



From Bad to Verse

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Since my Latin Letter in March, 2014, (*Folly or Destiny? – Issue 244*) highlighting Nicaragua, what progress has there been with the planned canal meant to rival the one in Panama? Not much.

Ironically, the United States of America's government had originally chosen Nicaragua over Panama for the Central American canal it considered to be critical to enable its expanding navy to travel rapidly between the Pacific and Atlantic oceans. There were many reasons (some colourful, apocryphal stories as well) for the final choice, but primarily US relations, which had been strong, went into steep decline once Nicaragua's General José Santos Zelaya, a Liberal, seized power in 1893 and established a dictatorship. Importantly, the General ruled out of hand the US proposal to build a canal.

After the US had committed to a canal in Panama, Nicaragua attempted in vain to persuade the British, Germans or Japanese to take on the project. In order to quash the initiative, the US entered into a treaty with Nicaragua's government granting it exclusive rights to build a canal. There was, of course, never any intention to proceed, but it meant that any other foreign power was blocked from doing so; in terms of the treaty the Nicaraguan government was paid USD3 million.

A canal has long been a Nicaraguan dream, enthusiastically endorsed in the past by Napoleon III and the railroad magnate, Cornelius Vanderbilt, but it was not until Wang Jing, a Chinese billionaire, entered into an agreement with the Nicaraguan government in 2013 that the real possibility of building one existed. An optimistic President Ortega, the former left-wing guerrilla who was backed by Fidel Castro, and is today embracing capitalism to his advantage, believes that such a canal could create hundreds of thousands of jobs and eventually double the country's gross domestic product. If this is doubtful, what is not in doubt is his support of the private sector and his prudent economic policy which has seen the economy grow at an annual average rate of 5% in the past five years.

The Chinese entrepreneur's company in charge of construction projects a total cost of USD50 billion (a figure many engineers say is completely unrealistic). But since Mr. Wang officially broke ground outside Brito, a somnolent Pacific Coast village, in December, 2014, the main activity there has been cows grazing. A 1,100-page report produced by Environmental Reserves Management, a British consulting firm, recommended that further studies are needed before proceeding any further.

Lake Nicaragua has hundreds of islands, more than the number of islands of influence which China has throughout the region, referred to in my last two columns, but the environmental impact on them if the canal goes ahead is of great concern. Meanwhile, Mr Wang has apparently invested around USD500 million of his own money and continues to have talks with potential investors. It is believed that Mr. Wang has, in the meantime, lost about 80% of his USD10 billion fortune. Besides this, the project is hardly transparent, a fact strongly criticised by Margaret Myers, the director of the China and Latin America programme at Inter-American Dialogue which is a policy institute based in Washington.

The canal would be over three times longer than Panama's 48-mile waterway and twice as deep, resulting in the largest movement of earth in history. The additional infrastructure planned includes ports, an airport and a railway, but legal experts argue that the canal is not feasible, ecologically risky and not a good deal for Nicaragua. The Chinese billionaire would seem to hold the best cards because depending on how things turn out, the agreement not only allows him to shelve the canal project and still develop the remaining pieces of it, he can petition the state to confiscate any land he might need.

Does Panama's canal still have the edge? In Panama democracy has firm roots which engenders stability whereas Nicaragua has continued to move towards the populist (although less extreme) model found in Venezuela. It is true that Nicolás Maduro, Venezuela's besieged president, is much less popular, not only with the populace but with the US too, and that Nicaragua has an effective police force that has reduced violent crime, but still, the Central American country has an autocratic system of government that could remain in place for a long time. If, as I wrote last month in my column ("Islands in the Stream" – issue 270), Venezuela is the skeleton in South America's cupboard, representing the politics of old, there is little doubt that Nicaragua could also descend into a similar, if more benign (possibly), dictatorship and become Central America's rebel. Political stability becomes crucial when it involves a canal for international shipping, as the world witnessed during the Suez Canal crisis in 1956. In Panama's case the US has retained the right to ensure that the canal functions at all times.

Rumours are rife that Mr. Wang is a straw man for China's government; if this is so then irregardless of the level of interest which China may have in the project, China Harbour Engineering Company, based in Beijing, has chosen to set up its regional headquarters in Panama and not Nicaragua. It will be part of the team that is already drawing up plans for Panama's fourth set of canal locks at an estimated cost of USD 17 billion which would allow post-Panamax plus ships to transit; these giants would be able to each carry 12,000 containers.

Daniel Ortega was, for many Latins, a hero-figure during the Sandinista Revolution with its doctrine of Marxism and liberalism, weighted heavily towards a commitment to social justice. The Sandinistas overthrew the dictatorship of the Somoza dynasty, a friend of the US, and which had been supported by the Contras, armed by the US. After a brutal and merciless civil war the victorious Daniel Ortega was seen as a liberating David facing an American Goliath. Even so, as leader of the Sandinista government, he lost an election in 1990 and entered political limbo. It was not until 2007 that he became president and since then he has mastered the reins of power. Today he not only assumes to possess the divine right of kings, he has even been able to hobble the main opposition party, the Independent

Liberals, by placing control of it in the hands of – what is tantamount to being – his proxy.

Just two days before the US presidential elections on 08 November, but after this column has been printed, there will be a presidential election in Nicaragua. Mr. Ortega will seek a third consecutive term, made possible by his taking control of the Supreme Court and the electoral authority and removing a ban on presidential re-election. Such connivance is an anathema to those Latin American governments who, as I have previously written, are eschewing the Juan and Eva Perón political template, replacing the theatrical with the practical.

But in Nicaragua we see President Ortega appointing his wife, Rosario Murillo, as his running mate in this month's elections, bringing back memories of yet two more Argentines, Nestor Kirchner and his wife, Cristina Fernández de Kirchner. The 70-year-old president wishes to turn the running of the country into a family business; already his wife wields considerable political clout behind the scenes and together they exercise tight control across the country through Councils of Citizen Power (a title which invites cynicism).

Despite the plight of Nicaragua, however, it will not be where world attention will be on 06 November, because two days later either Donald Trump or Hillary Clinton will become the future US president. If Mr. Trump succeeds (not a certainty as I write this), then the populist brand of politics, in its many shades, will have triumphed in both countries and whose citizens will be left to their fate, whatever this may bring.

Poetry and Mr. Trump, I imagine, go together like chalk and cheese, but in Nicaragua it is a national pastime and everybody is a poet, including Daniel Ortega and his wife. Percy Bysshe Shelley, England's grand 18th century poet, said that famous poets and philosophers were "the unacknowledged legislators of the world". President Ortega may well have avoided poetic justice for now and legislated to his advantage, but at a time when a swathe of Latin America is shedding its old political skin, it would seem that Nicaragua is still stuck in the bad old days.

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