the people of Honduras stood up. The government, the institution, they stood up and said that we want to follow the rule of law, we believe in our Constitution. And what happened? The OAS and the United States forced our will on the people of Honduras against their rule of law and their Constitution.

Now what do we have in Nicaragua? We have the President of Nicaragua working against his own Constitution in violation of law and the Constitution, and then the OAS and apparently the United States Government is standing on the wrong side again. You know, it is not really—this is not difficult, I don't think, that what people are looking for not only here in the United States but around the world is leadership. And leadership, as I said before in this committee, comes from recognizing what it is that you believe in and standing for what it is you believe in.

I don't believe that this administration has set a clear path for freedom and democracy in Latin America. I don't believe that the OAS is capable of ensuring that we get democracy and free and fair elections and freedom in Latin America. We should withdraw from the OAS, we should stop funding the OAS, we should create stronger alliances with our allies in Latin America. We should work together to put down the thugocrats like Hugo Chavez and others and let it be clear that in Latin America and, frankly, anywhere around the world, that if you stand for freedom, security, and prosperity, if you believe in democracy and the rule of law, then the United States will stand shoulder to shoulder with you. Right now, we don't see that leadership. We don't have that leadership here

in the United States and the OAS is as much of a problem as anyone else.

With that, Madam Chair, thank you very much for the hearing, and I do—whatever—with my 1 second.

Chairman ROS-LEHTINEN. Thank you so much, Chairman Mack, for your eloquent statement. And another eloquent speaker, Mr. Meeks, the ranking member of the Subcommittee on Europe and Eurasia, is recognized for a 1-minute opening statement.

Mr. MEEKS. Thank you, Madam Chairman. Where I do want to agree with the distinguished chairman of the Western Hemisphere Subcommittee, Mr. Mack, is we do need passion. I think that, and I know that he believes what he believes, although I believe that he is wrong, and I want to associate myself very strongly with the opening remarks of the ranking member, Mr. Berman, because it is clear to me that the OAS has done exemplary work in this election with dealing with Nicaragua. It is a way to move to try to make sure that we assure ourselves of democracy.

The fact of the matter is what Mr. Mack said, you know, leadership. I have talked to a number of our allies in the Western Hemisphere and South America, they don't want us to disengage. They want us to engage. In fact, in talking to one of our closest allies just recently in Colombia, what he is trying to do is engage and to make a difference and to benefit all of the people. We should not take a side. That is almost like taking a side here in one of our Presidential elections. We don't want people from the outside to come and take a side, Democrat or Republican. What we want to do is to try to make sure we are impartial but try to make sure that democracy is spread for all of the people, not one side or the other side, but for all of the people of Nicaragua, and I look forward to asking questions of the witnesses, and I yield back.

Chairman ROS-LEHTINEN. Thank you very much. Mr. Turner of New York is recognized.

Mr. TURNER. Thank you, Madam Chair. I have nothing. Yield back.

Chairman ROS-LEHTINEN. Thank you. Mr. Bilirakis.

Mr. BILIRAKIS. I am fine, Madam Chair. I would like to listen to the testimony.

Chairman ROS-LEHTINEN. Thank you so much. Mr. Sires of New Jersey.

Mr. SIRES. Thank you, Madam Chair, for holding this hearing, and, you know, here we go again. Another great, one of these great Communist liberators turns out to be a bigger thief than the people that were there before. Now he is taking from the people of Nicaragua the ability to have a democracy and perpetuate himself in power for as many years as he can. It is very unfortunate that the people of Nicaragua have to go through this, but we must act strong. We must certainly do whatever we can to promote democracy in some of these countries. This is just unacceptable that for many years the press played these people as great liberators and then they turn out to be bigger bums than the people that were there before. So I am looking forward to your hearing. Thank you.

Chairman ROS-LEHTINEN. Thank you so much. Ms. Bass of California is recognized.

And with that I will introduce our excellent panelists. We welcome our witnesses. First, Ambassador Robert Callahan, who served as a Foreign Service officer with the Department of State for 32 years and as U.S. Ambassador to Nicaragua from 2008 to 2011. In addition to Nicaragua, Ambassador Callahan spent time with the State Department in Costa Rica, Honduras, Bolivia, U.K., Greece, Italy, and Iraq. Thank you so much, Mr. Ambassador.

Another Ambassador we welcome tonight, Ambassador Jaime Daremblum. He joined the Hudson Institute as a senior fellow and director of the Hudson Center for Latin American Studies in 2005. The Ambassador served as the Ambassador of Costa Rica to the United States for 6 years, from 1998 to 2004. We welcome you as well, Jaime.

I would also like to welcome Dr. Jennifer McCoy. She is currently the director of The Carter Center's Americas program and is a professor of political science at Georgia State University. Dr. McCoy has directed election monitoring activities for The Carter Center in Nicaragua, Bolivia, Panama, and Venezuela among numerous other countries in the hemisphere.

We welcome all three of you. Your prepared statements will be made an official part of the record, and we kindly ask that you summarize your statements to no more than 5 minutes. And we will begin with you, Ambassador Callahan.

STATEMENT OF THE HONORABLE ROBERT CALLAHAN, FORMER U.S. AMBASSADOR TO NICARAGUA

Ambassador CALLAHAN. Madam Chairman, Mr. Berman, Ranking Member, members of the committee, thank you for the invitation to appear before you to discuss the recent Nicaraguan elections and the future of democracy in that country, a place and a people that I came to like and admire during my 3 years as the United States Ambassador there.

I continue to cherish that experience and remain committed to those Nicaraguans who, against formidable opposition, persist in their dream of creating a truly democratic country and who, at great personal risk, work to bring that dream to fruition.

Today in these brief opening remarks, I want to make four points: First, that Daniel Ortega's candidacy was illegal, illegitimate, and unconstitutional; second, that the period leading to the elections and the elections themselves were marred by serious fraud; third, that Daniel Ortega and his Sandinista party have systematically undermined the country's fragile governmental institutions; fourth, and despite the foregoing, that we Americans must remain engaged in order to support those Nicaraguans who share our vision of individual freedoms, representative government, rule of law, due process, and respect for human rights.

First, Ortega's candidacy. As many here know and as we have heard, Sandinista members of the Supreme Court overnight, on the weekend, and in the absence of opposition magistrates, decided that the constitutional ban on consecutive Presidential terms and more than two terms for any individual, both of which disqualified Daniel Ortega, violated Ortega's human rights. In effect, they declared the Constitution unconstitutional. No serious objective jurist in Nicaragua or elsewhere regarded this decision as anything but

a travesty, an insult to jurisprudence, an embarrassment to the country, and a stain on the reputations of the judges who rendered it. But it was all that Mr. Ortega needed to justify his candidacy, no matter how absurd it looked to the rest of the world.

Then, during the campaign, the Sandinistas, who control the Supreme Electoral Council, the fourth coequal branch of government, manipulated the voter rolls, managed the issuance of voter cards to the detriment of the political opposition, and used state property to conduct their electoral activities, among other abuses, and on the very day of the election, and according to credible observers, they stole many thousands of votes.

Allow me to cite one telling figure. The published results show that Nicaraguans cast over 100,000 more votes for Assembly candidates than for President, although all candidates appeared on the same ballot. In my judgment, and if we could credit these results, it would seem very odd indeed that so many more people cast a vote for legislators than for President in the same election.

Next, the question of institutionality. Under the government of Ortega's predecessor, Enrique Bolaos, a decent, honest, and able man, Nicaragua slowly began to develop those independent and robust institutions that ensure true democracy and provide a check and balance on government excess, but Ortega has reversed these modest gains. As I have mentioned, the Supreme Court and the Electoral Council are involved with the Sandinistas. Ortega and his party have used, for their own purposes, these institutions and many others, including, increasingly and sadly, the national police. Nicaraguans now know that they have nowhere to turn for a redress of grievances, for the protection and preservation of their individual rights. Of all the damage that the Sandinistas have done to democracy in Nicaragua, their systematic co-optation of those governmental institutions is the most consequential and insidious.

I come now to my last point: What, if anything, the United States can and should do with the next Ortega government. The dilemma is obvious. We maintain our current relations with an illegitimate and at times odious government in order to remain there to encourage and bear witness for those Nicaraguans who share our political values, or we reduce our diplomatic presence and our aid, thereby leaving these valiant Nicaraguans without the support and presence of the hemisphere's most powerful and active democracy. For the moment, at least, I think we should stay. We should continue to promote economic development, especially through our programs in health and education, which both benefit poor Nicaraguans and demonstrate our Nation's commitment to them. We should continue to champion good governance openly in every appropriate way and with everyone, including young Sandinistas who want to create a genuinely democratic future for their country. If, however, the next Ortega administration becomes ever more authoritarian, if it places intolerable conditions on our activities, we must be prepared to reduce or eliminate aid and reconsider the size and level of our diplomatic presence.

Madam Chairman, Ranking Member, members of the committee, I thank you for your attention. In discussing this complex issues, I have been brief. If you have any questions, I will gladly try to answer them at the appropriate time.

Chairman ROS-LEHTINEN. Thank you, Ambassador.
[The prepared statement of Ambassador Callahan follows:]

Madam Chairman; Mr. Berman, Ranking Member; Members of the Committee

Thank you for the invitation to appear before you to discuss the recent Nicaraguan elections and the future of democracy in that country, a place and a people that I came to like and admire during my three years as the United States ambassador there.

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Second, that the period leading to the elections and the elections themselves were marred by serious fraud;

Third, that Daniel Ortega and his Sandinista party have systematically undermined the country's fragile governmental institutions; and

Fourth, and despite the foregoing, that we Americans must remain engaged in order to support those Nicaraguans who share our vision of individual freedoms, representative government, rule of law, due process, and respect for human rights.

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As I have mentioned, the Supreme Court and the Electoral Council are in thrall to the Sandinistas. Ortega and his party have used for their own purposes these institutions and many others, including, increasingly and sadly, the national police. Nicaraguans now know that they have nowhere to turn for a redress of grievances, for the protection and preservation of their individual rights.

Of all the damage that the Sandinistas have done to democracy in Nicaragua, their systematic co-optation of those governmental institutions is the most consequential and insidious.

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For the moment, at least, I think we should stay. We should continue to promote economic development, especially through our programs in health and education, which both benefit poor Nicaraguans and demonstrate our nation's commitment to them. We should continue to champion good governance openly, in every appropriate way, and with everyone, including young Sandinistas, who want to create a genuinely democratic future for their country.

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Madam Chairman, Ranking Member, members of the committee, I thank you for your attention. In discussing this complex issue, I have been brief. If you have any questions, I will gladly try to answer them and at the appropriate time.

Chairman ROS-LEHTINEN. Ambassador?

STATEMENT OF THE HONORABLE JAIME DAREMBLUM, FORMER COSTA RICAN AMBASSADOR TO THE UNITED STATES, HUDSON INSTITUTE

Ambassador DAREMBLUM. Thank you. Madam Chair, Congressman Berman, distinguished members of the committee, I am honored and pleased to be here today to discuss the future of democracy in one of Latin America's poorest countries. Over a century ago a wise political leader in my country observed that instead of the two usual seasons common in Central America, summer, followed by rainy winter, Costa Rica had a third season, the season of wars with Nicaragua. In spite of the traditional friendship between Costa Ricans and Nicaraguans, dictators and other unsavory leaders in Nicaragua have long ratcheted up border conflicts with Costa Rica in order to divert attention from their domestic mischief. The Somozas did it, Arnoldo Aleman did it, and now Daniel Ortega is doing it, and from Ortega's perspective, it is working just as planned.

After Ortega and his ruling Sandinista party blatantly stole municipal elections in November 2008, United States and Europe suspended Nicaragua's economic aid. On November 6th, earlier this month, Nicaragua held another election and witnessed another example of Sandinista malfeasance. Government authorities deliberately made it hard for voters to acquire their ID cards, they sought to limit the number of election observers and poll watchers, and the Supreme Electoral Council once again operated with a disturbing lack of transparency.

The disputed election results sparked a wave of protests and violence. Several Nicaraguans were killed and many more were injured. Such is the intensely polarized atmosphere that Ortega has fostered. By rigging the elections, trampling the Constitution, persecuting his political opponents, bullying journalists, he has laid the foundation for another Sandinista dictatorship. Indeed, the only reason Ortega was eligible to stand for reelection is that his judicial allies used legal thuggery to abolish Presidential term limits.

Sandinista attacks on democracy at home have been complemented by aggressive behavior abroad. In the fall of 2010 amid a river dredging project, Nicaraguan military forces effectively invaded and occupied an island, Isla Calero, that has always been considered Costa Rican territory, thereby sparking a major diplomatic crisis. When the Organization of American States demanded that Managua withdraw troops from Calero Island, Ortega refused, after multiple rulings from the OAS, the International Court of Justice in The Hague got involved, too. It ordered also Nicaragua to remove all military personnel from Calero Island. Ortega is still disobeying this order. He has been sending Sandinista youth brigades to the island along with soldiers, under the guise of environmental missions.

Throughout the border dispute Nicaragua has shown a flagrant disregard for international law, not to mention Costa Rican sovereignty. It is the type of behavior one normally associates with rogue states and tin-pot dictators.

Ortega has used the Calero Island conflict to stir up nationalist passions and boost his popularity. It has also become an excuse for yet another Presidential power grab, with the Nicaraguan leader expanding his control over the army and claiming broad new authority.

Not surprisingly for an erstwhile Soviet client and a long-time friend of Moammar Qadhafi—as a matter of fact Qadhafi's nephew is a personal secretary in Managua for Ortega—Ortega has aligned his regime with authoritarian governments in Iran, all over the world. Meanwhile, foreign investment numbers have been inflated by assistance from Hugo Chavez that has been mentioned here.

Ortega is also benefiting from international loans and high commodity prices. While we should not confuse his economic moderation with a genuine commitment to democratic pluralism, Nicaraguan democracy is gradually being asphyxiated. Corruption is rampant, and the country is rapidly becoming a one-party state. If or when the business community finally does turn against Ortega, it may be too late. Thank you very much.

Chairman ROS-LEHTINEN. Thank you so much, Ambassador.

[The statement Ambassador Daremblum follows:]

"Democracy Held Hostage in Nicaragua: Part 1"

Testimony before the United States House Committee on Foreign Affairs

By Jaime Daremblum Ph.D. Senior Fellow and Director, Center for Latin American Studies, Hudson Institute

December 1, 2011

Madam Chair, Congressman Berman, distinguished members of the committee: I am honored and pleased to be here today discussing the future of democracy in one of Latin America's poorest countries.

Not so long ago, U.S. policy toward Nicaragua was among the most controversial issues in Washington. The Reagan administration's efforts to prevent Daniel Ortega and his Sandinista Party from creating a Cuban-style autocracy led to ferocious congressional debates, and ultimately to a presidential scandal. Shortly after Reagan left office, the Soviet-backed Sandinistas finally agreed to hold a free election, which was won by the opposition candidate, Violeta Chamorro. Unfortunately, her successor, the notoriously corrupt Arnoldo Alemán, conspired with Ortega to hijack Nicaraguan democracy, and the country has been paying a steep price ever since.

As a result of the 1999 Alemán–Ortega power-sharing deal (known in Nicaragua as "El Pacto"), Sandinista political strength increased dramatically, and Nicaragua reduced the minimum level of popular support necessary to become president, lowering the vote-share threshold from 40 percent to 35 percent. In December 2003, Alemán received a 20-year prison sentence for corruption and other crimes. In November 2006, Ortega was able to capture the presidency with only 38 percent of the vote, even though his two main conservative opponents won a combined total of more than 55 percent. In January 2009, the Sandinista-dominated Supreme Court cleared Alemán of all charges and released him from jail. "In exchange for his freedom," *Time* magazine reported at the time, "Alemán returned the favor by essentially forgiving the Sandinistas last November's electoral theft by providing the congressional votes needed to give Ortega control over the National Assembly, which had been considered the 'last democratic holdout.'"[1]

The November 2008 electoral theft had allowed the Sandinistas to maintain or secure control of the mayor's office in Managua, León, and other municipalities. It was made possible by the pro-Sandinista Supreme Electoral Council, which has become a mere extension of the ruling regime. Even before the balloting began, government officials were busy working to disqualify various opposition parties and to block independent observers from monitoring the vote. The fraud was so egregious that Western countries suspended Nicaragua's economic aid.

November 2011 witnessed another election -- and another example of Sandinista malfeasance. Nicaraguan authorities deliberately made it hard for voters to acquire their

[1] Tim Rogers, "Nicaragua Strongmen's Pact Under Strain," *Time*, Jan. 27, 2009.

identification cards; they sought to limit the number of election observers and poll watchers; and the Supreme Electoral Council once again operated with a disturbing lack of transparency. Luis Yáñez-Barnuevo, who headed the European Union's team of election observers, has affirmed that Ortega and the Sandinistas were victorious, but he has also questioned the size and nature of their victory, saying, "We don't know what would have happened without all these tricks and ruses."[2] The disputed election results sparked a wave of protests and violence. Several Nicaraguans were killed, and many more were injured.

Such is the intensely polarized and volatile atmosphere that Ortega has fostered. By rigging elections, trampling the constitution, persecuting his political opponents, and bullying journalists, he has laid the foundation for another Sandinista dictatorship. Indeed, the only reason Ortega was eligible to stand for reelection is that his judicial allies used legal thuggery to abolish presidential term limits.

The Nicaraguan constitution restricts presidents to two non-consecutive terms in office, and it bars incumbent presidents from seeking reelection. Yet in late 2009, the Sandinista members of the Supreme Court held an unannounced meeting of the six-magistrate constitutional panel and substituted three "replacement" justices for the three relevant opposition justices. This kangaroo court then invalidated term limits -- despite the fact that, according to the constitution, the only institution empowered to make such changes is the National Assembly.

As the U.S. State Department has documented, Sandinista abuses in 2010 included (1) "widely reported voting fraud in regional elections;" (2) "lack of respect for the rule of law and widespread corruption and politicization of the membership and actions of the Supreme Judicial Council (CSJ), the Supreme Electoral Council (CSE), and other government organs;" (3) the denial of accreditation to NGOs tasked with monitoring elections; and (4) the "erosion of freedom of speech and press, including government intimidation and harassment of journalists and independent media."[3]

Sandinista attacks on democracy at home have been complemented by aggressive behavior abroad. In the fall of 2010, amid a river-dredging project, Nicaraguan military forces effectively invaded and occupied an island that has always been considered Costa Rican territory, thereby sparking a major diplomatic crisis. (Costa Rica, we must remember, does not have a military.) When the Organization of American States (OAS) demanded that Managua withdraw troops from Calero Island, Ortega refused. After multiple rulings from the OAS, the International Court of Justice in The Hague got involved. It, too, ordered Nicaragua to remove all military personnel from Calero Island. Ortega is still disobeying this order: He has been sending Sandinista Youth members to the island, along with soldiers, under the guise of "environmental" missions.

Throughout the border dispute, Nicaragua has shown a flagrant disregard for international law, not to mention Costa Rican sovereignty. It is the type of behavior one normally

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[2] "Violence in Nicaragua after Ortega election victory," BBC News, Nov. 9, 2011.
[3] U.S. Department of State, "2010 Human Rights Report: Nicaragua," April 8, 2011.

associates with rogue states and tin-pot dictators. Ortega has used the Calero Island conflict to stir up nationalist passions and boost his popularity. It has also become an excuse for yet another presidential power grab, with the Nicaraguan leader expanding his control over the army and claiming broad new authority.

Not surprisingly for an erstwhile Soviet client, a longtime friend of the late Muammar Qaddafi (whose nephew is now serving as Ortega's personal secretary), and someone with a history of links to radical groups and terrorist outfits (such as the Colombian FARC, the Spanish ETA, and Yasser Arafat's PLO), Ortega has aligned his country with authoritarian regimes in Iran, Venezuela, and Russia. The Iranians have bolstered their strategic ties with Nicaragua, and Ortega has repeatedly offered obsequious praise for President Mahmoud Ahmadinejad, even when the Iranian Revolutionary Guards were massacring student democracy protestors in June 2009. Nicaragua has also become a Central American beachhead for the Venezuela-Cuba axis of "21st-century socialism."

Meanwhile, its foreign-investment numbers have been inflated by massive oil subsidies from Hugo Chávez. (Over the past half-decade, total foreign investment in Nicaragua has grown by 77 percent, according to the *Miami Herald*.[4]) The country is now enjoying roughly $500 million worth of Venezuelan oil subsidies each year, an amount that represents approximately 7 percent of its GDP.[5] The Ortega regime is also benefiting from international loans and high commodity prices -- while slowly crushing democracy and suffocating the opposition. This may be a recipe for short-term Sandinista political success, but it is not a blueprint for long-term stability. As journalist Andres Oppenheimer has noted, Nicaraguans seem to believe that: "If Chávez fell, or Venezuela stopped sending subsidized oil, or the IMF stopped making emergency loans, or commodity prices fell, Ortega's government would collapse."[6]

In recent years, Sandinista opponents have popularized the slogan "Daniel and Somoza, the same thing," a reference to the late Nicaraguan dictator whose regime was toppled in 1979.[7] Just as Somoza once did, Ortega has cultivated business allies in hopes of minimizing domestic unrest and convincing Nicaraguans that autocratic rule is essential to stability. After campaigning fiercely against the Central American Free Trade Agreement (CAFTA), he has upheld the agreement as president. The World Bank's new Ease of Doing Business Index ranks Nicaragua ahead of Costa Rica and Brazil.[8] While Ortega still uses the rhetoric of a socialist radical, his actual economic policies have been quite moderate.

In other words, he has cynically combined economic pragmatism with authoritarian politics. Thus, he supports CAFTA but also rigs elections. He encourages foreign investment but also manipulates the judicial system. He promotes a good business

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[4] Tim Rogers, "Central American free-trade pact a major success in Nicaragua," *Miami Herald*, April 8, 2011.
[5] José de Córdoba, "Nicaragua's Ortega Wins in Landslide," *Wall Street Journal*, Nov. 8, 2011.
[6] Andres Oppenheimer, "Nicaragua Headed for One-Man Rule -- Again," *Miami Herald*, March 17, 2011.
[7] Tim Johnson, "In Nicaragua, fears that Ortega will be the new Somoza," McClatchy, Nov. 10, 2011.
[8] *Doing Business 2012: Doing Business in a More Transparent World*, World Bank and International Finance Corporation, 2012.

climate but also flouts the constitution. We should not confuse his economic moderation with a genuine commitment to democratic freedom. Nicaraguan democracy is gradually being asphyxiated. The rule of law no longer exists in any meaningful sense; corruption is rampant; and the country is rapidly becoming a one-party state. Indeed, following the disputed 2011 election, the Sandinistas will now have a supermajority in the National Assembly. If (or when) the business community finally does turn against Ortega, it may be too late.

Finally, a word about U.S. policy: Washington responded to Nicaragua's fraudulent 2008 municipal elections by suspending economic assistance. It should keep using aid and development programs such as the Millennium Challenge Corporation to reward democratic progress and punish authoritarian abuses. The Sandinistas should also pay a serious diplomatic penalty for their transgressions. In addition, U.S. officials should amplify their support for Nicaraguan democracy and speak out more forcefully (and more frequently) against the banana-republic tactics displayed during the recent national elections. This would weaken Ortega's legitimacy and make it harder for the Sandinistas to continue their brazen assault on the constitutional order. Whether or not the United States can ultimately save Nicaragua from sliding back into dictatorship, U.S. policymakers in coordination with Latin American democracies should deploy all the economic and diplomatic tools at their disposal.

Thank you.

Chairman ROS-LEHTINEN. Dr. McCoy.

STATEMENT OF JENNIFER LYNN MCCOY, PH.D., DIRECTOR OF AMERICAS PROGRAM, THE CARTER CENTER

Ms. MCCOY. Thank you, Madam Chairwoman and Congressman Berman. I am pleased to be here today. I was in Nicaragua for the elections on November 6th, as I have been for every election beginning with 1990. Normally I have led election observer missions to the national elections in Nicaragua. This year The Carter Center declined to send a mission because of restrictions in the regulations on international and national observation. However, we did take a small unofficial delegation and consulted with the observers on the ground, Nicaraguan citizens, and the international diplomatic community. So we have a pretty good picture of what happened.

Indeed, my view is the elections were not verifiable; that is, it is nearly impossible to independently corroborate the official results because there were insufficient independent observers present on voting day and because the National Election Council declined to post the results precinct by precinct to allow the comparison by the political party poll watchers and independent observers of those results. This is a departure from past practice in Nicaragua.

Nevertheless, by most indicators, polls prior and the partial results that are known, Daniel Ortega won the Presidency. The question is by how much and by how many legislators.

I agree with most of the characterizations that we have heard today about the problems, the deficiencies, and the flaws in the elections and won't repeat that, but I will say that these problems are not new. Nicaragua has been unable to develop strong and independent institutions since the populace toppled a dictatorial dynasty in 1979. Every election after 1990 has suffered from disputes, irregularities or ineptness, and repeated suggestions for electoral reform from election observers have been ignored. But this election was the worst in terms of the obstacles created by the National Electoral Council for citizens, political parties, and international organizations to verify the integrity of the process.

So what can and should the United States and the larger international community do to strengthen and encourage democratic governance in the wake of these weaknesses?

First, we should recognize that Nicaragua is a poor country, the second poorest in the hemisphere, with a long history of authoritarianism and U.S. intervention. Civil society is weak, the current political opposition is perpetually divided, political parties are dominated by ambitious personalities rather than strong organization, and the political culture is one of negotiation and clientelism. Thus the conditions are not propitious for strong democratic institutions at the moment.

The news isn't all bad. Despite its limitations, the country does have still one of the best security and counternarcotics records in Central America, which is a region plagued with violence, gangs, and drug trafficking. And as we have heard, the Ortega administration does have a fairly strong macroeconomic track record sufficient to receive IMF approval, and it consults regularly with the private sector.

So we have a mixed context. What should we do? We should criticize the lack of electoral credibility, we should encourage the opposition to present whatever evidence it can about the exclusion of its poll watchers and the irregularities in the count, and we should offer assistance to carry out desperately needed electoral reform. But I would say that assistance should be on the condition that the current Electoral Council be changed in its membership.

We should also point out that a politicized judiciary and electoral authority and lack of accountability mechanisms threaten the sustainability of the economic gains achieved thus far, as investors will inevitably shy away from contexts lacking in juridical security.

Now, it is also tempting to consider sanctions to highlight the unacceptability of this behavior. But I believe that efforts to unilaterally isolate and punish Nicaragua are likely to be counterproductive on several counts: First, the Nicaraguan Government will predictably characterize U.S. sanctions as imperialist dominance, and this is likely to resonate with a population or much of the population imbued with a history of U.S. intervention and choosing sides in the past as recently as the last election.

Second, isolation imposed by one country simply does not work, as we have seen with other attempts in the hemisphere.

Third, harming an economy that is just getting back on its feet is more likely to hasten a return to authoritarianism than to strengthen democracy.

And, finally, unfortunately the U.S. has far less leverage over this poor country, traditionally dependent on U.S. aid and trade, than in the past.

So withdrawing from Nicaragua and other perceived adversaries in Latin America I think will simply isolate the United States and leave a vacuum for others. The real question is how can we engage Latin America to support democracy?

I want to conclude with saying that the way forward, I think, is to avoid personalizing politics, identifying friends and foes. It is to engage in pragmatic talks, to address the transnational issues of national interest to us all and that none of us can solve alone, and it is to recognize and appreciate the benefits of living in a relatively stable, democratic, and friendly neighborhood.

Remaining silent about this election sets dangerous precedents for other countries and for Nicaragua's next elections, the municipal elections coming in 2012. Without change, many citizens will be alienated and won't vote in that process and will thus have no voice, but the problem is pressure for change needs to come first and foremost from inside Nicaragua. It is a long-term process, it won't change overnight. It takes education, information, public debate over proposed constitutional changes that may be coming and over the values and mechanisms of the fundamentals of democracy, which are first and foremost how can citizens hold their governments accountable. So I propose that universities and NGOs in the U.S. work with Latin American counterparts to hold these public discussions in Nicaragua and the hemisphere.

Chairman ROS-LEHTINEN. Thank you so much.

[The prepared statement of Ms. McCoy follows:]

Testimony Prepared for the Hearing on "Democracy Held Hostage in Nicaragua, Part 1" of the House Committee on Foreign Affairs

December 1, 2011

'Nicaragua's Troubling Elections'

Jennifer McCoy

Director, Americas Program, The Carter Center and Professor of Political Science, Georgia State University

I appreciate the invitation from Chairwoman Ros-Lehtinen to testify at the hearing of the House Committee on Foreign Affairs and Nicaragua.

I was in Nicaragua for the November 6, 2011 elections, as I have been for every national election since 1990. Normally I have led an election observation mission for The Carter Center. This year we declined to mount a full observation mission because we believed the conditions were not in place to adequately evaluate the process. Instead, I led a small unofficial delegation to consult with the international observers and local actors on the ground about their views on the electoral process and moving forward.

Indeed, the elections were not verifiable; that is, it is impossible to independently corroborate the official results because there were insufficient independent observers on voting day and because the national election council declined to post the results precinct by precinct to allow comparison of the results, a departure from past practice.

By most indicators, Daniel Ortega won the presidency – a multitude of polls from various political persuasions prior to the election gave him a large lead; the partial results gathered by national and international observers indicated an FSLN victory.

The problem is that the apparently deliberate obfuscation on the part of the electoral authorities produced suspicions and distrust among an important sector of the population, already skeptical from the clear fraud in the 2008 municipal elections. As a result, all of the losing presidential candidates have rejected the results.

Legitimate questions have surfaced around the legislative elections and the number of candidates won by each party, and especially whether there was manipulation to bring the Sandinista deputies above the 60% required to carry out constitutional change. A number of factors sowed doubts among the opposition and outsiders about the intent and credibility of the elections. These included the strange result that more people voted for legislators than for president, the obstacles impeding the main opposition parties from receiving credentials and entry for a significant number of their party pollwatchers, the late invitations to international observers followed by blocking the entry of a number of OAS observers to their assigned polling location, and the shortened time to enter complaints after preliminary results were announced.

The official observers – the European Union and the OAS –raised serious concerns about the lack of transparency and impartiality exhibited by the National Electoral Council. Additional problems indicate a continued erosion of Nicaragua's democratic institutions, including the constitutional controversies surrounding the approval of Daniel Ortega's third candidacy and the extension of the expired terms of the election council, serious problems in ensuring that all citizens obtain a national ID card, an outdated and inflated voter's list, and rules and practices that advantage the two largest parties from the prior election (even if they have declined in ensuing years) and discriminate against third parties.

These problems are not new. Nicaragua has been unable to develop strong and independent institutions since the populace toppled a dictatorial dynasty in 1979. Every election since 1990 has suffered from disputes, irregularities, or ineptness, and repeated suggestions for electoral reform from election observers have been ignored. But this election was the worst in terms of the obstacles created by the National Electoral Council for citizens, political parties and international organizations to verify the integrity of the process. As a result, it is extremely difficult to either confirm or refute the official results, or to measure the impact of the prior problems in the delivery of voter IDs and composition of the voter's list.

So what can and should the United States, and the larger international community, do to strengthen and encourage democratic governance in the wake of these weaknesses? First, it should recognize that Nicaragua is a poor country – the second poorest in the hemisphere, with a long history of authoritarianism and U.S. intervention. Civil society is weak, the current political opposition is perpetually divided, political parties are dominated by ambitious personalities rather than strong organization, and the political culture is one of negotiation and clientelism. Thus, the conditions are not propitious for strong democratic institutions.

But the news is not all bad. Stemming from the Sandinista Revolution, the police and armed forces are for the most part professional, uncorrupted, and have maintained one of the best security and counter-narcotics records in Central America – a region plagued with violence, gangs, and drug-trafficking. The economy is only recently recovering after suffering hyperinflation and a U.S. economic embargo in the 1980s, and property disputes and labor instability in the 1990s. The Ortega administration has a sound macroeconomic track record, has received IMF approval and consults regularly with the private sector. It has used Venezuelan aid to distribute social services, bonuses, and material goods to the poor.

Within this mixed context, we *should* criticize the lack of electoral credibility, encourage the opposition to present whatever evidence it has about exclusion of its pollwatchers and irregularities in the count, and offer assistance to carry out desperately needed electoral reform. We *should* point out that a politicized judiciary and electoral authority, and lack of accountability mechanisms, threaten the sustainability of the economic gains achieved thus far, as investors will inevitably shy away from contexts lacking in juridical security.

It is tempting to also consider sanctions to highlight the unacceptability of such behavior. But efforts to unilaterally isolate Nicaragua are likely to be counterproductive on several counts:

- First, the predictable Nicaraguan government's characterization of U.S. sanctions as imperialist dominance is likely to resonate with a population imbued with a history of U.S. intervention and choosing sides in its political contests, as recently as the 2006 elections.
- Second, isolation imposed by one country simply does not work, as we have seen with such attempts by the U.S. to change behavior in Cuba and Venezuela.
- Third, harming an economy that is just getting back on its feet is more likely to hasten a return to authoritarianism than strengthen democracy.
- Finally, the U.S. has far less leverage over this poor country traditionally dependent on U.S. aid and trade than in the past: Venezuelan aid now surpasses all U.S. and European aid combined, Nicaragua has diversified its export market, and it has built up sizable reserves to sustain an interruption in either international loans or Venezuelan aid.

Withdrawing from Nicaragua, and other perceived adversaries in Latin America, will simply isolate the United States and leave a vacuum for others. Latin America today is not the same place it was ten or twenty years ago. China has surpassed the U.S. as the largest export market for Brazil, Chile and Peru. The European Union has negotiated trade agreements with much of the region. Latin American governments, buoyed by strong growth in much of the last decade, have developed an independent foreign policy – not just ALBA countries, but Mexico, Brazil, Colombia and Peru.

The real question is how can we engage Latin America to support democracy? A slowness to acknowledge the deep grievances of citizens marginalized by previous governments has led to an artificial polarization between the U.S. and Latin America – where the U.S. emphasizes procedural democracy and Latin Americans emphasize more political and economic participation. A singular focus on U.S. needs for counter-narcotics, counter-terrorism, and immigration control ignored the Latin American agenda of jobs, personal security, and education in the last decade and created resentment across the board. So now, when we expect Latin Americans to follow our lead and criticize each other for political shortcomings, we are often disappointed.

The way forward is to avoid personalizing politics, identifying "friends" and "foes". It is to engage in pragmatic talks to address the transnational issues of national interest to us all, and that none of us can solve alone – drugs, security, climate change, oil spills, immigration. It is to recognize and appreciate the benefits of living in a relatively stable, democratic and friendly neighborhood. And it is to respect the autonomy and diversity of this maturing continent.

With this foundation, we then can, and must, engage governments and societies in Latin America and the Caribbean in a serious discussion about how to collectively defend and promote democracy.

Chairman ROS-LEHTINEN. I thank all three panelists for excellent testimony.

Dr. McCoy, The Carter Center, as you pointed out, declined to observe the elections in Nicaragua and released a statement on November 9th stating, "We are troubled by the reports of significant deficiencies in the 2011 electoral process in Nicaragua and their implications for democratic governance."

Further, in your prepared testimony you argue that Ortega should not be isolated as, in your assessment, "such attempts to change behavior in Cuba and Venezuela have not worked."

I can't say that I am surprised, given that it was the Carter administration that enabled Ortega and the Sandinistas to take Nicaragua hostage in the first place decades ago. However, how can you justify accepting Daniel Ortega as President while recognizing electoral fraud in Nicaragua at the same time? How can The Carter Center argue that it is advancing human rights while supporting violators of fundamental liberties in Nicaragua and throughout the Western Hemisphere? You say that we need to get away from personalities, but we are talking about the person who orchestrated massive electoral fraud, and yet you think that he should be recognized as the President.

In 2006 President Jimmy Carter observed the Presidential elections in Nicaragua. And after the elections he stated, "They have a very competent election commission that has so far proven to be fairly well balanced." This commission, the commission that he praised in 2006, has resulted in two corrupt elections in 2008 and 2011. Was President Carter wrong in his original assessment, and is it the view of The Carter Center to ignore electoral fraud when it likes the winner?

And you mentioned that municipal elections are coming up. Certainly Daniel Ortega and Co have nothing to fear from The Carter Center when they were able to perpetuate fraud, when the Ortega government was able to perpetuate fraud and all that The Carter Center said is, Well, let's not personalize the problem. If you could address these seeming inconsistencies.

Ms. MCCOY. Certainly, I would be glad to. I think if you read our election reports, after every election you will see that we said that most of the elections that have been held have had serious flaws and irregularities, and we have made strong recommendations for reform after each of the elections.

Chairman ROS-LEHTINEN. And since those reforms have not been made and there is another one coming up, what does it matter to Daniel Ortega?

Ms. MCCOY. And we have also made statements after, though not present to observe, but after the 2008 elections and the issues in 2010, strongly criticizing the fraud and the other actions that have occurred. I think that questions here——

Chairman ROS-LEHTINEN. With no consequences?

Ms. MCCOY. Well, the question, as you will see if you read those statements, as earlier statements, we did indeed urge a cut in aid, which happened after the 2008 municipal elections when fraud was proven. I think the dilemma here, as Ambassador Callahan noted, is what to do in a situation like this, particularly one where it is very difficult to prove or not prove the election results. And in a

poor country like Nicaragua, do we cut off our engagement completely and punish the people, or do we continue some form of engagement with that country? And I think we have seen some agreement——

Chairman ROS-LEHTINEN. Do you believe that the electoral fraud has not been proven?

Ms. MCCOY [continuing]. In the panelists. I am sorry.

Chairman ROS-LEHTINEN. Sorry. Are you saying, since we don't know if the fraud took place more or less—is that what you are saying, you are not convinced that there was electoral fraud in this election?

Ms. MCCOY. In this case, as I said, the elections are not verifiable, and the political parties and the national observers have been attempting to gather as much information as they can. The problem was they were not present in most of the voting sites, and therefore it is very difficult for them to present the evidence required. That is the difficulty with this situation. I think we have all agreed in this room today that these elections were seriously flawed and unacceptable in their lack of transparency and in the partiality. I don't think there is any disagreement on that.

Chairman ROS-LEHTINEN. And do you know—we had had a briefing before this hearing where we had one of the folks who was involved in the electoral monitoring who told us they were not able to go to the places. They were denied access. So they were denied access to the voting places, there were so many irregularities. So if we see that there were so many deficiencies in this election, what is the proper response of the United States?

Ms. MCCOY. I think that is exactly the dilemma and the challenge for the committee and for the administration to address. Criticizing the results——

Chairman ROS-LEHTINEN. Thank you, my time is up. Thank you so much. Thank you. Mr. Berman.

Mr. BERMAN. Just before I ask a question, just an observation that when the government and the council do all the things to prevent you from gathering the information to ascertain whether fraud took place, perhaps not in a court of law, but certainly for us and for the public, one has to assume there was an intention to commit the fraud. I don't know that that is an unreasonable leap of faith, given the conduct of the government in the conduct of the election.

But I guess, Ambassador Callahan, I would like you to elaborate a little bit. As I understood what you testified to, you are essentially saying Ortega is going to be the President, there is nothing within our arsenal that is going to stop that from happening, he is not going to rerun this election.

For now, for the reasons you outlined, we should probably nominate and send an Ambassador and continue to staff our Embassy and do the things to connect with the Nicaraguan people. We should probably not immediately do everything we can to stop any assistance from going to Nicaragua, but there comes a point in the future where one may want to reassess that policy.

So I guess my two questions, and if any of you else want to comment, are: One, describe a little more what that point might be. Secondly, in some ways you are in an interesting situation because of your time as Ambassador. The previous administration for the

first 4 years tried a policy of nonengagement and isolation, and then it decided to change its approach and got more engaged and more involved. Are you—I don't remember whether your tenure passed through those two points, but can you tell us what the previous administration's calculation was in sort of changing its approach toward Nicaragua between the first term and the second term?

Ambassador CALLAHAN. Thank you, Mr. Berman. Your summary captured my position very accurately. I do think that for the moment we should stay. I do think it is important to give the kind of material and moral support to the opposition. After all, we did remain in Nicaragua throughout the 1980s, and I have got to believe that that, at least in a small measure, contributed to the victory of the opposition in 1990. They desperately need our help, including our moral support, and for that reason I think it is symbolically important to have an Ambassador there, although the functioning of an Embassy really doesn't change. Our Chargé d'Affaires are very competent people and run the Embassy as well as Ambassadors; however, it is important symbolically for the Nicaraguan people to see that the Americans do have an Ambassador there.

I would add, however, that I found it somewhat odd, the timing on the naming of our new Ambassador. A week or two after our Deputy Assistant Secretary condemned the elections in the OAS, we made public our request for agrment for the new Ambassador. I probably would have held off on that at least until the New Year. But, yes, I think it is important that we have an Ambassador and that we remain engaged.

The point to leave? I can speculate that if Ortega decides to close down the newspapers, if he again begins to imprison people for political reasons, if he acts rashly or against our national interests——

Mr. BERMAN. In my 36 remaining seconds, why aren't the other Latin American countries, not the Venezuelas, but the ones that have a commitment to democracy, speaking out more clearly at the OAS and other places about what happened? Why are we and Canada and I think Peru the only countries that are saying anything publicly?

Ambassador CALLAHAN. I wish I knew the answer to that question. But you are correct in that assessment. Privately, because I was dealing with them all the time, they express their serious doubts about the direction of the Nicaraguan Government, but publicly they seem to be very reluctant to express that, either individually as Ambassadors or through international fora such as the OAS and the U.N. I think it is unfortunate. I think that that kind of pressure would be beneficial to our desires to see a more democratic Nicaragua.

Chairman ROS-LEHTINEN. Thank you so much. Thank you, Mr. Berman. Mr. Mack, chairman of the Western Hemisphere Subcommittee, is recognized.

Mr. MACK. Thank you very much, and I just want to follow up on some of those questions. And you were going through a list of things of when we might want to take some other action, reduce

the—would you also include in that list stealing an election and hijacking the dreams and hopes of the people of Nicaragua?

Ambassador CALLAHAN. No. I know exactly—again, I think I tried to lay out as succinctly as I could the dilemma, but if we pull out, if we take drastic action, I am afraid this will have a greater effect on the political opposition, on the democratic opposition in Nicaragua than it will on Ortega. After all, Ortega receives $500 million a year from Hugo Chavez.

Mr. MACK. So are you suggesting we should match that? Will that make everything all better?

Ambassador CALLAHAN. No, I mean, it is unrealistic. We are not going to match that, and I don't think it would. I think Daniel Ortega has almost a visceral dislike of the United States and what we represent. I am convinced of that after being down there for 3 years. So I don't think we can buy our way into his good favor. We will never do that. He doesn't like us, he doesn't like what we represent.

But the opposition and many Nicaraguans—and I will point out that there were many polls done during my time down there. In every poll, somewhere between 75 and 80 percent of Nicaraguans expressed a favorable opinion of the United States. So one of our challenges, Mr. Mack, is to hold onto that affection that the Nicaraguans seem to have instinctively for the United States and for Americans, and I am afraid that we will alienate them if we take these drastic measures.

Mr. MACK. And I understand that, and in a country, in the United States where we have public relations firms and advertising firms in New York and everywhere else who can get people to run out and buy pet rocks, I think certainly we can go and spread the word in Latin America, in any country, that the United States stands for those who are fighting for their freedom and their democracy.

Ambassador CALLAHAN. Agreed.

Mr. MACK. I think this all goes back—what I am hearing from, and there is a lot that I can agree with with everyone, with all of the testimony, but what I am hearing is we are going to continue to do the same thing. So we are going to continue to, you know, the next layer of, if they—we don't like what they are doing, and we are going to do something if they do this, and we keep pushing that down the road; and I think what, you know, the question that keeps—that was asked, I think, is a legitimate one: Why aren't other countries standing either with the United States or standing against Nicaragua? And the reason is because there is no leadership. It is so muddled. You have got the Organization of American States, who has no clear direction. They can hold up something and say this is what our charter says, yet they are in violation of it every day. So there is no leader, and there is no leadership coming from the United States.

What the people, the people that we are talking about in Nicaragua, what they are looking for is someone to stand strong with them, and that means opposing what Ortega is doing to them. And they understand that if we are clear in our mission and we do it in such a way that it is—with the same judgment, whether it is Nicaragua, Venezuela, Bolivia, Ecuador, Argentina, you name it—

what they are seeing, though, is on one hand we go after Honduras, and then on the other hand we allow, we don't take the same strong position against Nicaragua. So on one hand we are not supporting a country who is fighting for their democracy and their Constitution, but we seem to be a little more passive when it comes to Nicaragua. And so that creates this muddled world in Latin America where there is no leadership.

And, you know, this administration has failed, has failed on that mission. People in Latin America don't know where the United States stands, and that is why I think we ought to disengage from the OAS, directly engage with our friends and allies. We should be standing with Colombia and Panama, we should be standing with other countries that want to see freedom and democracy in Latin America. That will allow other countries who believe in those same ideals, who want to be friends and partners with the United States, it will give them the opportunity to do so. Right now it is so muddled that it is easier to sit on the sidelines, and that comes from a lack of leadership in the United States.

And the last thing I would like to say is this. Dr. McCoy, you talked about no verifiable evidence and I think the ranking member talked about this too. Duh. They don't want us to see what happened. I mean they have intentionally created a process for fraud to steal an election. What more evidence do you need? Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much Mr. Mack. Mr. Meeks, the ranking member on Europe, is recognized.

Mr. MEEKS. Thank you Madam Chair. I want to thank all three of you for your testimony, because I thought all of the testimonies were very, very good. And I want to build upon I think where the ranking member left off, because I too—we were just talking up here—have strong questions in why no one else spoke up. Even when we were at the hearing before this, the meeting before this with Dr. Caputo, he said that he was all prepared for other member states to ask questions, et cetera, and no one did.

And so, you know, because to me that if we are going to have democracy, it is not something that the United States does on a unilateral basis, because on a unilateral basis we are leading our allies, it is something that we have to do on a multilateral basis with our allies, et cetera.

In your testimony, Ambassador Callahan, if it came to that point, I would hope that we do not say, just the United States, we are going to do this; because oftentimes people look the at United States and say we tell them what to do without working with anyone else and, you know, and we don't even look at ourselves. Because no matter where I go, some people still are talking about the 2000 election in the United States, especially in Florida. So I mean, we have got to be careful.

So tell me how do we then work more in a multilateral situation, using the guidelines that you laid out saying that we can't withdraw now, but let's put the pressure on so that the people of Nicaragua does have a democracy and we do have better elections going forth and build upon what the OAS has done or stated, and even the EU and what I think I hear The Carter Center talking about.

Where is that foundation being laid now so that whatever we have to do in the future we can do collectively together?

Ambassador CALLAHAN. You make a number of very good points, Congressman Meeks. To get back to why especially other Latin American countries do not comment publicly on such things as the fraudulent Nicaraguan elections, there is a tradition of that, frankly, in Latin America. I spent a lot of time in Latin America. Countries do not like to criticize each other publicly and they normally refrain from doing that.

In regards to the multilateral approach, we tried it. We tried it in Managua certainly, dealing especially with my European, Canadian colleagues, Japanese, certain of the Latin Americans. But it just seems to be very difficult to coordinate our statements and our actions on Nicaragua.

We were unquestionably the most outspoken, the most aggressive. Congressman Mack has left, but I would point out as Dr. McCoy did, after the 2008 elections we did eliminate the remainder of our Millennium Challenge Account aid to Nicaragua which amounted to about $63 million. We did it at great cost. The Embassy was attacked. I was attacked personally as a result of that. And I must say in my 3 years there, I never shied away from expressing our values and our intentions in Nicaragua. And sometimes, I must confess, I felt somewhat lonely out there doing so. And I thought there could have been better coordination between the Embassy in Nicaragua and Washington.

I think had Washington spoken out a bit more vociferously on some of the issues in Nicaragua, it would have helped us and would have sent a clearer message. I think we should continue to work. To the extent we can work multilaterally, we should. It is much more effective. But to the extent we have to act alone and speak alone, well, we should do that as well. That is our only alternative.

Mr. MEEKS. And the other concern I want to make sure that we talk about, because there has been some issues with reference to the success Nicaragua has had with drugs. And as a result, also Colombia and what role Colombia may play, because I recently was down to Colombia and talked to President Santos who is trying to play a bigger role, a leadership role in South and Central America, and whether or not he is cooperating because he has mentioned to me of having dialogue and talking and engagement. I was wondering whether any of that has any effect to it.

And lastly let me just say this. I am concerned, what I don't want to go back to, as Professor Robert Pastor has said, though we all agree that we think it was a mistake and a setback to democracy with the election of Mr. Ortega, but he said it would be a mistake for the United States to return to the battles of the Cold War. I want to make sure we are not doing what we did in the Cold War and have those hostilities again, because that will be a setback for all of us in the Western Hemisphere and for democracy to be spread throughout this hemisphere.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Meeks.

Mr. Turner of New York is recognized.

Mr. TURNER. Thank you Madam Chair. I thank the panelists.

Ambassador Callahan, I just heard that Venezuela has put $500 million into the Nicaraguan economy. Are they getting direct aid—and how important is it as a percent of their budget even—from Iran? Is Cuba a factor providing military or intelligence work? And the same with Iran? Monetarily and other phases. Do you have any special knowledge of this or—I would appreciate that, thanks.

Ambassador CALLAHAN. Thank you, Congressman Turner. Venezuelan aid is indispensable to Daniel Ortega and the Sandinista party and very important to Nicaragua. Nicaragua's gross domestic product is about $6.5 billion. So you can imagine $500 million in unattached aid is 7 or 8 percent of their GDP, and so it is extremely important.

We really don't know where it goes. There is no transparency in the use of that money. It has clearly been used for political purposes. It has been used for some social purposes as well. It has been used for familial purposes. The Ortega family is acquiring and senior Sandinistas are acquiring businesses, ranches, property, and you have got to assume that that in part is coming from the Venezuelan money.

The Cubans do regularly send medical brigades to Nicaragua. Daniel Ortega endlessly expresses his solidarity with and appreciation of Fidel Castro. There is an ideological affinity there. There is no question of that. Cuba is not in a position to provide a lot of aid, especially financially, to Nicaragua. But clearly Ortega wants to maintain very close relations with Castro and admires Castro for a lot of reasons.

Iran, this is something we paid a lot of attention to, Congressman, and we have seen very little evidence of any Iranian aid going to Nicaragua. In fact, it is mostly rhetorical. The Iranians would come and say they are going to build a deepwater port on the Caribbean, a multibillion-dollar project, but nothing ever comes of it. Their Embassy is very small. To the best of my knowledge there are two diplomats in the Iranian Embassy. Again, there is a certain rhetorical support on the part of Ortega. Their revolutions occurred in the same year and they like to make a big deal of that, 1979, and express solidarity. But in practical terms I have seen very little come from Iran.

Mr. TURNER. Thank you. And final question: Is the U.N., either directly or indirectly, and U.S. Aid going currently this year or next to Nicaragua? What percent or size is that?

Ambassador CALLAHAN. Yes, we maintain a bilateral aid program. It is focused on health, education. It is a modest program to support the Nicaraguan police and navy with the positive results that Congressman Meeks just mentioned.

But it has been over my years there, especially once we lost the Millennium Challenge Account, it went from roughly $70- or $80 million a year. My guess now would be in the neighborhood of $20- or $25 million a year. It is a fairly modest program and the Nicaraguans have lost a lot of it by their behavior.

Mr. TURNER. Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Turner. Mr. Sires.

Mr. SIRES. Thank you, Madam Chairperson.

Ambassador, you said that it is obvious that Ortega hates this country. Obviously we stand for honesty and we stand for freedom of expression and those are the worst enemies that communism has. So I am not shocked by that. And it is always amazing to me how these Communists become capitalists so quickly, able to acquire all of these things. It is amazing.

So you know, I guess my question is, what is your impression of the support for Ortega in Nicaragua? You know, just like all—can you comment on that? Because some people have said, and I read someplace where had he run an honest election he would have won. Obviously, changed the Constitution. But some people said—is that true? Untrue? Can you give me an impression?

Ambassador CALLAHAN. Yes, Congressman. I think I said he viscerally dislikes us. I am not sure I said hate. He doesn't like us by any means.

Mr. SIRES. Well, I just extended it a bit.

Ambassador CALLAHAN. Well, Ortega's support for many, many years hovered around 35 percent. That is what he tended to attract in elections, 35–40 percent. He obviously has a constituency that supports him. It is more and more less ideological and more and more political and economic.

And you are correct, the Ortega family has benefited tremendously over the last few years economically from the kind of aid that is coming in. So have many of the senior Sandanistas. They came to power as Marxists, and today those who are still around are still unquestionably at least capitalists in the way they live, but they don't express that.

Would Ortega have won a free, fair, and transparent election? He may have. The opposition was fragmented, underfunded. Ortega has maintained somewhat prudent macroeconomic policies. Inflation is under control. The economy is growing modestly, 3 or 4 percent a year, but it is growing. There are social and educational programs for the poorest of the poor and they would likely support Ortega.

But I find it fanciful indeed to think that Ortega could have won over 60 percent of the vote. It is inconceivable that he could have won that. Because there are—the opponents are again passionately anti-Ortega and anti-Sandinista. And to think that their numbers have suddenly been reduced to 38 percent from what was traditionally 55, 60 percent? I find that hard to believe.

But Ortega could have, I think personally, could have won a free and fair and open election, but not by the margin he did.

Mr. SIRES. Ambassador, would you care to comment on that?

Ambassador DAREMBLUM. I only have one point that I would like to underline. Ortega is a hardened autocrat and by now he is an expert in stealing elections. Recommendations for electoral purity in Nicaragua will fall into deaf ears.

Yesterday I read in La Prensa, which is the daily in Managua, that it was announced that the European Union was going to provide some recommendations to fix the electoral system in Nicaragua. The Foreign Minister disqualified the European Union to provide any advice, because they have their own problems so they cannot provide advice on electoral purity to them, Nicaragua.

On the other hand, Ortega yearns for legitimacy. Even though he doesn't care about elections he wants to navigate international waters with the legitimacy of having been elected democratically. And in this respect I think the United States should follow a line of clearer and more resounding criticism of what is going on in Nicaragua. The United States should be exerting leadership with the Latin American countries. The thing to do that—it is not a matter of one day—is continuously to engage more democracies in Latin American that are not friends really, politically, of Nicaragua.

But it is a constant fight for engagement that needs to be led by a State Department that is willing to do that. And so far, unfortunately, I have to say I haven't seen that either at the bilateral level or in the OAS.

Mr. SIRES. Thank you very much. Dr. McCoy, in a few seconds?

Ms. MCCOY. In terms of—your question is why does Ortega have support? Two reasons why his support has increased from the historic levels of 35–40 percent. One is that people fear that with him in the Presidency would return hyperinflation and war, and so they have seen over the last 6 years that basically the economy was mostly stable and there was no war as in the past. So I think that helps.

His ability to distribute benefits financed by the Venezuelan aid helps. But I agree, and as I said in my testimony, and I agree with Ambassador Callahan, the question is by how much did he win? We don't really know because it is is not verifiable. But probably, yes, all the indications are that he had enough support to have won.

Mr. SIRES. Thank you very much.

Mr. BURTON [presiding]. I thank the gentleman for his comments and questions, and I'm sorry I was late. I had to go to another hearing. You mentioned that there was no prospect of inflation. Is it still that way down there now?

Ms. MCCOY. What I said was that people feared a repetition of the hyperinflation from the 1980s. Right now the macroeconomic situation is pretty stable and has been approved by——

Mr. BURTON. So they don't have an inflationary problem at the present time?

Ms. MCCOY. Not at the present. I can't predict the future.

Mr. BURTON. And he needed a two-thirds majority in order to change the Constitution. I guess he got that.

Ms. MCCOY. Only 60 percent.

Mr. BURTON. Only 60 percent?

Ms. MCCOY. Yes.

Mr. BURTON. But there was great fear that there was not a legitimate count.

Ms. MCCOY. That is the suspicion. That is the doubt.

Mr. BURTON. That is the suspicion. After having known Ortega since 1982 or 1983 when I first came to Congress, that doesn't surprise me a bit. The Communist Sandinista regime has always been willing to do whatever it takes in order to gain their ends.

I think you have probably already answered this but I would like to ask this question anyhow. The status of Iran in Nicaragua. Chavez in Venezuela has had regular flights and connections with Iran for some time. In fact it is rumored that he has even been trying

to get nuclear capability, and Chavez has been very supportive and friendly with Ortega.

Now we see that Iran is dealing with Nicaragua and see they are giving them tractors and $350 million ocean port and 10,000 houses. That ought to help the economy a little bit as well. But what kind of relationship do they have? Can you just give me a thumbnail sketch of it? How about you, Ambassador?

Ambassador CALLAHAN. Congressman, I answered briefly that question earlier, but we are obviously very concerned with Iran's presence in Nicaragua and, frankly, keep a very close eye on it. And there is very little indication that there is anything more than a rhetorical relationship there.

Mr. BURTON. Excuse me, Ambassador. It just seems to me that you don't give away $350 million for an ocean port and give them 4,000 tractors or 10,000 houses unless there is something. And they are also backing a $120 million hydroelectric project. So there has got to be some reason for it. I know there is a lot of coffee down there and meat and bananas, but that is an awful lot of meat and bananas.

Ambassador CALLAHAN. I spent 3 years there and repeatedly heard of the deepwater port on the Caribbean. Nothing has ever come of it. I rather doubt that anything will come of it. I don't know where—those are things that are said. An Iranian trade delegation comes through and says we are going to build this deepwater port, we are going to build a railroad. It is all of these grandiose projects that frankly never come to fruition, we never saw.

I really do think that it is greatly inflated and Iran's—let me say one thing. Iran is one of the few countries that has refused to forgive Nicaragua's debt. They haven't even forgiven the debt that Nicaragua owes them from the 1980s. So their contributions to the Nicaraguan economy I think are quite, quite modest, and if these things come to pass it would, frankly, surprise me.

Mr. BURTON. Do they allow Iranians to come in without visas?

Ambassador CALLAHAN. I think they do, yes. But there are not many there.

Mr. BURTON. Nothing to worry about?

Ambassador CALLAHAN. Well, of course you do, and we keep our eyes open. But I think that their diplomatic presence is two. I think they have an Ambassador and he has an assistant.

Mr. BURTON. But you don't think there is a threat to the United States' security from the Iranians and their involvement down there?

Ambassador CALLAHAN. Not in Nicaragua at this moment. It is something that clearly we all have to pay attention to.

Mr. BURTON. Just south of there, just across, they have got Venezuela; and Venezuela is tied in with Nicaragua supporting the Communist movement down there. But you don't think there is any——

Ambassador CALLAHAN. To date, no. Not with Iran. And you are absolutely correct and I agree with you. It is extremely worrisome, Venezuela's relationship with Iran. But that has not yet penetrated Nicaragua.

Mr. BURTON. Have they provided any kind of transit support through Nicaragua up into North America and the United States? Has there been any indication of that?

Ambassador CALLAHAN. For Iranians coming through Venezuela, for example?

Mr. BURTON. Yes.

Ambassador CALLAHAN. No, we have no indication of that at all. Nothing that would suggest that. I think, frankly, Ortega would be extremely concerned about that. And he wouldn't want to give the United States an opportunity to reveal that or condemn him for doing that. The FARC is there. He does play loose with some terrorist groups, there is no question about it. But I haven't seen any indication at all that he would have allowed them or facilitated their transit to the United States. No, I haven't.

Mr. BURTON. Do you have any comments, Ambassador, my old friend?

Ambassador DAREMBLUM. Yes, thank you. All the projects that they keep presenting and announcing is really a facade, because what counts is the strategic type or the strategic link between Ortega's thinking and Ahmadinejad in Iran. The Embassy for them is not the same thing an Embassy is in Western eyes. It is true physically, the Embassy in terms of how many people are in the Embassy is small. But Iranians can come into Nicaragua without a visa. There is no record of how many Iranians are in Nicaragua. And Nicaragua is needed not to present flourishing projects, but as a strategic presence of Iran vis-à-vis the United States. Inasmuch as the United States has troops in Iraq or has bases in those countries, which are close to Iran, Iran wants to do exactly the same thing or parallel thing with a presence in Venezuela—in Nicaragua.

Mr. BURTON. Before I yield to my colleague, does that in your opinion pose any threat to the United States?

Ambassador DAREMBLUM. Yes, of course.

Mr. BURTON. Can you elaborate really quickly?

Ambassador DAREMBLUM. Yes, of course. You pointed to one of them, the type of relationships that Ortega has with subversive groups all over the hemisphere and also in terms of the gangs that control very much the flow of illegals toward the United States. We don't know about how many people are going through the Maras, Salvatruchas, from the south to the United States. The concept of Embassy that they have is what produced in Buenos Aires in 1992 or 1994 the two greatest bombings and episodes where many people were killed. Everything was controlled from the Embassy, by the Embassy.

Mr. BURTON. My time has expired, I have gone over. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman. And like you, I also met Mr. Ortega in 1982, when I led a Senate trip with the late Senator Pell and Senator Leahy to Central America to look at the whole issue of the wars going on there and illicit funneling of assistance to the contras, then operating in and around Nicaragua.

Let me first ask, Ambassador Daremblum, picking up on your answer to my colleague Mr. Sires, I heard you criticize the United States for not exercising sufficient leadership and—my words, not

yours—kind of being squishy on the whole issue of Ortega and the Sandanistas and what is going on in Nicaragua. Have I got that roughly right?

Ambassador DAREMBLUM. Yes.

Mr. CONNOLLY. You were the Costa Rican Ambassador to the United States. Do you believe that your government was sufficiently outspoken with respect to what is going on in Nicaragua and Mr. Ortega?

Ambassador DAREMBLUM. Definitely. We had problems with Mr. Aleman and the border. We had problems with Ortega. We have had problems with most Nicaraguan leaders, with very few exceptions. And Costa Rica tried to take up some of those complaints to the OAS and to other forums and requested the aid of the United States. In many cases it was forthcoming. In other cases it was not forthcoming.

Mr. CONNOLLY. The United States? You mean the United States was not forthcoming?

Ambassador DAREMBLUM. Yes.

Mr. CONNOLLY. Yes. But let me ask you, my colleague Mr. Mack from Florida recommends that the United States pull out of the OAS and substitute bilateral one-on-one diplomacy for multilateral forums such as the OAS. Do you share that view?

Ambassador DAREMBLUM. I would not abandon the OAS, anyhow. I think the United States is going to be facing another OAS without the United States if Venezuela—if Chavez fulfills his organizational zeal of having an OAS without the United States.

Mr. CONNOLLY. Professor, if I could stay with you for a minute. And your observation of not pulling out of the OAS is very valuable. Thank you.

What is it from your perspective, given your role here now, and as an Ambassador and representing a very important country, Costa Rica, what is it do you think that Ortega and his government are out to achieve? What is it that they really want to accomplish in Nicaragua?

Ambassador DAREMBLUM. Well, the number one rule for the ALBA countries or the axis of Venezuela with Ecuador, Bolivia, and Nicaragua, is to hang onto power as long as possible, a lengthy stay in power, and eviscerate democracy and create an authoritarian state that they can use for their single purposes. And that is the objective. They wanted to do something like that in Honduras with Zelaya, but the Honduran people put an end to that, thank God.

Mr. CONNOLLY. Thank you. Ambassador Callahan, I think you wanted to comment on that as well and I welcome your view.

Same question. What is it that you think Ortega and the Sandinistas want to achieve in Nicaragua today?

Ambassador CALLAHAN. I would agree with Ambassador Daremblum. I think power. I don't think they are motivated by ideology. I think what they want is power and the wealth and influence that comes along with that. Many Nicaraguans now refer to it as Somozismo sine Somozo, or Somozism without Somoza. It is hauntingly reminiscent of what Somoza did. The intimidation, the crony capitalism, nepotism. A lot of Ortega's large family, a lot of his children are now in positions of power. And as I often said, if

your intention is to rule in Nicaragua for half a century, what better model to use than Somoza because Somoza succeeded in doing that. And I am convinced that is their motivation: To remain in power, with all the attributes that brings, for as long as it is possible.

Mr. CONNOLLY. Mr. Chairman, I find it interesting and I am sure you do too, that when I think back to my visit to Nicaragua and meeting with Sandinista leadership including Mr. Ortega, the revolutionary fervor was powerful and real. To hear Ambassador Callahan say, Well that is gone, this is just about raw power and holding onto it, as the Ambassador from Costa Rica also says, I think it is quite an interesting statement. And it kind of takes the nobility out of everything and just makes it sort of garden-variety autocratic dictatorship, not wanting to give up power once achieved. And at least in saying that it is not of direct strategic concern to the United States, other than human rights get violated, obviously, in our backyard, and the promotion of democracy is retarded and we certainly do not want the virus of autocracy to spread any further in the region, but the threat perceived in the eighties is not what we are talking about today. I thank you. Thank you, Mr. Chairman.

Mr. BURTON. Mr. Rivera of Florida, my good friend.

Mr. RIVERA. Thank you so much, Mr. Chairman, and thank you, all of you, for being here today on this panel. I represent many, many Nicaraguan Americans now in South Florida, perhaps more so than any other Member of Congress. And I say Nicaraguan Americans now, but many of them originally were Nicaraguan exiles, political exiles, that fled the Sandinista dictatorship. And many of them—they are now contributing, productive, positive members of society, many of them citizens and have become Nicaraguan Americans—have expressed dismay to me at the disturbing approach that we have seen from this administration vis-à-vis U.S. policy toward Nicaragua, particularly in its lack of outspokenness regarding what it sees as undemocratic—what many see as undemocratic measures that have been taken by Ortega and his regime from Nicaragua, starting with the mechanisms that were utilized to approach this election and to be able to run again in this election, the antidemocratic means that the Ortega regime manipulated the judiciary in order to be able to invoke his qualifications for this election. And it brings to mind what, again, many of these Nicaraguan Americans have told me that they see from this administration as a lack of support for those—for the forces of democracy in the region and silence toward the forces of dictatorship in the region, such as Mr. Ortega and his dictatorial actions.

And I wonder if that silence from this administration, from the Obama administration, in not strongly objecting to the mechanisms utilized to implement this election, as well as the results, the dubious results of these elections. Do you believe that helps legitimize Ortega's regime or legitimize has Presidency, and what should be the consequences against the Ortega regime after these dubious elections?

Ambassador Callahan, I will start with you.

Ambassador CALLAHAN. Thank you, Congressman. This administration has been far more outspoken recently over what is hap-

pening in Nicaragua than through the previous couple of years. I would to a certain extent agree with you. I was down there, I would have appreciated more rhetorical support from Washington. I would have appreciated a more explicit condemnation of what the Sandinistas were doing. I am afraid that the relative silence of Washington over a period of years led them to believe that there was a difference in the approach between the Embassy, which I was leading, and the State Department. And in fact, I was told by senior Sandinistas that I was not acting consistent with the policy of Washington. I was taking a harder line. So I think that would have clarified matters had we been a bit more outspoken.

We are, frankly, very limited in what we can do down there. The $500 million a year that Daniel Ortega receives in unconditional aid from Hugo Chavez allows him to thumb his nose not only at the United States but at the Europeans and at the Japanese, and he has done that.

I think it is important that we remain engaged, as I said in my testimony, to provide the kind of moral support that the opposition really needs. I am convinced that by staying down there through the 1980s, the United States contributed to the victory of Dona Violeta de Chamorro in 1990, and I think that ultimately the kind of government that Daniel Ortega is forming—crony capitalism, nepotism, corruption—ultimately will implode. It has to. There is enough pressure these days, international pressure, and it is no longer a bipolar world as it was in the 1980s.

And obviously if Venezuelan aid were to dry up for any reason, Daniel Ortega would find himself in a very serious predicament, because he has alienated a lot of the traditional donors, ourselves included. So I do think that the best approach is to continue to put pressure on him, work with the opposition, but to stay engaged.

Mr. RIVERA. Thank you very much. I yield back. Mr. Chair.

Mr. BURTON. Thank you. Mr. Sherman.

Mr. SHERMAN. I am interested in this view of Somozism without Somoza. With Somoza, he was in alliance with the oligarchs that preexisted his personal rise to power. Has Ortega co-opted or replaced the wealthy in Nicaragua? Has he put—has he been able to decimate the old wealthy and put in his own people, or has he co-opted or both?

Ambassador CALLAHAN. Good question, Congressman. The question is the large entrepreneurs in Nicaragua have been fairly content with Somoza—with Ortega's economic policies. As we mentioned, his macroeconomic policies have produced modest growth in the economy, controlled inflation. And what is extremely important is in my 3 years, there was not one serious labor strike because the Sandanistas control the labor unions. And this obviously redounds to the benefit of the big entrepreneurs.

Mr. SHERMAN. So the individuals who are entrepreneurs, it is not like everybody who was in the jungle with Ortega last century now is a billionaire. The 100 millionaires and the billionaires that existed before Ortega's new rise to power are still there, and he is just keeping them happy?

Ambassador CALLAHAN. Yes, they are still there. But there is a new class of wealthy and they are the Sandanistas.

Mr. SHERMAN. So the current wealthy class in Nicaragua is a combination of those who have been co-opted and those who have benefited. Speaking of benefits, of course Ortega himself is one of the most wealthy individuals in Central America. Does that undermine him with his own political base?

Ambassador CALLAHAN. You know, I am not certain he is one of the wealthiest in Latin America, although he is far, far wealthier than he was 10 years ago.

Mr. SHERMAN. I want to move on to another question for both yourself and the other Ambassador. And that is, you know, I know what it takes to try to sell people on foreign aid. And I am part of a government of what is still the wealthiest government in the world. How does Chavez sell the Venezuelan people on $0.5 billion of aid to Nicaragua, plus the other foreign aid he is providing throughout Latin America? Ambassador Daremblum?

Ambassador DAREMBLUM. PDVSA, the national petroleum company of Venezuela, has become the source for all sorts of goodies throughout Latin America. They are fairly restricted now and they are incurring very high debts, the Venezuelans, in order to keep up with the level of expenditures that Chavez is carrying on. By now I have heard—I read reports, in a sense, that they have mortgaged their petroleum reserves for a century already. They have been——

Mr. SHERMAN. Why would any sane capitalist lend money against the oil that Chavez's regime will extract from the ground 20 years from now?

Ambassador DAREMBLUM. I'm sorry, the number one lender is China.

Mr. SHERMAN. China?

Ambassador DAREMBLUM. China, yeah.

Mr. SHERMAN. China may or may not be paid. They are lending money to an illegitimate, repressive government, and when China pays the bonds issued by Sun Yat-sen and the last Emperor of China, that is when they should get their money from the Venezuelan people. Do the Venezuelan people know about the foreign aid, or is it something that is hidden from them?

Ambassador DAREMBLUM. It is very well-known. Very well-known.

Mr. SHERMAN. And finally the Ortega family is buying up the media outlets. What is the implication of that?

Ambassador CALLAHAN. I think it is very clear. The electronic media, because they are the ones that reach the masses of the people, especially the poor—and, again, it is reminiscent of what Somoza did. Somoza controlled television and radio, and pretty much—there were periods where he suppressed the newspapers—but those who are reading the newspapers were largely opposed to Somoza's government, are largely opposed to Ortega's government. So he can allow them to continue reading their papers, and when he is accused of interfering with freedom of the press he says, "How can you say that? Don't you read these papers?" Which are highly critical of him.

Mr. SHERMAN. Let me see if I can squeeze in one more question. The one enormous difference between Somoza and Ortega—they both seem dedicated to power and wealth—is Somoza found it in his interest to be pro-America and Ortega finds it in his interest

to be anti-America. Is that because of the half billion from Venezuela or is that out of genuine conviction?

Ambassador CALLAHAN. I think it is the latter. Daniel Ortega dislikes the United States.

Mr. SHERMAN. And finds it useful in holding power to have that be part of his ideology?

Ambassador CALLAHAN. I don't think it is that useful frankly. Because as I mentioned before you came in, poll after poll indicates that 70–80 percent of the Nicaraguans, which means some Sandanistas, hold a favorable opinion of the United States. It obviously has not hurt him, because he remains President. But nevertheless I don't see that as an aid to him other than, of course, getting the money from Chavez. But he feels much more comfortable with Chavez, with Castro, with that ilk.

Mr. SHERMAN. Okay. Thank you. I thank the chairman.

Mr. BURTON. I just have one quick question or comment. When I was down there in 1983 when the conflict was going on, I met with their—I can't remember his name, the guy that was the public relations, if you want to call him that, of the Sandinistas, and I went into his office. And he had a big picture of Mao Tse Tung right behind his desk. I would think that that might indicate he believed in communism. Just a wild guess.

But I asked him, I said—this is just kind of an aside—I said, you went to school in the United States. He said, yes. And I said, in fact you did graduate work. He said, yes. I said, how can you be a Communist after being in the free enterprise system? And he said, everything I am or I have learned, I learned at Harvard.

I just thought I would tell you that little funny aside. I am sure Harvard doesn't need that. But you don't believe that they are Communist or Communist-motivated anymore? It is just a power issue?

Ambassador CALLAHAN. Yes, I do. He pays lip service to socialism and proletariat, but it is entirely insincere as far as I can see.

Mr. SHERMAN. Mr. Chairman, there is another place that they pay some lip service to Mao Tse Tung but are in fact pretty damn capitalist, and that is the home of Mao Tse Tung, China.

Mr. BURTON. Yes, I understand. The whole world has changed.

Thank you very much. We really appreciate it, and on behalf of our chairman. We really appreciate your testimony. The hearing is adjourned.

[Whereupon, at 11:55 a.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

November 30, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Thursday, December 1, 2011

TIME: 10:05 a.m.

SUBJECT: Democracy Held Hostage in Nicaragua: Part 1

WITNESSES: The Honorable Robert Callahan
Former U.S. Ambassador to Nicaragua

The Honorable Jaime Daremblum
Former Costa Rican Ambassador to the United States
Hudson Institute

Jennifer Lynn McCoy, Ph.D.
Director of Americas Program
The Carter Center

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Thursday* **Date** *12/01/11* **Room** *2172 RHOB*

Starting Time *10:14 a.m.* **Ending Time** *11:55 a.m.*

Recesses ____ (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Democarcy Held Hostage in Nicaragua: Part I

COMMITTEE MEMBERS PRESENT:

Attendance Sheet attached.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *11:55 a.m.*

Jean Carroll, Director of Committee Operations

Hearing/Briefing Title: Democracy Held Hostage in Nicarague: Part I

Date: 12/1/11

Present	Member
X	Ileana Ros-Lehtinen, FL
	Christopher Smith, NJ
X	Dan Burton, IN
	Elton Gallegly, CA
	Dana Rohrabacher, CA
	Donald Manzullo, IL
	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
X	Connie Mack, FL
	Jeff Fortenberry, NE
	Michael McCaul, TX
	Ted Poe, TX
X	Gus M. Bilirakis, FL
	Jean Schmidt, OH
	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
	Tom Marino, PA
	Jeff Duncan, SC
	Ann Marie Buerkle, NY
	Renee Ellmers, NC
X	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
	Gary L. Ackerman, NY
	Eni F.H. Faleomavaega, AS
	Donald M. Payne, NJ
X	Brad Sherman, CA
	Eliot Engel, NY
X	Gregory Meeks, NY
	Russ Carnahan, MO
X	Albio Sires, NJ
X	Gerry Connolly, VA
	Ted Deutch, FL
	Dennis Cardoza, CA
	Ben Chandler, KY
	Brian Higgins, NY
	Allyson Schwartz, PA
	Chris Murphy, CT
	Frederica Wilson, FL
X	Karen Bass, CA
	William Keating, MA
	David Cicilline, RI

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