



National Library
of Canada

Bibliothèque nationale
du Canada

Acquisitions and
Bibliographic Services Branch

Direction des acquisitions et
des services bibliographiques

395 Wellington Street
Ottawa, Ontario
K1A 0N4

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file Votre référence

Our file Notre référence

NOTICE

AVIS

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

If pages are missing, contact the university which granted the degree.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30, and subsequent amendments.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30, et ses amendements subséquents.

Canada

**Unmaking Progress:
The Impact of Structural Adjustment Policies
on Women of the Popular Sector
in Managua, Nicaragua**

by

**Alexa M. Cartwright
B.A. (Hons) University of Victoria, 1990**

**THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF ARTS**

**in the Department
of
Geography**

© Alexa M. Cartwright, 1993

SIMON FRASER UNIVERSITY

November 1993

**All rights reserved. This work may not be
reproduced in whole or in part, by photocopy
or other means, without permission of the author.**



National Library
of Canada

Acquisitions and
Bibliographic Services Branch

395 Wellington Street
Ottawa, Ontario
K1A 0N4

Bibliothèque nationale
du Canada

Direction des acquisitions et
des services bibliographiques

395, rue Wellington
Ottawa (Ontario)
K1A 0N4

Your file *Voire référence*

Our file *Notre référence*

THE AUTHOR HAS GRANTED AN IRREVOCABLE NON-EXCLUSIVE LICENCE ALLOWING THE NATIONAL LIBRARY OF CANADA TO REPRODUCE, LOAN, DISTRIBUTE OR SELL COPIES OF HIS/HER THESIS BY ANY MEANS AND IN ANY FORM OR FORMAT, MAKING THIS THESIS AVAILABLE TO INTERESTED PERSONS.

L'AUTEUR A ACCORDE UNE LICENCE IRREVOCABLE ET NON EXCLUSIVE PERMETTANT A LA BIBLIOTHEQUE NATIONALE DU CANADA DE REPRODUIRE, PRETER, DISTRIBUER OU VENDRE DES COPIES DE SA THESE DE QUELQUE MANIERE ET SOUS QUELQUE FORME QUE CE SOIT POUR METTRE DES EXEMPLAIRES DE CETTE THESE A LA DISPOSITION DES PERSONNE INTERESSEES.

THE AUTHOR RETAINS OWNERSHIP OF THE COPYRIGHT IN HIS/HER THESIS. NEITHER THE THESIS NOR SUBSTANTIAL EXTRACTS FROM IT MAY BE PRINTED OR OTHERWISE REPRODUCED WITHOUT HIS/HER PERMISSION.

L'AUTEUR CONSERVE LA PROPRIETE DU DROIT D'AUTEUR QUI PROTEGE SA THESE. NI LA THESE NI DES EXTRAITS SUBSTANTIELS DE CELLE-CI NE DOIVENT ETRE IMPRIMES OU AUTREMENT REPRODUITS SANS SON AUTORISATION.

ISBN 0-612-01114-3

Canada

APPROVAL

Name: Alexandria Manon Cartwright

Degree: Master of Arts

Title of Thesis: Unmaking Progress: The Impact Of Structural Adjustment Policies On Women In Managua, Nicaragua

Examining Committee:

Chair: R.D. Moore, Assistant Professor

J.A. C. Brohman
Assistant Professor
Senior Supervisor

C. Nesmith
Assistant Professor

Marilyn Gates, Associate Professor
Department of Sociology and Anthropology
Simon Fraser University
External Examiner

Date Approved: November 30, 1993

PARTIAL COPYRIGHT LICENSE

I hereby grant to Simon Fraser University the right to lend my thesis, project or extended essay (the title of which is shown below) to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users. I further agree that permission for multiple copying of this work for scholarly purposes may be granted by me or the Dean of Graduate Studies. It is understood that copying or publication of this work for financial gain shall not be allowed without my written permission.

Title of Thesis/Project/Extended Essay

Unmaking Progress: The Impact Of Structural Adjustment Policies On Women

In Managua, Nicaragua

Author:

(signature)

Alexandria Manon Cartwright

(name)

Dec-13 / 93

(date)

Abstract

This thesis examines the impact of structural adjustment policies (SAPs) on women of the popular sector in Managua, Nicaragua. Structural adjustment policies are frequently implemented in seriously indebted third world countries under the direction of the International Monetary Fund and the World Bank. The economic measures generally include currency devaluation, liberalization of trade, privatization of state enterprises, and cuts in government expenditures such as social services.

The implementation of SAPs in Nicaragua, particularly since 1990, has produced the most serious economic crisis in decades. The reasons why neoliberal assumptions don't fit the reality of women's lives in Managua is associated with historical and geographical conditions that structure their everyday lives. It is the combination of particularities, including its position as a dependent capitalist country, its inability to attract foreign investment, high unemployment rates and a large informal sector that make SAPs inappropriate for such a poor, underdeveloped country.

In Nicaragua women are being affected by SAPs in both the productive sphere and the social reproductive sphere. Women are experiencing greater unemployment rates and female employment is clustered around lower-paying, reproductive-related jobs. In the latter sphere, cuts in health and education expenditures are decreasing access to these services and in some cases shifting the burden of responsibility onto women.

Women's response to the crisis has been largely consistent with responses in other third world countries, including longer work days, adding children to the workforce, and reducing overall consumption. At the collective level women are organizing to provide basic health services and soup kitchens, in addition to some consciousness-raising and education regarding sexuality and violence against women. There is some evidence that Nicaragua's recent revolutionary experience has positively influenced how women are responding, in particular by teaching them how to organize more effectively and opening up a political space in a traditionally male-dominated society.

Acknowledgments

Grateful acknowledgments first go to my committee members, John Brohman and Cathy Nesmith for their interest and very helpful comments on several drafts. Particular thanks to John for his support and confidence that I would survive the Nicaraguan experience.

I must also gratefully thank the various people who helped me, unconditionally, during my stay in Nicaragua. In particular, the people at CEAL who sponsored me; Roxanne Murrell at CUSO who connected me to great sources of information; to Julie Leonard at CUSO who housed me for some time, among other great things; David Dye who tried to make sense out of Nicaragua for me and knew some great bars *típico*; Mark Meassick at Cenzontle who went out of his way for me; Rina Campos at Centzontle who introduced me to barrio Camilo Ortega and understood my Spanish; Bill Woodfine at NITLAPAN who provided useful material; Martha Olivares Pérez who was a great Spanish teacher and generous friend; and to all the women who participated in interviews.

Thanks to Jen and Henry for frequent philosophical discussions, more support than I knew what to do with, and late night cookie sessions. Chapter four is dedicated to you!

Thanks to my parents who once again gave me the necessary support needed for such an endeavour and once again stayed quiet while I went off to another country they probably wished I would avoid as a single white female.

Finally, this research was completed with the grateful assistance of a scholarship from CIDA and two Simon Fraser University Fellowships.

Table of Contents

Approval Page.....	ii
Abstract.....	iii
Acknowledgements.....	v
Table of Contents.....	vi
List of Tables.....	viii
List of Figures.....	viii
Chapter 1.0 Introduction.....	1
1.1 Research Design.....	5
Chapter 2.0 Capitalist Restructuring and SAPs in Latin America.....	13
2.1 Capitalist Restructuring.....	13
2.2 The Latin American Economic Crisis.....	18
2.3 The IMF and World Bank Connection to SAPs.....	26
Chapter 3.0 SAPs in Detail.....	32
3.1 Structural Adjustment: The Neoliberal Approach.....	32
3.2 The Conceptual Framework of SAPs.....	36
3.3 Shortcomings of SAPs.....	39
3.4 Micro-level Impacts.....	45
3.5 Particularities of Nicaragua.....	48
3.6 Structural Adjustment in Nicaragua.....	56
Chapter 4.0 The Gendered Impact of SAPs.....	66
4.1 Macroeconomic Assumptions of SAPs.....	66
4.2 Towards a Theorization of Neoliberalism, Patriarchy and SAPs.....	73
4.3 Dual Systems Theory in Latin America.....	77
4.4 Dual Systems Theory in Nicaragua.....	79
Chapter 5.0 The Impact of SAPs and the Response by Women.....	87
5.1 The Productive Sphere.....	88
5.2 Social Reproduction: Decrease in Government Spending on Health.....	93
5.3 Decrease in Government Spending on Education.....	95
5.4 The Impact on Domestic Work.....	97
5.5 The Impact on Children.....	98
5.6 Individual and Collective Responses.....	100

5.7 How has Nicaragua's revolution influenced how women have responded to their situation?.....	103
5.8 Prospects for Transformation	107
Chapter 6.0 Conclusion.....	116
6.1 Recommendations.....	122
References	128
Appendix A Interview Guides.....	142
Appendix B Interview Participants.....	144
Appendix C Summary of Responses.....	145
Appendix D Interview Schedule.....	147

List of Tables

Table 2.1 Retrogression of per capita GDP, 1985.....	18
Table 2.2 Government Expenditures in Health and Education.....	19
Table 2.3 Rates of per capita Growth (%).....	20
Table 2.4 Urban Unemployment of EAP (annual average %).....	20
Table 2.5 Inflation (%).....	20
Table 3.1 Decline of Exports in Nicaragua 1989-1992.....	57
Table 3.2 Economic Indicators for Nicaragua 1989-1992.....	63
Table 5.1 Female Participation in Labour Market 1980-1990.....	88
Table 5.2 Per Capita Health Spending 1979-1992.....	93

List of Figures

Figure 1.1 Map of Nicaragua.....	3
Figure 2.1 Voting Power in the IMF.....	29

Chapter 1.0

The Impact of SAPs on Women of the Popular Sector in Managua, Nicaragua

This research examines the impact of structural adjustment policies on women of the popular sector in Managua, Nicaragua (Figure 1.1).¹ Structural adjustment policies (SAPs) are presently a key component of the economic restructuring process in many third world countries. These controversial policies have resulted in a plethora of research regarding their relative merits and demerits, with much attention focused on Latin America and Africa. In particular, much of the literature examines the social cost of SAPs on the poorer sectors, and quite recently, their differential impact on men and women (Feldman and Benería 1992, Cornia *et al* 1987, Canak 1989, Deere *et al* 1990, Elson 1991, Afshar & Dennis 1992, MacAfee 1991, Moser 1991, Riddell 1992, Woodward 1992).

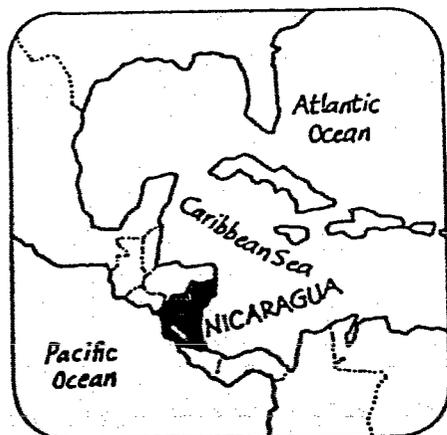
It is argued here that there are two serious shortcomings with respect to the application of SAPs in Nicaragua. First, there are indications that these policies are inappropriate for Nicaragua

¹ The popular sector is a particular Latin American term that includes waged labour and the majority of informal sector workers (though not those workers operating profitable businesses), students, peasants, and farmworkers. As such it is not useful to use the term working class in opposition to Capital since the project of structural adjustment policies and transnational companies as opposed by a wider spectrum, not just the working class. In Nicaragua the term popular sector also has subjective connotations since the Sandinistas and their supporters used the term. Nicaraguans equate the term with 'the poor', defined as not having basic needs met. According to this definition, 70% of the population is considered poor (Woodfine 1993).

due to its particular economic and social structure as a dependent capitalist country with low levels of foreign investment and high levels of unemployment and informal sector workers. Second, these economic policies contain an underlying gender bias that discriminates against women. Such discrimination is further compounded in a *machista* attitudes in a society such as Nicaragua. In addition, while policies under such conditions (economic hardship combined with machismo) may produce new forms of exploitation and hardship for women, they may also, as Elson (1992) suggests, provide the necessary groundwork for transformation and structural change leading to more equity between men and women through the organization and collaboration of poor women fighting for themselves and their children. This point is examined with regards to the particular situation of Nicaragua.

This thesis, then, seeks to illustrate the reasoning and assumptions behind neoliberal economic policies such as SAPs and describe how they are implemented. In detailing the particularities of Nicaragua's economy it will become clear that many of the underlying assumptions of SAPs are not valid in that country. Similarly, SAPs do not address directly the generally inferior position of women in Nicaragua. It is from this that a differential gender and class impact arises since women frequently take on services and activities eliminated by the government in order to try to maintain the well-being of their family.

Figure 1.1
Map of Nicaragua



- National capital
- Provincial capitals
- Pan American Highway

Source: Deighton *et al* 1982

This research is germane because of the implications for broad-based, equitable development in a third world country arising from SAPs.² If the World Bank and the International Monetary Fund are to be believed, the purpose of SAPs is to allow indebted third world countries to improve their economic situation and thus 'develop'. However, the kind of development taking place is highly questionable when there is increasing inequality within and between countries and when little attention is being paid to the deteriorating social infrastructure of many countries. This research consequently contributes to the literature that is critical of present global restructuring policies; it particularly emphasizes the importance of considering particularities of place and gender in development strategies. There is very little research available that emphasizes the particularities of Nicaragua and the gendered impact of SAPs in that country. The combined effect of these two factors reinforces existing inequalities at a global level between rich and poor countries, for instance by promoting polarized economic development and perpetuating the 'comparative advantage' of low wage labour. Similarly, inequalities are reinforced between men and women, particularly by women's considerable unpaid role in social reproduction.

²For the sake of verbal shorthand and clarity the rather contentious, but nonetheless important issue what to call countries of the third world, or the developing countries will be avoided here. Both terms will be used interchangeably, while recognizing that they can be construed as vague and ethnocentric.

1.1 Research Design

Research is directed at the question of how poor women are affected by structural adjustment policies in Managua. The answer is sought by examining the changes in these women's work activities, as well as in their social reproduction in areas such as health and education. These three principal areas of examination were chosen because of their significance to broad-based development. Work in the so-called productive sphere is important because of the increasing inability of families to survive on one wage, a wage which is traditionally earned by men. Additionally, the situation in Nicaragua is particularly relevant since there is a high number of female-headed households, and these households tend to be among the poorest. The incorporation of women into the labour market frequently affects children as well, owing to a lack of adequate childcare--further affecting broad-based development. Similarly, education and healthcare, part of social reproduction, are basic social services and thus are good indicators of a country's socioeconomic development. Moreover, data for these areas is relatively accessible in a short time period.

The research design consisted of three components; interviews with women in two poor urban barrios in Managua (hereafter referred to as the individual women), interviews with women's groups and key informants (referred to as women's groups), and collection of secondary data from various sources in Nicaragua (see Appendix D for interview schedule). The purpose

of talking to several women and women's groups was to attempt to complement the more quantitative secondary data collected in Nicaragua. Research was conducted in Managua between January and April 1993.

The participants of this research project were chosen in consultation with organizations that were involved in women's issues and/or economics (i.e. Cenzontle, an indigenous organization examining issues pertaining to gender, and FIDEG, *Fundación Internacional Para el Desafío Económico Global* (International Foundation for the Global Economic Challenge). For example, the collectives chosen, Xochilt and 8 de marzo, were recommended by Roxanne Murrell at CUSO who helped arrange the interviews with them. I accompanied Rino Campos of Cenzontle to a meeting in barrio Camilo Ortega where we then sought out women who were willing to talk. Those interviews were held over a four hour period in the kitchen of one of the women, Jasmine. Similarly, a contact at NITLAPAN introduced me to a Canadian nun who arranged a meeting with two women in barrio Edgar Lang; interviews took place in the small restaurant jointly operated by one of the women, Carmen.

Five individual women, of varying marital status were interviewed (see Appendix B), all of whom identified themselves as poor and belonging to the popular sector. Although none of the women expressed concern about speaking to me, the names of the individual participants have been changed to protect their identity. The two barrios where they lived were barrio Camilo Ortega and Edgar Lang, both named after revolutionary heroes

who died in the insurrection leading up to the Sandinista triumph of 1979. Both barrios lack basic amenities such as telephone service, sanitary sewer systems and drainage systems. There is no regular garbage collection, creating very unsanitary conditions. Drinking water, health centres, transportation, and schools are considered inadequate. Many of the inhabitants live in one-room dwellings, commonly categorized as inadequate (D'Angelo & Campos 1992).³

Interviews were also conducted with two leaders of community-level women's centres (*colectivos*, or collectives), and 4 leaders of various organizations associated with women in some way (e.g. a leader of SOYNICA, a group that distributes soya to feeding centres for mothers and young children, and a union

³ These two barrios appear to be quite typical of popular sector barrios of Managua. Contrary to the commonly-held belief regarding 'shanty-towns' or 'spontaneous settlements' in third world cities, the majority of the population of Managua has not recently migrated from rural areas to the city. Instead, long-term residents move within the city upon hearing of new 'invasions' or opportunities of new land. During the revolution the Sandinistas legalised many such settlements, providing many with legal utility services and property rights. While some of the poor barrios appear to be distinctly Sandinista or even UNO supporters (see Chapter 3), there is considerable heterogeneity within.

Managua has experienced tremendous growth in the past several decades, from 10% of the country's population in 1950, to 28% in 1980, to 33% in 1986. Consequent problems that stem from the high growth rate include a housing shortage and inadequate services such as transportation and water (see Massey 1987 for a fuller analysis of the urban situation). These are exacerbated by the fact that Managua has not yet recovered from the damaging quake that destroyed the centre of the city in 1972. Today Managua is a somewhat bizarre city of more than 1 million people, with unnamed roads joining disparate barrios (districts) together, and with no definite centre. Many of the poorer barrios are considered dangerous, both by many of the inhabitants and other Managuans. Much of the occurrence of crime is fairly recent, particularly in the past two years with the deteriorating economic conditions. As a result, it is considered dangerous for a foreigner to walk alone in many places, and both Managuans and foreigners often feel it is too dangerous to go outside after dark.

leader with FETSALUD, the health care union). A representative of the police was also interviewed in order to get recent statistics on crime rates.

The questions asked varied according to the subject being interviewed, although they always revolved around how activities have changed since the implementation of the SAPs (see Appendix A). For instance, the individual women were asked to compare the number of hours (paid and unpaid) they worked presently to that of 2 years earlier when structural adjustment policies under the Chamorro government were implemented; how their wages have changed; the impact on their children (for example, are any working?); and how changes in health and education services have affected them.

Questions to the leaders of the two women's centres similarly asked how the centre came into being (to what was it in response?); what its role in the community is; how, in their opinion, women are differently affected than men by the economic situation; how has the revolution changed the ability of women to respond to the economic crisis; and what are women's greatest preoccupations at the present time.

Most of the secondary data that was collected in Nicaragua is publicly available and accessible, with the exception of two unpublished papers. One important source was the previously mentioned organization FIDEG (International Foundation for the Global Economic Challenge). Formed in 1990, the purpose of this non-governmental group is to examine how broad global economic processes (such as structural adjustment policies) are affecting

various sectors of the local population. They have conducted many in-depth interviews with women of the popular sector over a two to three year period. A similar institution was NITLAPAN (*Instituto de Investigacion, Educacion Popular y Desarrollo Alternativo Universidad Centroamericana*) which is connected to the University of Central America in Nicaragua and which is also presently studying the economic situation of the urban poor.

The realities of doing research in an impoverished country such as Nicaragua quickly became evident to me and presented some minor methodological problems. For instance, the impact of economic policies on a particular sector can be difficult to measure in a conventional way since there are frequently many intervening variables. Moreover, this problem can be further exacerbated owing to a country's impoverishment. There has been no national census in Nicaragua since 1972 and thus many statistics used by various organizations are guesses or are based on questionable sources. Equally important, many quantitative aspects of social impacts (e.g. employment and unemployment in the informal sector) are difficult to measure, and thus there is frequently a wide discrepancy between information offered by different sources. Discussions with other foreign and local researchers revealed which sources were generally considered more reliable. The three component parts of the research provide a variety of data sources for the thesis, thus minimizing the problems arising out of the above. Further difficulties stemmed from the difficult economic situation itself, such as the necessity of being accompanied by other people for safety reasons in the

barrios. Finally, most of the people contacted were Sandinista supporters, not by my choice, but because Nicaragua is a very politicized country, particularly at the present time, and it was primarily opponents to the present regime that were organized around this issue. It is difficult to determine how much of a role politics played in the response to questions asked. Regardless of these difficult conditions, virtually all of the people contacted were interested in the research area and were willing to participate.

The purpose of this research was to establish, in a short period of time, what the immediate impact of SAPs on poor women was, and how were they responding, both individually and collectively. Overall, the results were successful in that a variety of data sources corroborated information found, as previously mentioned. In addition, the initial proposal was to provide a more complete picture of the situation in one particular barrio. Thus all of the principal respondents, the individual women, and various women's groups, would be from, or very familiar with the same neighbourhood. For practical purposes, however, this was impossible. In the short period of time available to establish contacts, neither of the two chosen barrios had appropriate women's organizations. However, all of the women and organizations interviewed were familiar with the general situation of women of the popular sector.

I initially anticipated doing in-depth interviews with the women, in order to illustrate how class, gender and SAPs are inscribed on several women at a more personal level. This was

not possible, however, for several reasons. First of all, in order to establish good rapport for in-depth interviews, initial letters or telephone calls are useful for introductory purposes. As the popular sector women had neither mail nor telephone service this was impossible. For the same reason it was difficult to schedule interviews in advance. I also found it was usually helpful to be accompanied by another Nicaraguan, for etiquette and safety purposes which contributed to logistical complications. Certainly, additional primary research, given a longer time period and increased budget, would have allowed me time perhaps to be more of an insider. This would have afforded me greater access to question in more detail the impact of SAPs on these women's lives, adding to the picture presented here and contributing a fuller analysis.

Thesis Outline

The following chapter begins by placing SAPs within the context of the process of global restructuring presently underway. Since SAPs are largely a response by transnational financial capital to third world indebtedness, the debt crisis in Latin America is briefly examined. In addition, the influential role of the International Monetary Fund and the World Bank in the rise of SAPs is pointed out.

Chapter three focuses on the SAPs themselves: the underlying macro-economic assumptions and the common criticisms of these policies. Next the particularities of Nicaragua's situation are outlined upon, raising questions concerning the

appropriateness of such policies for this country. Finally, the particular SAPs implemented to date in Nicaragua are described in some detail.

Chapter four sets out the conceptual framework for examining the impact of SAPs on women, including a discussion of the underlying assumptions of macroeconomic policies associated with SAPs and possible links to gender discrimination. Using the framework of dual systems analysis, the discussion focuses on the Latin American context and then moves to an analysis of the Nicaraguan situation.

Chapter five addresses the specific impact of SAPs on women in Managua, concentrating on both the productive and social reproductive spheres. Individual and collective responses to the crisis faced by popular sector women in Managua are discussed. Finally, the question of how the Nicaraguan revolution has influenced women's ability to respond to the crisis is briefly addressed, along with prospects for movement towards a positive transformation of society.

Chapter six concludes with a review of the evidence presented and puts forward some recommendations to ameliorate the present difficult situation faced by popular sector women of Managua.

Chapter 2.0 Capitalist Restructuring and SAPs in Latin America

This chapter sets out to show how and why SAPs came about in the 1980s and in particular will explain the link between the debt crisis and these policies. The particular Nicaraguan situation is placed in context by analyzing the Latin American debt crisis. Finally, the roles and importance of the international financial institutions, the International Monetary Fund and the World Bank with respect to SAPs will be discussed.

2.1 Capitalist Restructuring

A restructuring of capitalism has been occurring amid a series of profound disruptions in the global economy, associated for example with a four-fold oil price increase in the 1970s, severe and growing trade imbalances, unprecedented exchange-rate fluctuations, and large debt accumulation. It is argued that these are symptoms of a 'widespread crisis, a grand disruption that is profoundly altering the structural and institutional relations of international capital' (MacEwan & Tabb 1989:23).

The implementation of SAPs arises out of the general crisis of accumulation that the capitalist world economy has been experiencing since the early 1970s. This crisis is reflected by declining productivity and profitability in the industrialized capitalist countries following

several decades of unprecedented growth (Thomas 1989).⁴ As capital accumulation represents the driving economic force of the capitalist system, this crisis has engendered various forms of restructuring in an attempt at its resolution. Structural adjustment policies (SAPs), as encouraged and administered by the IMF and the World Bank, can be conceptualized as an important component of these broader efforts at global restructuring designed to enhance opportunities for capital accumulation.

As shall be shown, SAPs were conceived ostensibly as a new development strategy in the on-going attempt to modernize third world economies. Their significance is revealed by the observation that the amount of money directed to SAPs in the 1980s grew from 3% to 25% of the World Bank's annual loan portfolio (Reed 1992, Kolko 1988). There is little that is new theoretically, however, in that the 'trickle-down effect' (following neoclassical economic theory) is assumed to work to benefit all social groups. In addition, loans are conditional, similar to previously tied aid. Moreover, like most previous development strategies little attention is given to the gender or class dimensions of development.

Since the exposure of the debt crisis in the early 1980s, inflows of financial capital from private sources to third world countries have virtually disappeared, leaving multilateral institutions such as the International Monetary Fund and the World Bank as virtually the sole sources of external loans to third world countries. This commanding

⁴ Certainly, the crisis has been experienced unevenly, for instance, some countries in Europe and East Asia are doing quite well, while those in other regions, such as Africa and Latin America are experiencing falling per capita income.

position has given these institutions considerable and unprecedented power and has effectively enabled them to mandate a restructuring program for the global economy. This has been carried out partly through policies designed to cause economic and developmental change, and partly through a particular measure known as conditionality, whereby loans are lent upon specific policy changes. These policy changes support orthodox capitalist ideology by emphasizing economic liberalization, the free movement of capital, reduced trade barriers, and improved foreign investment environments (Reed 1992, Kolko 1988). There is certainly considerable self-interest involved on the part of the 'global administrators' of the IMF and World Bank; not only is it in the interest of the dominant capitalist countries (for whom the IMF and World Bank effectively work) to prevent debt default, it is also in their interest to open up more markets and ease trade restrictions in further efforts at resolving the crisis of accumulation. Ideally, this would allow transnational capital to take advantage of cheaper labour costs and more open markets.

SAPs are based on the belief of the IMF and World Bank in the superiority of outward, export-oriented economies (Balassa 1981), and in the primary importance of market forces to 'get the prices right' and distribute goods and services efficiently. Policy changes required by the participating countries generally include some combination of: currency devaluation, privatization of state enterprises, encouragement of foreign investment and an increasing emphasis on producing exports for the world market. All of these measures are designed to enhance

development according to the principle of comparative advantage⁵ which necessarily implies greater global integration and increased vulnerability to global market fluctuations for poor, undiversified and outward-oriented third world countries. It is implicitly assumed by the policymakers that these policies will generate employment for those dispossessed of land and other productive resources, thus resulting in stable economic growth (Feldman 1992).

However, after more than a decade of implementation, the effectiveness of SAPs at a macroeconomic level can be critically questioned. The primary function of these policies is to lessen the debt load, yet in 1990 the third world as a group was 61% more indebted than in 1982 (George 1992). It is well documented now that SAPs have not resulted in stable economic growth for most countries, let alone increased employment. Rather, SAPs have resulted in massive job layoffs, reduced wages and weakened union power, paving the way for higher corporate profitability by transnationals and their local allies (George 1992).

SAPs have also apparently been profitable for international financial organizations; between 1982 and 1989 there was a net transfer of U.S.\$200 billion from Latin America to transnational corporations and banks (Petras & Morley 1992). According to Sánchez Otero, Latin America is in the 'midst of a profound and accelerated process of economic restructuring and foreign takeovers' (Sánchez Otero 1993:20). SAPs can thus be interpreted as a mechanism through which

⁵ The principle that by concentrating on natural factor endowments, all countries will benefit from trade. It is commonly argued that the natural endowments of 'third world' countries are their 'cheap' labour and land which enable them to maintain their competitiveness in the international economy.

transnational corporations and their allies, in conjunction with international financial organizations, have increased capital accumulation based on surplus transfer from third world countries.

Further, new neoliberal regimes have strengthened traditional dualistic economic structures in most third world countries: 'a private sector linked to international circuits drawing on overseas financial resources and the pillage of the state, and another sector dependent on a shrinking internal market, linked to declining wages, deteriorating state services, and a lack of job opportunities' (Petras & Morley 1992:16).

Such growing inequality is in turn linked to government policies that have contributed to a substantial movement of capital in various forms from the third world to developed countries (Petras & Morley 1992).

The debt crisis and associated macroeconomic problems have effectively enabled international financial organizations to step in and mandate particular economic policies for individual countries in return for offering them financial assistance. Put another way: 'the demands put forward by the structural adjustment programs of the International Monetary Fund (IMF) and the World Bank have significantly recast the economic and political environment of nations dependent on multilateral financing' (Feldman 1992:2). This has come about through a loss of sovereignty stemming from a virtual inability to attain credit without IMF/World Bank approval, an emphasis on an export-oriented economy, and increased inequality among socioeconomic groups.

2.2 The Latin American Economic Crisis

Most analyses of SAPs in Latin America (and Africa as well) logically begin with the debt crisis, predicating that SAPs arose as a response to the debt issue. However, as Woodward points out, there is not necessarily a direct relationship between the two: 'a country may need structural adjustment even if it has no debt at all; and it may be able to find its way out of a debt problem even without undertaking structural adjustment' (Woodward 1992:35, vol.1).

It is generally agreed that Latin America is currently experiencing its worst economic crisis since the 1930s (Jorge & Salazar-Carillo 1992, Griffith-Jones and Sunkel 1986). The following tables illustrate the 'lost decade', as the 1980's have been labelled, through various social indicators. Table 2.1 shows the decline of per capita GDP by linking the 1985 figures with their comparable year in the past for selected Latin American countries. As can be seen, Nicaragua has experienced the greatest retrogression.

Table 2.1
Retrogression of Per Capita GDP, Various Latin American Countries,
1985

Country	Comparable Year	Number of Years Retrogressed
Nicaragua	1960	25
El Salvador	1964	21
Bolivia, Guyana, Peru	1965	24
Argentina	1967	18
Guatemala	1972	13
Costa Rica, Uruguay	1976	9
Honduras	1977	8
Chile, Ecuador, Haiti	1978	7
Brazil, Mexico, Paraguay	1979	6
Panama	1981	4
Colombia	1977	8

Source: Hughes 1990

Table 2.2 documents the change in health and education expenditures on a per capita basis between 1972 and 1988 for selected countries. Except for Brazil, all of the countries have registered a decrease in such expenditures (in constant dollars).

Table 2.2
Government Expenditures in Health and Education
per capita for Various Latin American Countries, in constant dollars,
1972/1988

Country	Education		Health	
	1972	1988	1972	1988
Argentina	20.0	6.9	NA	2.1
Bolivia	31.3	18.4	6.3	1.9
Brazil	8.3	4.8	6.7	9.5
Costa Rica	28.3	16.2	8.2	6.3
Chile	14.3	12.0	8.2	6.3
El Salvador	21.4	17.1	10.9	7.1
Mexico	16.4	7.4	4.5	1.1
Panama	20.7	15.6	15.1	16.7
Peru	23.6	15.3	5.5	5.8
Venezuela	18.6	19.6	11.7	10.0

Source: The World Bank (Hughes 1990)

Tables 2.3, 2.4, and 2.5 similarly document declines in various measures of quality of life as indicated by per capita GDP, per capita growth, unemployment, and inflation. In comparison to the other countries documented, Nicaragua has experienced the greatest decline in per capita growth, the greatest rates of unemployment, and the greatest rates of inflation during the 1984-91 period.

Table 2.3
Per Capita Growth,
Central America 1984-1991(%)

Country	1984	1987	1991
Costa Rica	4.8	1.6	-1.5
El Salvador	1.5	1.0	1.0
Guatemala	-2.1	0.8	0.5
Honduras	-0.1	1.5	-2.0
Nicaragua	-4.3	-3.0	-3.0
Panama	-2.6	-0.1	3.0
Region	-0.5	0.4	0.2

Source: *Envío* April 1992

Table 2.4
Rate of Unemployment in the Urban EAP
Central America
(annual average %)⁶

Country	1984	1987	1991
Costa Rica	6.6	5.9	5.0
Guatemala	9.1	11.4	6.5
Honduras	10.7	11.4	8.4
Nicaragua	20.6	24.4	18.6
Panama	12.4	14.7	15.1
Region	11.9	13.4	18.6

Source : *Envío*, April 1992

Table 2.5
Annual Rates of Inflation in Central America
(% variation of consumer price index)

Country	1989	1990	1991
Costa Rica	10.0	27.5	26.7
El Salvador	23.5	19.3	14.3
Guatemala	17.9	59.6	24.6
Honduras	11.4	36.4	33.2
Nicaragua	1690.0	13490.9	775.4
Panama	-0,2	1.5	2.9

Source : *Envío*, April 1992

⁶ Rates of unemployment for formal sector only.

Various theoretical explanations have been put forth as to the causes of the crisis; depending on the study, these tend to focus on a variety of external or internal factors, including: the considerable increase in oil prices between 1973-74 and 1979-80, the growing external debt of the region, excessive state spending and highly distorted price incentives; the Latin American historical and political culture; an unprecedented collapse in primary commodity prices and falling terms of trade; particularly between 1981 and 1986; and the broad effects of a world recession.⁷ Specifically related to the world recession are effects such as a jump in real interest rates, capital flight from Latin America, and the loss of export markets in developed countries.

Arguably, the single greatest obstacle to Latin America's development, however defined, is its exponentially growing debt, if only because it has become the single largest mechanism of wealth appropriation from the South to the North (Petras & Morley 1992, Wood 1986). As previously mentioned, there has been a massive net transfer of capital during the 1980s from Latin America to the developed countries. It is obvious that development, however defined, cannot occur under these conditions.

In concert with the debt, export prices for many Latin American products have declined, further decreasing the region's ability to earn

⁷ Latin American elites, as well as dependency and imperialist theorists have focused on external factors as being largely responsible for the crisis (e.g. world recession, and a precipitous interest rate increase). On the other hand, neoconservatives, and particularly IMF analysts, have focused on internal origins, especially "incompetent and/or idealistic statist efforts to hamper with immutable economic laws that have resulted in rigid economic structures unresponsive to the market's economic signals" (Dietz 1986:1035).

foreign exchange to pay off the debt. There is some agreement on how Latin America got into a position of unmanageable debt, specifically the tremendous increase in oil prices in the 1970s; however, there is less consensus on the relative responsibilities of the parties involved in bringing about this situation.

After the quadrupling of oil prices in 1973, and a further doubling in 1979, OPEC nations were awash in money that was subsequently invested in commercial banks in Europe and the United States. The banks in turn invested these so-called 'petrodollars' in Latin America, a region that was both convenient for these banks (the countries were eager to take out loans and thus were willing customers) and considered to be safe (MacDonald *et al* 1991, Eckstein 1989). Frequently, the borrowed money went to finance grandiose but economically unsound projects such as nuclear power plants and massive hydroelectrical schemes. The lenders, in turn, failed to investigate, or accepted unquestioningly the uses to which the money was put (Woodward 1992, vol.1).

For most of the third world, the oil price increases of the 1970s meant that an increasing amount of exports was needed to purchase oil imports. The global recession following the mid-1970s which precipitated a sudden drop in world trade further worsened the third world's situation by reducing markets for its products. Moreover, third world commodities declined in value relative to its manufactured imports (Reed 1992).

Economic development policies generally equated development with economic growth rates and encouraged the infusion of capital regardless of a country's ability to repay. In some cases, non-elected,

non-democratic governments used all or part of the loans for non-productive expenditures on the military or luxury consumption for the elite (Dietz 1986). Interest payments on U.S. military credits alone were estimated to be \$2 billion in 1984 (Wood 1986). By the end of the 1980s the Latin American debt exceeded \$400 billion (Burns 1990). And more significantly, the majority of the region's population had never experienced any meaningful benefits from these loans (Dietz 1986, George 1988).

The important issue is not the absolute size of a country's debt, but rather a country's ability to repay the amount loaned. A country's ability to service its debt is revealed by the proportion of debt servicing relative to its foreign exchange earnings, known as the debt service ratio (DSR). Moreover, the income received for exports must be redirected to foreign creditors.

By 1979 many third world countries faced a multifaceted crisis: a worldwide recession set in, markets dried up, interest rates increased, and their local economies deteriorated. With Mexico's declaration that it could not service its debt in 1982, followed shortly thereafter by Brazil and Argentina, the debt issue in Latin America, and indeed the third world debt in general, became an international concern (Canak 1989). Although other Latin American countries such as Nicaragua, Bolivia, and Peru had rescheduled their debts previously, it was the sheer magnitude of the Mexican debt that captured international attention (Hobbs 1991).

Both Latin American governments and the international banking system were perceived to be threatened by the prospects of default, although outright default has really never been seriously considered by

either the Latin American governments or the commercial banks (MacEwan 1986).⁸ Default by a third world country would effectively blacklist that country by the international financial institutions from obtaining future loans and that country would quickly run out of foreign currency necessary to pay for its imports. Default could also threaten the developed countries by causing a run on bank deposits and thus trigger hysteria in core countries (George 1988, Hobbs 1991).⁹ In the end, even while no country has yet defaulted, many countries have effectively been cut off from new financing.

What was agreed upon at that time, and continues to be true, is that there is little chance that most of the third world countries debts will ever be repaid in full (Peet 1991).¹⁰ However, by the end of the 1980s the debt crisis ceased to be a crisis for the international financial community, as evidenced by a comment in a financial newspaper that 1989 was the "year the debt crisis was over" (Hobbs 1991:203). This is because commercial banks had reduced their debt exposure in the third world by increasing reserves, and selling, swapping, and writing off loans. All commercial banks previously involved in the Latin American

⁸ MacEwan (1986) provides three reasons why the third world did not default *en masse*: 1) an option to default existed (i.e. renegotiation) and the outcome could be more severe if they defaulted, such as loss of credibility; 2) the class society was such that there was no such thing as a national interest; the wealthy were not bearing a proportionate burden of servicing the debt; 3) the threat of possible international collapse was so great that governments avoided it; great damage would be done to the entire system as well as the defaulting nation.

⁹ Peru limited its debt payments to 10% of its export earnings in 1985 and has since been made a pariah in international financial circles. It joined Vietnam and Sudan in being ineligible for World Bank and IMF loans. By 1990, with the election of Alberto Fujimori, Peru has restarted token payments and implemented liberalization reforms and policies (Hughes in MacDonald *et al* 1990).

¹⁰ At a meeting of Latin American presidents in 1987, an observer remarked: "There is a consensus on two things. One is that the debt must be paid, and the other is that the debt cannot be paid." (*New York Times*, 30 November 1987 in Walton and Ragin, Canak 1989).

debt issue have since returned to 'normal' profit levels (Hughes 1990). Nonetheless, it remains a serious problem for the debtor countries, or at least their impoverished masses.¹¹

¹¹ It is also a problem for the majority of citizens in the developed countries as Susan George points out in *The Debt Boomerang: How Third World Debt Harms Us All* (1992). Apart from its economic impact (e.g. up to 800,000 jobs lost in the US because of lost export markets in Latin America), she also links the debt crisis to the environment, drug trafficking, immigration, war, and the bailout of northern banks by taxpayers.

2.3 The IMF and World Bank Connection to SAPs

As previously mentioned, The International Monetary Fund (IMF) and the International Bank of Reconstruction and Development (more commonly called the World Bank) command considerable power in the economies of many third world countries. These organizations were formally organized at the Bretton Woods Conference in New Hampshire, USA, in 1944. The purpose at that time was to create a new international monetary system, and essentially a new world order, in order to prevent a recurrence of the economic disasters of the 1930s, in particular the protectionist policies that were so detrimental to world trade. Originally the institutions were designed primarily to assist the devastated European countries following WWII; little attention was given to the financial needs of the third world. Indeed many third world countries were still colonies at that time (Bott & MacDonald 1991, Stein & Nafziger 1991). Nevertheless, the Bank soon became the single largest source of financing for third world countries following their independence. Between 1961 and 1990, for instance, lending from the World Bank increased from \$610 million to over \$15 billion (Stein & Nafziger 1991).

The IMF was originally designed to be responsible for assisting member countries with short-term balance of payments shortfalls. The World Bank on the other hand, was responsible for longer term development, primarily agricultural and infrastructure projects; hence its more formal name.¹² In the early 1980s, following the Mexican

¹²According to a monumental study done in 1973, the World Bank had "become a leading proponent of the view that investment in transportation and communication facilities, port development, power projects, and other public utilities was a precondition for the development of the rest of the economy" (Ayles 1983:2).

default, it became evident to these institutions that a longer-term restructuring period was necessary to assist indebted countries in correcting macroeconomic imbalances (Reed 1992). Consequently, through stabilization measures under the direction of the IMF and structural adjustment policies under the World Bank, the two organizations have become more closely related and intertwined (Cypher 1986, Bierstekker 1990).

This is largely because the Bank, when implementing its policies, assumes the existence of an IMF-backed stabilization program, and both have the same ultimate goal of reinforcing the existing international financial system (Stern 1983, Please 1984).¹³ The IMF is responsible for creating conditions that are conducive to long-term growth, this latter being largely the jurisdiction of the Bank. The creation of these "conditions" is often referred to as shock treatment, particularly when done in a sudden and forceful manner, and includes the aforementioned devaluation and wage cuts (Balassa 1981).

The World Bank first implemented structural adjustment lending (SALs) in 1980. Although it was not unusual for the Bank to attach certain conditions to its development projects, SALs frequently required broad policy changes at the national, macroeconomic level rather than just at the sectoral or sub-sectoral level (Mosley *et al* 1991). Like the IMF's adjustment policies, SALs are similarly orthodox conservative programs but with generally a longer time frame, 5 - 10 years as

¹³ For instance, in Nicaragua the government uses the term structural adjustment for policies that include devaluation and spending cuts, elements normally considered to be stabilization policies. Privatization, also included under the Nicaraguan policies, is usually considered a structural reform (see Bourguignon & Morrisson 1992).

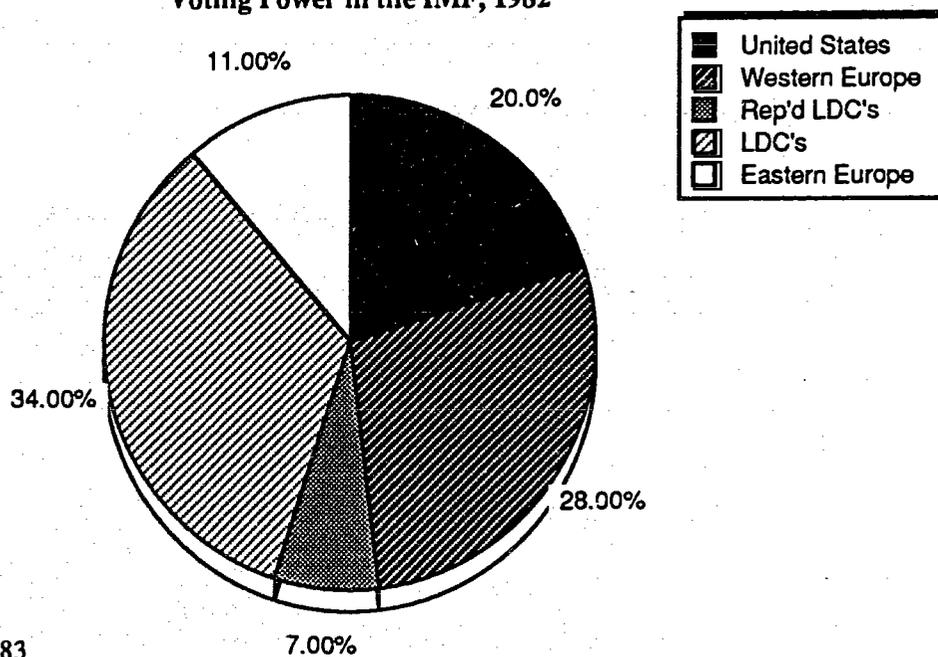
compared to 1 - 3 years for IMF policies (Please 1984, Stern 1983). Also similar to the IMF, the World Bank focuses on macroeconomic variables such as the privatization of state enterprises, changes in trade and price policies and a reduction in the role of the state in the economy, all of which are based on the assumption that market mechanisms in the deficit countries are distorted. In addition, the Bank encourages export-led growth, based especially on non-traditional exports.

It wasn't until the 1970s that the Fund gained considerable global attention as many third world countries required extensive financial assistance with their growing debt and balance of payment problems (Brett 1985, Honeywell 1983). Even so, between 1974 and 1979, IMF assistance provided these countries with less than 5% of their financial needs with commercial banks supplying the remainder (George 1988). However, in the 1980s the IMF became a key player in debt negotiations as many third world countries, and particularly those in Latin America, were experiencing continuing debt payment difficulties.

At the original Bretton Woods conference in 1944 the United States and Britain dominated the creation of these institutions. Indeed, the United States 'systematically opposed all of Keynes's proposals to insure a minimum of independence and neutrality for the[se] two institutions' (Swedburg 1987:319). Today the U.S. remains the institutions' dominant participant by virtue of its economic wealth, although its power is declining relative to countries such as Japan. Third world countries make up the largest bloc of countries in the IMF and World Bank; however, while their size is large, their voting power is not. This is because voting is done using a quota system, based on a

country's wealth.¹⁴ Wealth for both institutions is calculated by national income, gold and foreign reserves, dependency on exports, and size and fluctuation of trade. Consequently the developed countries, but particularly the US, have effective control over the institutions. The voting power of the United States, while it having declined from 45% initially to 20% today, still retains veto power, as Table 2.1 illustrates (Torries 1983). No other single country has similar voting power.

Figure 2.1
Voting Power in the IMF, 1982



Source: Honeywell 1983

Note: Represented countries (7% of the voting power) are less developed countries that are represented by a rich country on the Executive Board.

¹⁴ The reasoning for this is linked to the idea that economics can be separated from politics. The World Bank and the IMF are purely 'economic' organizations, therefore voting should reflect economic strength. The United Nations on the other hand is a political body and hence the one country, one vote system (Swedburg in Milijan 1987).

While both the IMF and the World Bank claim to be politically neutral and 'scientific', they clearly subscribe to a particular ideological view of the world and seek to enforce that view on other countries. This vision is embodied in the Articles of Agreement which explain that the purpose of the IMF is to 'facilitate the expansion and balanced growth of international trade and to contribute thereby to the promotion and maintenance of high levels of employment and real income...' (Honeywell 1983:17). This view maintains that free trade and economic progress go hand in hand and follow orthodox neoclassical economic principles.

Stemming from their roles as financial institutions, the importance of the IMF and World Bank has increased since the onset of the third world debt crisis. Most significantly, they have become "lenders of last or only resort" as the commercial banks have effectively cut off new capital flows since 1982 and pared down their involvement in third world finance (Sachs 1989, Griffith-Jones & Sunkel 1986). This is because commercial banks also normally require an IMF 'seal of approval'. In accordance with its mandate to cover short-term imbalances of trade and promote world trade, the IMF loans a country up to 25% of its quota unconditionally. Further loans require a country to agree to stabilization programs which usually include the abolition or liberalization of trade controls, devaluation of the currency, anti-inflationary measures such as wage cuts and removal of price controls, and encouragement of foreign investment.

Summary

SAPs are part of a process of global restructuring taking place arising out of a capitalist profitability squeeze. SAPs have their genesis in the debt crisis that gripped the third world in the early 1980s and were conceived as a new strategy to integrate the third world more tightly into the global economy. Much-needed external financial assistance for heavily indebted countries is frequently made contingent on the implementation of SAPs, which normally require far-reaching economic changes labelled structural adjustment policies (SAPs).

Based on the ideology of the free market, SAPs assume that the causes of indebtedness, such as inappropriate economic policies, are internal to a country and only infrequently do they address any exogenous determinants of the debt crisis. However, following a decade of implementation, many third world countries are further indebted than before SAPs were applied. Many Latin American countries have experienced a deterioration in various socioeconomic indicators such as health and education expenditures, per capita GDP, unemployment, and rates of inflation under SAPs.

The importance of the IMF and World Bank has increased since the debt crisis in the early 1980s and both institutions have become involved in structural adjustment programs. The IMF principally deals with shock treatments and short-term balance of payment shortfalls, while the Bank handles longer-term, structural issues. While they have been traditionally separate institutions with distinct mandates, these distinctions in recent years have become increasingly blurred with the implementation of SAPs.

Chapter 3.0 SAPs in Detail

'It's a war of hunger now. It's hard to say which is worse.'
Managua taxi driver comparing the situation in Nicaragua today with the situation in the 1980s.

After having placed structural adjustment policies in the context of capitalist restructuring, this chapter sets out to examine them in more detail, including the underlying assumptions and history and the major criticisms surrounding them. Since SAPs normally apply standardized prescriptions to all countries, it is worthwhile to note underlying structural features of a country's socio-cultural, historical and economic structure that may affect the outcome of their implementation. In the case of Nicaragua, four such structural features are discussed, in addition to noting the significance of Nicaragua's revolution. Finally, an analysis of the implementation of SAPs in Nicaragua from 1985 to the present time will be discussed.

3.1 Structural Adjustment: the Neoliberal Approach

The response by international institutions such as the IMF and the World Bank to the third world economic crisis has been entirely consistent with their ideological stance and view of the global political economy. It stresses the importance and efficiency of the market economy, the need for only minimal state economic intervention, and the promotion of liberalization measures for trade

and other economic relationships. The policy prescriptions, already briefly mentioned in the previous chapter, will be examined in more detail here.

Structural adjustment policies have often been linked with the relatively recent rise of the neoliberal school of thought. Some analysts have also traced its roots to the rise of neoconservative governments in the West in the early 1980s, and see it reflected in Reagan's notorious speech at a conference in 1981 in Cancún, Mexico which gathered together leaders from the South and the North to discuss the New International Economic Order, where he preached about the "magic of the marketplace". Still others point to Chile's experience with neoconservative policies in the early 1970s under the direction of Milton Friedman and the 'Chicago Boys' as offering impetus to the formulation of SAPs for other countries (Mosley *et al* 1991, Dietz & James 1990).

Neoliberalism, as distinct from neoclassical thought¹⁵, arose as a backlash or a 'counter-revolution' against mainstream Keynesian development theory and practice, and is based largely on a stylized version or image of the 'successful' experience of the Asian NICs, with their outward, export-oriented growth accompanied by minimal state intervention (Balassa 1981, Dietz & James 1990).¹⁶ The

¹⁵ Neoliberalism draws on many assumptions underlying the marginalist revolution in the late 19th Century, and is considered a purer, more refined version of neoclassical economics, advocating unrestricted economic liberalization and the free play of market forces. While neoclassicism provides a paradigm to explain the workings of the international economy, it doesn't offer policy prescriptions to the same extent of neoliberalism.

¹⁶ This neoliberal interpretation of NIC development is subject to much debate since there is much evidence to support an alternative interpretation that NICs were actually subject to considerable state intervention and received

measures for the structural adjustment of an economy, while varying somewhat from country to country, generally include the following:

- currency devaluation
- economic liberalization, especially in the external sector (e.g. import controls loosened, tariffs reduced)
- reduction in the size of state, cuts in government expenditures
- privatization of state enterprises
- promotion of exports to earn foreign exchange

One of the principal assumptions behind these adjustment measures is that in countries with balance of payments deficits the level of domestic consumption relative to domestic productive capacity is too high which, in turn, is because domestic goods are produced too inefficiently to compete internationally. Affected nations therefore should lower their aggregate internal demand in order to "live within their means" and close the gap in their external sector by reducing consumption of imports and/or increasing exports (Okugu 1989, Brett 1985).

The most common feature of SAPs is devaluation of the currency, based on the notion that local purchasing power has been over-valued compared to its real international worth (Riddell 1992). The primary effect of devaluation is thus to reduce the trade deficit (or increase the surplus) by making a country's exports more competitive internationally. This should have the effect of reducing imports and increasing exports--thus improving the balance of payments, subject to the price elasticity of the goods (Ross 1991).

considerable external assistance from developed countries. This point is further elaborated in section 3.3.

Related to this is the liberalization of trade, which includes reducing or removing tariffs as well as various quotas and other quantitative restrictions and implementing taxes on exports. According to orthodox free trade theory this will result in a contraction of inefficient sectors which will be replaced by more efficient ones elsewhere. In addition, stress is usually placed on increasing exports, which it is hoped will serve as the "engine of growth" based on international specialization according to the theory of comparative advantage.

Deflationary measures, which aim to reduce consumption, include a reduction in government deficits by cuts in spending (such as social services), cuts in subsidies on basic consumer goods such as food and transportation, increased taxes, wage cuts, and the removal of price controls. This effectively reduces the role of the government in the economy, which theoretically should lead to more efficiency in the allocation of resources.

According to neoliberal theory, responsibility for the third world's economic crisis lies primarily in inappropriate domestic policies and institutions (Sunkel & Zuleta 1990). In the case of Latin America, neoliberal criticism has especially been focussed on policies of import-substitution industrialization (ISI) which were believed to be inefficient, prevented industry from fully developing, and exacerbated foreign exchange constraints. According to one such critic, 'ISI...ultimately created closed, rigid, and high-cost structures which could not grow anymore' (Irwin 1992, Dietz & James 1990:58). In other words, structural adjustment "packages" examine countries individually and normally place primary responsibility for

their present economic difficulties on inappropriate domestic policies. International conditions may exacerbate the faulty internal problems but are not the root cause of the crisis.

There appears to be a recent shift in policy within the IMF and the World Bank to a recognition that traditional austerity measures linked with previous SAPs have not worked smoothly, and that a longer-term adjustment is needed; hence there has been a move toward "adjustment with growth" in response to earlier criticisms (Brett 1985:223, Eckstein 1989). At an IMF/World Bank annual meeting in 1985, U.S. Treasury Secretary James Baker said: 'Washington now accepted the Latin American argument that growth-oriented policies would enable the region to meet its huge debt obligations more effectively than the austerity programs demanded until now by the International Monetary Fund' (Eckstein 1989:323). Further, the incorporation of programs to assist the poor and disadvantaged, appears to have been in response to criticisms of the harsh impact of SAPs on the poor, notably UNICEF's publication *Adjustment with a Human Face* (Cornia et al 1987). Nevertheless, many of these changes have been more rhetorical than real at the present time.

3.2 The Conceptual Framework of SAPs

Neoliberalism is based on 18th and 19th century economic liberalism. The liberalization of trade is a fundamental objective of the international capitalist system since it allows each individual country to produce what it does best, thus maximizing profits based on conventional free trade theory. This theory argues that when

competition is the determinant of the production of goods, and when there is minimal state intervention, the laws of supply and demand will regulate exchanges between individuals and the result is the maximization of world income (Brett 1985).

Orthodox free trade theory was initially developed by theorists such as Adam Smith, David Hume, and David Ricardo in the 18th and 19th centuries. They argued essentially that mercantalism, or trade that required the use of non-economic relations of domination and subordination, was not sustainable over the long term. Instead, all would benefit more if equal exchange took place and if respective markets grew at equally increasing rates (Brett 1985).

Ricardo's theory of comparative advantage argued further that since all countries have differing productive assets, all benefit if they each specialize in exporting goods that use more intensively those factors in which they are well endowed. Thus, the theory argues that Lesser Developed Countries (LDC's) benefit from free trade, and lose by imposing tariffs and other trade barriers. Despite this theory, few industrialized countries, and few newly industrialized countries (NICs) subscribe to authentic free trade (Nafziger 1984).¹⁷

The conceptual framework of structural adjustment thus has strong similarities with neoclassical development theory. Developed in the wake of WWII, neoclassical development theories equated "development" with economic growth, measured by macroeconomic

¹⁷ The so-called newly industrialized countries (NICs) commonly include Hong Kong, Singapore, Taiwan, and South Korea.

variables such as the GNP (Todaro 1985).¹⁸ Development was seen as a linear process along which all countries passed through similar stages. This so-called modernization process was outlined by W.W. Rostow's "stages of growth" theory which conceptualized countries passing through five stages before reaching the final stage of mass consumption that advanced countries had already attained (Rostow 1961). This theory has been criticized for being ideologically biased, ethnocentric and self-serving for the industrialized world (Klaren & Bossert 1986).¹⁹

A key assumption underlying neoclassical development theory was the "trickle-down" effect whereby economic growth in one sector, such as the urban industrial sector would be translated into benefits for all members of society in the form of increased jobs and higher wages (Todaro 1985). However, this theory was largely discredited in the 1970s as it was widely believed that neoclassical development theories had only succeeded in worsening existing income inequalities in many countries (Grant 1973).²⁰ Filling the hole left by the demise of trickle down was the 'basic needs' approach, also presented under the label 'redistribution with growth'. As theorized by the World Bank, however, this still emphasized the

¹⁸ Macroeconomic variables include consumption, saving, investment, the money supply, gross domestic product and employment.

¹⁹ Indeed, Rostow sub-titled his growth theory "A Non-Communist Manifesto"

²⁰ The World Bank reported in 1974 that : "It is now clear that more than a decade of rapid growth in underdeveloped countries has been of little or no benefit to perhaps a third of their population...Paradoxically while growth policies have succeeded beyond the expectations of the first development decade, the very idea of aggregate growth as a social objective has increasingly been called into question (Wood 1986:197).

objective of development as being growth, with no substantial efforts at wealth redistribution (Wood 1986).

Structural adjustment policies share the same core assumption of previous mainstream development theory in that the cornerstone of successful development and poverty reduction is economic growth (World Bank Annual Report 1991), for which macroeconomic variables are the central indicators of success or failure. Similarly, objectives of income distribution are bypassed in favour of those pertaining to growth (Balassa 1981).

The 'trickle down' effect is still implicit in structural adjustment as it lies at the base of orthodox free trade theory. Free markets are thought to ensure that the most efficient producers succeed and productively reinvest their profits; this should create more jobs, raise wages, and increase the tax base. Like early modernization theory, structural adjustment is based on a particular reading of the historical experience of developed countries as well as the more recent history of the NICs; it tends to apply stylized policy prescriptions irrespective of local particularities and historical conditions (Jenkins 1991, Peet 1991).

3.3 Shortcomings of SAPs

As has been mentioned, much of the empirical support for much of structural adjustment policies is derived from the relatively successful economic performance of the Asian NICs, South Korea, Hong Kong, Taiwan, and Singapore, particularly their emphasis on export-led growth. There are, however, serious shortcomings with this interpretation of NIC history in that the political history of the

region is ignored. The world economy, particularly Japan, was thriving in the 1960s and 1970s when the NICs were just taking off. These countries had relatively easy access to U.S. markets when they were first beginning to develop economically. In addition, the geopolitical situation at the height of the Cold War meant that countries such as Taiwan and South Korea received significant cash flows in the form of military and development aid from the United States. Finally, Japanese colonialism was conducive to successful industrialization, in implementing progressive agricultural land reform and relatively egalitarian land and income distribution (Cypher 1986, Jenkins 1991).

Contrary to neoliberal claims that NICs are successful because of minimal state intervention, there is by now substantial empirical evidence showing significant state involvement in the construction of these economies, particularly Taiwan and South Korea (Bienefeld 1988, Jenkins 1991).²¹ Of the so-called 'four dragons', only Hong Kong's development resembled an authentic free market approach (Jenkins 1991). Moreover, these four countries constitute only 2% of third world population and thus are not an adequate representation of third world countries (*ibid*). Additionally, two of them, Hong Kong and Singapore are unusual in that they are city-states.

As for shortcomings of the policy prescriptions themselves, the emphasis on exports is criticized for serving to perpetuate inequality

²¹ The World Bank appears to recognize this in its 1992 Annual Report: 'While many countries are reducing the role of the state in their economies, the experience of several East Asian countries has demonstrated that governments can play a supportive role in economic growth and development' (World Bank 1992:95).

by exploiting so-called comparative advantages (i.e cheap labour) rather than promoting more self-reliant and balanced growth. Moreover, outward-oriented 'development' does not diffuse technology or develop linkages with other sectors (Stein & Nafziger 1991). In addition, increasing the volume of third world exports presupposes increasing access to global markets, mainly in developed countries, although protectionism has been on the increase throughout the 1980s in those countries (Wood 1986). It has been pointed out that if all countries were to export to the same degree as the NICs, not only would protectionist barriers automatically go up but terms of trade for third world products would likely fall as well (Streeten 1987). Finally, both the World Bank and the IMF concur that prospects for primary commodity prices look bleak for at least the next ten years (Vickers 1991).

Within a structural adjustment program, the devaluation of a country's currency is done primarily in order to restore a deficit in its balance of payments. Devaluation, however, is usually inflationary, thus contradicting many of the anti-inflationary measures prescribed simultaneously by SAPs (Woodward 1992, vol 1). Since one purpose is to decrease the price of exports and thus increase the amount sold in global markets, successful devaluation frequently depends on the price elasticity of world demand for those exports. In other words, is the price mechanism enough to induce the desired response? Most third world exports are 'demand inelastic' which means that increased exports only serve to lower the international price and add to stockpiles (Palmer 1991). This is because the prices of export goods from the third world are

determined at world levels. Moreover, most third world countries, being primarily agricultural based, must still import manufactured goods which tend to become more expensive with devaluation (GATT-Fly 1985).

Trade liberalization, which includes reducing the economic role of the state, privatization, and price reforms, is believed to increase access to other markets and to lower costs through competition with other countries; as well, it should increase economies of scale, thereby improving efficiency. The effect on small business can be devastating as they cannot compete with larger, multinational companies who are encouraged to invest in the country. The creators of structural adjustment policies acknowledge that they will only work if certain conditions are met, in particular that advanced countries achieve and maintain a high rate of growth and resist protectionism (Wood 1986). On a broader level, it is curious that little mention is made of the fact that the proportion of government spending to GDP is greater in most industrialized countries than in most third world countries (McAfee 1991).

Further shortcomings relate to the political cost of SAPs and the willingness of a government to uphold human rights while implementing severe austerity measures that may provoke unrest. There is presently an ongoing debate regarding the prospects of democratic versus authoritarian governments undergoing austerity.²² The debate lies in the nature of each form of government; democratic governments derive their power from

²² See Remmer 1986 for a summary of this debate.

appeasing various interest groups and constituents, whereas the power of authoritarian governments supposedly lies within the state and support from outside groups is not needed to the same extent (Baer, Biller and McDonald 1989).

The debate is exemplified by the following comparison of Latin America and Africa;

In very general terms, almost all of Latin America moved substantially and fairly quickly towards democracy after the beginning of the debt crisis in 1982. It seems clear that the debt crisis contributed to the democratisation process to a greater or lesser extent, because of the association of past undemocratic governments with the emergence of debt problems, and their lack of a mandate to undertake the necessary adjustment measures.

Conversely, in Africa, progress towards democracy was at best limited in the 1980s, and was widely seen as negative (while there are now some signs of change, at the time of writing it would seem premature to interpret this as a fundamental change of direction). This poor performance was also attributed to adjustment, the argument being that only a strong, authoritarian government has the strength to implement effective adjustment (Woodward 1992:74).

Woodward argues that this difference between the two regions is explained in part by Latin America's greater history of democracy, in addition to a greater degree of urbanization which is more conducive for political mobilization (71% urbanized in Latin America versus 28% in sub-Saharan Africa in 1988). Better communication, higher literacy rates, and more efficient administrative capacity in Latin America also serve to make political representation somewhat more responsive to the electorate than in Africa.

Regardless of the possible link between democratic governments and SAPs in Latin America, the recent coup attempt in Venezuela (February 1992) and the suspension of democracy in Peru (April 1992) illustrate, in Carlos M. Vilas's words, 'the difficulties of trying to build electoral democracies on empty bellies' (Vilas 1992). Moreover, SAPs have been accompanied by increased levels of militarization in Central America and the Caribbean throughout the 1980s, suggesting 'the repressive arm of the state has been a critical element in containing social protest (Deere *et al* 1990:93).

In Nicaragua, there have been various protests directed at the Chamorro government, such as a successful bid by students to receive 6% of the national budget for universities, protests by disabled war veterans demanding more social service compensation (amounting to approximately \$9 a month), and demonstrations by public sector workers facing massive layoffs. Riot police have been sent out, tear gas used, and blood shed to put down those protests. Some see this 'institutionalization of violence as a measure to silence the demands of the social sector' (*Envío*, November 1992:6).

Finally, there is an obvious social cost to structural adjustment policies which place the greatest burden of adjustment on the poorest and most vulnerable segments of society. The literature on SAPs frequently mentions that the urban poor tend to be most affected due to the removal of subsidies for food and basic goods, cutbacks in public services and social programs and increased prices for most purchased goods (Woodward 1992, vol 1, Palmer 1991). In Nicaragua, however, it appears that the rural peasants, or

campesinos , are presently most affected, although admittedly discussing degrees of absolute poverty seems somewhat pointless.

Although *campesinos* benefitted from policies such as agrarian reform and improved credit access under the Sandinistas, today the economic situation in rural Nicaragua is critical and the rural poor are generally suffering more than their urban counterparts. Of the 40% of Nicaraguan's who live in rural areas, only 60% have access to health services, 19% have potable water and 16% have adequate sanitation (The equivalent numbers for urban areas are 100%, 78% and 35%) (Woodfine 1993). There is an acute agricultural crisis aggravated by a number of policies including governmental credit programs that favour large and medium-sized farmers over small landowners. There is also stiff competition from imported food products, mostly from other Central American countries as a result of increased trade liberalization, and the cost of inputs, fuel and transportation are very high in Nicaragua relative to other regional countries, adding to Nicaragua's uncompetitiveness. As a result, many small farmers are either just growing food for personal subsistence, or are selling their land to large landowners and engaging in wage labour.

3.4 Micro-level Impacts: The Household

Theoretically, at the household level the poor can be impacted in several ways. For example, there can be an impact by SAPs on the source of income, such as a change of employment or reduced wages. Similarly, there can be an impact on the way the household's budget is spent and the quality of goods purchased.

Impacts can also be felt through changes in the availability of goods and services such as access to health care and education, electricity, water, roads, and public transport. Usually these changes arise from a reduction in government expenditures and in levels of public investment, as well as through reduced maintenance of existing services. If services are provided by the private sector, some may be considered no longer viable and may be cut. Evidence indicates that standards of health and education 'have declined more or improved less in adjusting and heavily-indebted countries than elsewhere, especially in Africa' (Woodward 1992:10,vol 2). In other words, in those countries undergoing SAPs the provision of health and education is being negatively affected. This is particularly true for poorer, less developed countries such as Nicaragua.

Effects on non-financial aspects of welfare can also be experienced, such as a change in working hours, the nature of work, migration, and intra-household distribution of work and income. Political and social impacts, such as increased urbanization, increased marginalization in the social structure, and higher crime rates can affect a whole community (Woodward 1992,vol 2). There is, moreover, a gender dimension to this social cost which will be explored later.

The social cost of adjustment is not a temporary effect because the most vulnerable members (i.e the children and pregnant mothers) are affected the greatest, and consequently an entire generation can be set back (Cornia *et al* 1987). Documented impacts of the social costs and the impact on the social reproduction of society arising from SAPs, such as rising rates of malnutrition and

mortality from curable disease, are discussed in detail elsewhere (Cornia *et al* 1987, George 1988). What these social effects highlight, as Deere *et al* (1990:46) succinctly point out, is that proponents of SAPs are noticeably silent on how a country or a region can 'develop' based on low wages, and if the '*structure of production is separated from consumption*' (emphasis added). In other words, how can a country improve the living standard of the majority of the population, let alone adjust to the global economy, if its social infrastructure is being dismantled?

Criticisms of structural adjustment policies implemented by the IMF and the World Bank have increased, particularly following UNICEF's publication of 'Adjustment with a Human Face'²³ after which supplementary feeding programs and public works programs were implemented (Addison & Demery 1986). So strong was the impact of the criticisms levelled at SAPs that by the end of the 1980s 'one-third of all adjustment loans addressed social aspects of the adjustment process in one form or another' (Reed 1992:38). Other changes have also been incorporated into SAPs, such as the Bank's Sectoral Structural Adjustment Lending (SSAL) which directs loans to restructuring specific sectors (Palmer 1991). Of course, some of the assistance for poorer, more vulnerable groups does indeed reach them; however, some argue it is only about 10% of what is actually needed (Lewis 1990). While fine-tuning of the policies in response

²³ Cornia *et al* (1987) argued that SAPs imposed such a cost on the poor that in the long run GNP would be affected due to a deterioration in the quality of human resources. Without challenging the necessity of structural adjustment the authors essentially argue that SAPs could be redesigned to reduce the impact on the poor and protect the vulnerable.

to criticism will likely continue, from the perspective of the IMF and the World Bank the fundamental aim of the policies will continue to embody the conviction that the private sector and the market are best able to meet social needs (McAfee 1991). The reason lies in the constitutions of those financial institutions, the interests of transnational capital, and the power of the latter to achieve their goals.

3.5 Particularities of Nicaragua

In a small, underdeveloped, agricultural-based country such as Nicaragua, the effects of SAPs and the accompanying shift toward further integration with the global economy and 'free market' capitalist principles can be quite extreme on middle and lower class socioeconomic groups. In particular, the urban poor can be affected through the reduction and/or elimination of social services, the removal of subsidies, cuts in government expenditures on health and education, and the 'opening up' of the economy to foreign goods and investment which can aggravate problems of uncompetitiveness for many domestic small businesses. A predominant criticism of such policies has been that they do not take the particularities of the geography and history of individual countries into account (e.g. their position in the global economy as centre or peripheral countries, or a legacy of inequality) (Jenkins 1991, Cypher 1986). Failure to do so can produce unrealistic expectations for economic recovery, and helps to explain why the country is not responding to prescribed economic measures as expected. A brief examination of the Nicaraguan situation substantiates this criticism.

Firstly, Nicaragua has traditionally been plagued by with profound inequalities in its socioeconomic structure, the origins of which can be traced back to the 16th century Spanish conquest of Latin America (Bethell 1991, Dunkerley 1988). The structural legacy of underdevelopment thus inherited was further deepened under the dictatorship of the Somoza regime, lasting from 1937 to 1979 (Judson 1987). The Somoza dynasty derived its wealth and power from the creation of an agroexport economy that satisfied the demands of the bourgeois elites, while little was done to strengthen the domestic economy that was most closely linked to the well-being of the impoverished majority.²⁴ This dualism is a basic characteristic of dependent capitalist agroexport economies, whereby 'the appropriation of the nation's wealth by an extremely small group leav[es] the vast majority of the population in misery and ignorance' (Walker 1991:67). There is little incentive to increase wages or improve the condition of the majority because in contrast to developed countries they do not represent the consumers for local products due to the economy's external orientation.

The agroexport model resulted in Nicaragua's dependence on four primary exports in the post-war period. They were coffee, cotton, sugar and beef; cotton and coffee alone generated between 40 and 60% of the country's foreign exchange up until the early 1970s. During this time period dependency on exports deepened, while overall impressive increases in per capita GDP from industrialization

²⁴ It is also estimated that the Somoza's personal wealth included 15% of all land in Nicaragua as well as extensive real estate and commercial enterprises both in the country and outside (Lafeber 1984).

and expansion of commercial export agriculture were achieved: from 3.6% in 1945-49 to 8.5% in 1950-54 and 6.3% for the rest of that decade (Vilas 1986). Indeed, Nicaragua achieved the highest rate of growth in Latin America during this period (Bulmar-Thomas 1988, Vilas 1986).

However, such growth in wealth did not 'trickle down' toward the poor; inequalities in the distribution of income and property widened considerably in the post-war period (Booth and Walker 1989, Dunkerley 1988). Indeed, much of this growth was achieved at the direct expense of the peasantry and rural poor, as much of their land was expropriated by the agroexport industry and the peasants were either forced to move into less fertile areas, work on plantations, or move to the cities, primarily Managua (Black 1984, Bethell 1991).²⁵ While total area devoted to food cultivation increased, much of this was shifted into marginal agricultural areas. As a result per capita food production decreased and rural Nicaraguans became the most underfed in Central America in the 1960s (Gibson 1987).

Finally, Nicaragua, as a dependent capitalist country, has experienced inequalities in its terms of trade: the value of its exports has declined relative to the manufactured goods it imports. Moreover, like the general deterioration in terms of trade throughout the third world, the price of Nicaragua's primary commodities has declined, particularly throughout the 1980s when prices dropped 20% (*Envío* April 1991). This decline shows no prospects of

²⁵ It is estimated that 180,000 peasants lost their land in the 1950s alone (Black 1984).

improving in the near future (Enriquez 1991). The following table shows the decline in value of principal exports between 1989 and 1992:

Table 3.1
The Decline of Principal Exports in Nicaragua, 1989-1992

Year	1989	1990	1991	1992*
Total Value (thous. \$US)	137.8	153.4	118.2	92.3
Price (per quintale)				
Cotton	51.9	69.7	75.1	51.1
Coffee	12.3	83.7	75.3	46.4
Sugar	10.2	15.3	12.7	10.1
Sesame	50.9	58.3	35.3	43.3

NB * Dates up to September 1992

Source: CRIES 1993:165

Thus Nicaragua was integrated into the capitalist world economy by way of an export based, outward-oriented model (Bulmar-Thomas 1988). This model produced a dual economy; the agroexport, 'modern' economy that generated foreign exchange was juxtaposed to a domestic economy that usually used 'traditional' technologies (Enriquez 1991).²⁶ The growth generated was not distributed equally and there was very little development, in the broad sense of the term.

A second point of significance is that Nicaragua has never been the recipient of significant foreign investment relative to other Central America countries; just prior to the revolution in 1979, there was only U.S.\$100 million invested there (Dunkerley 1988, Vilas

²⁶ It was estimated in 1980 that 75% of the basic grain crop was harvested by handpick (Enriquez 1991).

1986). This is significant since SAPs depend, in large part, on high levels of foreign investment. Unlike some other Central American countries, Nicaragua was never dominated by foreign-controlled enclaves (such as sugar and banana plantations), nor did it have many quasi-feudal *haciendas*, which might partially explain the absence of foreign capital (Close 1988, Vilas 1986). Vilas argues that while there was an absence of foreign capital in Nicaragua historically, the local producers remained subordinate to foreign interests in the commercial and financial sectors, which were largely foreign-controlled (Vilas 1986).

Not surprisingly, following the Sandinista victory there was a further drop in foreign investment. However, since the conservative National Opposition Union (UNO) party's ascension in 1990 there has not been a substantial increase in foreign investment and this shortfall has been one of the government's disappointments. Possible reasons for this include the fact that, relative to other Central American countries, Nicaragua is still seen as too politically unstable to risk long-term investment. In addition, cheap labour can still be found elsewhere in the region without having to contend with unions that are as militant as those in Nicaragua (Norsworthy 1989).

Thirdly, SAPs do not address the urban class structure in Nicaragua that includes a high level of informal sector activity. This structure largely stems from the influence of the agroexport capitalist model which created a complex class configuration (Vilas 1989). The complexity consists of a small bourgeoisie, a larger professional-technical middle class and a smaller class of industrial wage-workers. The largest class in Nicaragua as a whole is the

peasantry, made up of sub-classes of wealthy, poor, semi-proletariat, rural proletariat (many of which are seasonal workers), and an urban class engaged in the informal sector (Close 1988). In 1992 it was estimated that this latter sub-class of informal workers comprised 65% of the urban economically active population (FIDEG 1992a). This is a general phenomenon that has been characteristic of modern Central America since the 1950s, but 'by the end of the 1970s recourse to non-waged marginal work had become necessary for a larger proportion of urban dwellers than that registered in very conservative figures for open unemployment' (Dunkerley 1988:210). While a common occurrence in the region, it appears that this phenomenon is more extreme in Nicaragua than elsewhere, reflecting the inability of the urban areas to provide wage labour for the rapidly growing urban population (Dunkerley 1988).

A frequent result of SAPs in urban areas is an increase in the size of the informal economy, mostly due to job losses and wage cuts in the formal sector (Bourguignon 1992, Riddell 1992). This phenomenon was certainly experienced in Nicaragua during the 1980's (Ruccio 1989) and is also occurring at the present time. Forcing additional people into an already substantial informal economy raises questions concerning the capacity of that sector to absorb the increase, and the ability of those working in it to obtain a satisfactory living.

Fourthly, Nicaragua has experienced very high rates of unemployment; in 1993 unemployment and underemployment stood between 50 and 60%, the highest in the region (Barricada Internacional #357 1993). All other Central American countries,

except for Costa Rica, have had unemployment rates of at least 20% during the 1980s (both formal and informal sector). This is due in part to structural unemployment caused by the decline of the dependent capitalist agroexport economy with the world recession. It also partly reflects the region's political instability (Dunkerley 1988). Yet as Table 2.4 shows (Chapter 2), Nicaragua has had by far the highest unemployment in the region.

Finally, the influence of Nicaragua's experience of revolution, on all classes, has yet to be fully examined but cannot be ignored. Nicaragua is unique in that unlike most other Latin American countries except Cuba, Nicaragua achieved a successful revolution in 1979 which resulted somewhat in an alteration of class relations. The Sandinista revolution was successful because it mobilized crucial elements of all the classes against the exigencies of the Somoza dictatorship (Walker 1991). The revolution itself was unique in that following the 'triumph' the propertied class had little political influence (Weeks 1988).²⁷ Moreover, Nicaragua became the only country in Latin America to have a democratically-elected revolutionary government after the 1984 elections.

To sum up these particularities, the SAP model prescribes, among other measures, economic liberalization of the economy, devaluation of the national currency, a reduction in state involvement including cuts in social services and subsidies, an emphasis on export production and privatization of state enterprises.

²⁷ This despite the fact that the revolution was not considered anti-capitalistic, but rather an 'anti-oligarchical, anti-imperialist national liberation struggle' (Vilas in Flora & Torres-Rivas 1989).

Nicaragua's dual economy of an advanced, agroexport sector and a backward, domestic sector does not fit this model particularly well. As will be seen in section 3.6, an emphasis on exports is benefitting a small class of agroexport entrepreneurs, but the local domestic economy is suffering. Furthermore, the price of Nicaragua's export commodities has declined considerably recently and the future prospects for improvement look bleak. The SAP model also relies on substantial flows of foreign investment to jump-start economies undergoing restructuring, yet Nicaragua has historically and currently had difficulty attracting such investment. Finally, SAPs are modelled according to theories that do not take into account a particular class structure or persistently high unemployment rates.

Like many third world countries, Nicaragua has a complex class structure that includes a very large number of informal sector workers, the majority of whom are merely subsisting. Some analysts argue that proponents of neoliberalism use the informal sector as an escape valve for the side effects of their policies, but without taking into consideration whether or not there is a limit to the capacity of this sector (Sánchez Otero 1993). In Nicaragua, a preexisting large informal sector and a very high unemployment rate does seem to indicate that a limit has been reached. While SAPs may be successful in eliminating inefficient enterprises and lowering the country's debt, as long as the underlying structural features mentioned are not addressed, the economy is not being restructured to encompass broad-based, egalitarian development. There is evidence that countries with more equality and a better-developed social infrastructure respond more successfully to neoliberal policies. For

instance, Costa Rica, has responded quite well to neoliberal policies, for some sectors at least, using low inflation, healthy rates of growth and a growing non-traditional export sector as evidence (Edelman & Monge Oviedo 1993). As several analysts point out, however, Costa Rica has a relatively long history of investment in human capital, technological advances, economic infrastructure and relatively equitable land tenure (Kaimowitz 1992). Nevertheless, Costa Rica is experiencing increasing inequality under neoliberalism; the number of people living in poverty has increased from 18.4% in 1987 to 24.4% in 1991. The primary beneficiaries of neoliberalism in Costa Rica have been the export and private-banking sectors and foreign investors (Edelman & Monge Oviedo 1993).

3.6 Structural Adjustment in Nicaragua

In the 1980s Nicaragua was faced with many of the same structural weaknesses that confront a large number of the poorer Latin American countries. In particular, it was dependent on only four exports for 60% of its foreign exchange earnings, and had a poorly developed domestic economy relative to the agroexport sector. When the revolutionary Sandinista Front of National Liberation (FSLN, or Sandinista) government took power in July 1979, the economy was in shambles. GDP had declined by one third in that year alone, infrastructure and industry had been destroyed as a result of the civil war (1978-79), there had been substantial capital flight from the country,²⁸ over \$1.6 billion was owed to foreign

²⁸ Estimated at \$685 million between 1977 and 1980 alone (Kwan & Ruccio 1989).

creditors, and there was only \$3 million left in the Central Bank after Somoza fled the country (Lafeber 1984, Black 1984).

The Sandinistas intended to transform the country through a number of means: by reducing dependency; establishing a mixed economy (i.e. with state and small/medium and larger private sectors working cooperatively); increasing social spending; and fostering participatory democracy (Pérez-Alemán 1992).

Initially, the government nationalized the banks and transportation systems and confiscated properties belonging to the former dictator, which amounted to approximately 20% of farmland (Lafeber 1984). The latter move enabled the government to initiate a land reform without affecting the private property of large and medium sized agroexporters whose cooperation remained essential to the success of the Sandinista mixed economy model (Enriquez 1991). Despite the creation of a substantial state sector from confiscated Somocista property, the bulk of the productive sector continued to be controlled by private interests (Weeks 1988).

The Sandinista model also included increasing social spending-- which rose from \$664.8 million in 1980 to \$1,285.7 million in 1983. Under the Literacy Crusade²⁹ illiteracy fell from 50.3% to 12.9% in less than 2 years (between 1990 and 1993 illiteracy increased to between 28-30%, or 1.2 million people over 15 years old), school matriculation increased from 512,000 to 1 million students, and infant mortality dropped from 120 to 64 per thousand (Barricada Internacional 1993 #361, Vargas 1992). Following the country's

²⁹ The Literacy Crusade involved young students from the cities going out to rural areas to teach peasants how to read and write.

near collapse in 1979, the years between 1980 and 1984 saw a considerable economic reactivation with growth rates between 8 to 10% (Norsworthy 1989).

By 1984, however, the aggregate effect of internal and external pressures began taking its toll. A continuing economic crisis--the main causes being a U.S.-backed economic embargo, the blocking of international loans, declining international prices for Nicaragua's principal exports, and uncooperative large-scale producers³⁰--produced a decline in real wages of between 50% and 70% from 1980 and 1988 period; by 1988 80% of the population was living in poverty compared to two-thirds in 1979 (Pérez-Alemán 1992, Vilas 1989).

More importantly, the on-going *contra* war necessitated an increasing proportion of resources be diverted into defence spending: 50% of the budget in 1985 and 60% by 1987, or a third of the GDP (Lancaster 1993, Norsworthy 1989). The *contra* war constituted a surrogate invasion by the US, combined with a policy of economic destabilization. By 1985, faced with the U.S. economic embargo, declining export prices, increasing imports, and engaged in a war of 'low-intensity conflict' waged by the United States, the government

³⁰ In establishing a mixed economic model of both private and state enterprises, the Sandinistas had to convince the large, private landowners and entrepreneurs to remain productive. Overall they were unsuccessful as many large producers refused to cooperate and kept their land out of production (Walker 1991).

was forced to initiate an austerity program, without the backing of the IMF or the World Bank,³¹ but with similar measures nonetheless.

The policies included devaluing the local currency, placing a hiring freeze on government workers, implementing a tax on capital gains, and eliminating most consumer subsidies (Norsworthy 1989). While there were no mass layoffs initially, between 1988 and 1989 40,000 state workers lost their jobs (Petras & Morley 1992). Accompanying these traditional measures, the Sandinistas also indexed wages and salaries to inflation in an attempt, albeit eventually unsuccessful, to protect workers from inflationary pressures which reached an annual level of 36,000% in 1988 (Norsworthy 1989). Results of the program, although somewhat mixed, were on the whole not very successful. Unemployment remained between 20 and 25%, (until 1991 when it reached above 50%), inflation averaged 300% a month, and the GDP continued to decline. On the positive side, the public deficit declined to 7% of GDP despite rising defense expenditures, and exports rose slightly (Pérez-Alemán 1992, Ruccio 1989).

The structural adjustment policies implemented under the Sandinista government have been likened to surgery without anesthesia because Nicaragua, unlike many other countries that have implemented SAPs with IMF and/or World Bank sponsorship, did not have access to external financing to support the adjustment

³¹The World Bank considered Nicaragua's macroeconomic policies "inappropriate" and hence they were not eligible for loans (Fitzgerald in Kwan & Ruccio 1989).

measures by softening their impact for the poorest sectors (Pérez-Alemán 1992).

By 1990 it was clear that the Sandinista effort to balance the social needs of a worker-peasant controlled state with the demands of large and medium sized agroexporters who brought in valuable foreign exchange had not been successful. With a gun to their heads³², the people of Nicaragua "cried uncle" in the elections of 1990 and a conservative-controlled, U.S.-backed coalition (UNO) came to power. Almost immediately,³³ a stabilization and structural adjustment program was implemented, with IMF and the World Bank direction. It included the standard SAP prescriptions for economic revitalization: currency devaluation, privatization of state enterprises, cuts in government spending, and liberalization of trade by reducing import tariffs.

The first SAP under the Chamorro government was implemented in May 1990, followed by a second, more extensive program in March 1991. Included was a currency devaluation of 400%, salary increases of 200% (the average for state workers), price increases of almost 400% for basic food staples, and a privatization plan for over 200 state enterprises (Vargas 1992, Petras & Morley 1992). Access to credit was restricted through new eligibility rules and higher interest rates (at the time the highest in Central America),

³² The U.S. government said that if the Sandinistas were elected the war would continue, if they were defeated peace would be possible (Mott 1992, Norsworthy 1989).

³³ Curiously, the IMF loan came through less than 24 hours after the Nicaraguan government dropped charges against the U.S. in the international court in the Hague regarding mining the harbour and other illegal activities (Central America Update 1991 13(2)).

and government spending was further reduced (*Envío* August 1991). Vice-president, Antonio Lacayo, called it 'the toughest stabilization plan in Central America' (Petras & Morley 1992:139). Immediate social costs included 20,000 newly unemployed, more poverty-stricken households and increased incidence of prostitution, begging, and crime (Vargas 1992).

A third SAP (the second phase of the 1991 program) was applied in January 1993 which included a further devaluation of the currency and increased taxes on imported goods. While privatization has figured prominently in the Nicaraguan SAPs, but it has also been somewhat unique in that workers have managed to achieve a stake in the process, obtaining roughly 25% of the shares of 234 enterprises privatized to date (Barricada Internacional #361 1993). SAPs in Nicaragua have also been tied to US foreign aid (Barricada Internacional #345 1992). For instance, in return for US\$300 million in 1990, Nicaragua had to agree to privatize the banking system and certain other industries, in addition to liberalizing trade and investment restrictions. A portion of this money was also budgeted to examine the 1987 Constitution to pinpoint 'governmental and political weaknesses that impede social and economic progress and full economic development' (Zimmerman 1993:52).

While the state of the economy inherited by the Chamorro government in 1990 was not good, in many ways life is currently more difficult for the average Nicaraguan than in the 1980s. In the rural areas, the historical legacy of inequality among Nicaraguan production sectors has been reinforced by the present government's

policy of placing restrictions on credit to small and medium-sized businesses. Agricultural land and credit is once again being concentrated among the wealthy landowners. For example, 87% of credit in the coffee sector went to large producers; similarly, in the cattle sector 74% of available credit was made available to large producers (Vargas 1992, *Envío* August 1991). As a result, total domestic production of all products was very low in 1992 (CRIES 1993). In addition, many small enterprises have been forced out of business altogether by competition from large-size enterprises and imported goods flooding the Nicaraguan market since trade tariffs were lifted (Barricada Internacional #345 1992). This has been a frequent effect of SAPs elsewhere as well (Woodward 1992, vol.1). Similarly, inequality has been reinforced by means of changes in the income tax structure. Although tax revenue increased 30% between 1990 and 1991, increasing the amount of the national budget financed by taxes from 49 to 69%, the amount generated from income and property tax fell by 25%. Thus the burden of increased taxation fell disproportionately on the poorer Nicaraguans (Zimmerman 1993).

The following table shows various indicators of economic health; some, such as inflation and GDP growth have improved (although only marginally for the latter), while unemployment has increased considerably. In addition, real salaries continue to erode, a high population growth rate has contributed to declining per capita GDP, and the external debt continues to increase.

Table 3.5.2
Economic Indicators for Nicaragua, 1985-1992

Index	1985	1986	1987	1988	1989	1990	1991	1992
Population (thousands)	3272.0	3384.4	3501.2	3621.6	3745.0	3870.8	4003.0	4139.1
GDP (per capita)	656.1	627.9	602.7	495.3	465.5	430.6	413.4	404.6
GDP growth (%)	-4.1	-1.0	-0.7	-15.0	-2.8	-4.4	-4.0	-2.1
Accumulated inflation (%)	334.3	747.4	1347.2	33656.8	1689.1	13490.0	2775.4	0.1
Unemployment (%)	20.9	22.1	24.4	26.5	39.9	44.6	53.5	59.8
Real Salary (1980=100)	48.4	20.3	8.2	4.7	7.8	12.6	13.0	14.3
External debt (%) (exports of goods and services)	1434.9	2007.0	1929.2	2644.7	2807.2	3131.6	3555.7	n.a.

Source: CRIES 1993:159

Within Nicaragua, 1992 has been labelled 'not just a bad year, but the worst in a generation' (Woodfine 1993:5). Nicaragua is the only country in the world to experience an absolute drop in per capita GDP to a level lower than in 1961 (*ibid*). In terms of the Human Development Index (composed of life expectancy, literacy, and GDP), Nicaragua ranked 108th out of 110 countries in 1991. Rankings for other countries in the region were: El Salvador, 91st; Guatemala, 64th; Honduras, 52nd; Costa Rica, 55th, and Haiti, 63rd (Woodfine 1993). Social benefits have been either drastically reduced or eliminated, so it is no coincidence that over two-thirds of

the population lives in poverty, 61% live in inadequate dwellings, and 60% are malnourished (*Envío*, January-March 1993).

Summary

Structural adjustment policies generally include similar measures designed to facilitate debt servicing and to close the gap between domestic consumption and the ability to pay for imports. The measures are premised on the ideology of the free market and assume that a country's macroeconomic problems are internally based. Criticisms of SAPs range from the assumptions on which they are based, such as the experience of NICs, to perpetuating inequality within the global economic order and the impact on the domestic productive sector in the face of foreign competition. There is also a social cost of SAPs due to prescribed cuts in social services, job layoffs and potential militarization and/or government suppression of human rights.

There are several particular features of Nicaragua's economic structure that SAPs do not address, including its location in the international economy as a dependent capitalist country, a historical paucity of foreign investment, a unique class structure, and abnormally high rates of un-and-underemployment. By opening up Nicaragua's economy and allowing the market to restructure it, serious underlying structural characteristics are not being addressed but are being perpetuated.

Upon seizing power in 1979 the Sandinistas attempted to restructure the economy to benefit the poor majority. Faced with a critical economic situation by the mid-80s due to internal and

external problems, SAPs were implemented in Nicaragua without the assistance of the IMF or World Bank. Since 1990 and under a new government SAPs have continued to be implemented with no evidence of success; rather, income inequality, poverty, unemployment, malnutrition and infant mortality have increased and thus threaten future social and economic development. Nicaragua is presently enduring its worst economic crisis in decades.

Chapter 4.0 The Gendered Impact of SAPs

'When we speak of the 'poorest of the poor' we are almost always speaking about women. Poor men in the developing world have even poorer wives and children. And there is no doubt that recession, the debt crisis, and structural adjustment policies have placed the heaviest burden on poor women, who earn less, own less, and control less.'³⁴

The purpose of this chapter is to provide a theoretical framework for understanding the gendered impact of SAPs. This is done first at a conceptual level by examining some of the assumptions underlying macroeconomic policies such as SAPs, and then describing the various impacts of SAPs on women in the productive and social reproductive sphere at a broad, global level. The chapter then uses the theoretical framework of dual systems analysis as a way to explore the relationship between SAPs, machismo and women. It is argued that this theory can be convincingly applied in Latin America and thus aids in understanding the differential and critical impact of SAPs on Nicaraguan women.

4.1 Macroeconomic Assumptions of SAPs

Neoclassical macroeconomic policies, such as SAPs, have long been assumed to be gender neutral, concerned with broad levels of output, employment and GNP. However, some underlying assumptions of neoclassical macroeconomics do reveal a gender bias

³⁴ Vickers 1991:15.

that produces differential impacts for men and women. There is an implicit assumption that the reproduction and maintenance of human resources (e.g. the childcare and general cooking and cleaning) will continue regardless of the status of women involved (Elson 1992). There is also an assumption that household income is distributed equitably (or at least in a manner that maximizes the family's well-being). Finally, one of the purposes of SAPs is to reallocate resources to their highest and most efficient use, yet the meaning of economic efficiency itself reveals a gender bias.

Regarding the first assumption, that of the 'infinite elasticity' of women as reproducers, it is not true that the reproduction and maintenance of human resources continues regardless of the economic situation. While women can not throw their children out when they can no longer afford to feed them (although it is recognized that extreme behaviour can occur), women's ability to cope is finite. For example, Moser found in her study of Guayaquil, Ecuador, that 15% of the women had 'burnt out' and were no longer coping adequately (Moser 1993).³⁵ Even if such a 'breaking point' isn't reached, the burden of adjustment is often shifted onto women in the form of longer and more stressful days (Elson 1992a).

With respect to the second assumption of equal intra-household income distribution, there is little evidence to support it. Neoclassical economics conventionally treats the household as a

³⁵ Moser categorizes 'burnt out' as women who are unable to balance their three roles: the productive, reproductive, and the community management role. When a woman is burnt out the productive role prevails, usually leaving an elder daughter to take on the reproductive role in caring for younger siblings who either cannot or will not assume full responsibility.

cohesive unit; there is considerable evidence, however, that households normally are instead disaggregated units with males and females occupying different positions. For example, it is commonly found that income is not divided up equitably within the household and that a reduction in total household income can result in a disproportionate burden on women, who have to find ways to sustain the family with less (Dwyer & Bruce 1988, Benería & Roldan 1988).

While cultural values vary around the world, it is also commonly found that 'gender ideologies support the notion that men have a right to personal spending money, which they are perceived to need or deserve, and that women's income is for collective purposes' (Dwyer & Bruce 1988:6). Thus, as Elson (1992) points out, it can not be assumed that households will respond to structural adjustment measures by reducing their expenditures on luxuries in order to maintain access to necessities as is expected by neoclassical economic planners.

Finally, the purpose of SAPs is to allow resources to be used to their highest and most efficient use, but what makes something efficient? The economic definition states:

"...the economy is working efficiently when there is no rearrangement of resources that would produce greater total output. For this to occur in a free market economy every input and output must be priced at the level which reflects its true economic value (or opportunity cost) to the whole economy" (Palmer 1992:71).

Palmer goes on to identify two gender-based distortions in this definition, unequal terms of women's and men's access to the labour market and a reproduction tax on women. A sexual division of labour

often assigns reproductive, unpaid tasks to women and productive work to men. This cultural and social assignment deems certain jobs inappropriate for women and poses further limitations on access to the job market. With respect to SAPs, this gender bias makes it difficult for men and women to move easily from some occupations to others (e.g. it would be exceptional for male construction workers to move to sewing piecework). Women's access to the labour market, particularly in third world countries, is restricted early on in their lives, and is often linked to restrictions in access to education and health services. Generally boys are favoured over girls in access to basic education; as well, they generally are favoured in access to food. This discrimination continues later in life when women tend to have more difficulty getting access to credit and training.

A reproduction tax stems from women's responsibility in the domestic sphere which renders them unable to compete equally with men. When this responsibility increases, as when social services provided by the government are cut and women are forced to take on additional work, the women are even less able to compete effectively in the labour market. In Standing's words, women compete in the labour market on different terms than men (Standing 1989).

Thus, it is argued that SAPs are gender blind since they do not consider gender in the analysis of macroeconomics. It is further argued that during recessions or adjustment periods, women, and in particular lower-income women tend to bear a disproportionate burden of the hardship relative to men (Sen & Grown 1985, Afshar & Dennis 1992). Women represent a disproportionate share of the poor

and an increasing share of heads-of-households. They constitute a large proportion of low-wage and informal sector workers, and are obliged to combine wage work and domestic responsibilities (Feldman 1992). The reason for these facts partly stems from the patriarchal gender construction of men's and women's roles which generally benefit men more than women.³⁶ During adjustment periods, these gender constructs oblige women to manage the household and use resources more efficiently (e.g. combine childcare with paid work, and operate collectives). Moreover, it is women (and their children) who are likely to be disproportionately represented as the newly incorporated labourers, often in jobs with dangerous or unhealthy conditions (e.g. prostitution and assembly jobs in export processing zones) (Benería 1989).

The impact can be grouped into two areas for analytical purposes: the productive sphere and the social reproduction sphere. Within the former, impacts may vary widely and include a sharp drop in wages and or unemployment, or may entail the necessity to begin work in order to contribute financially to the household. In the social reproduction sphere an unequal burden usually falls on women since they are most often principally responsible for maintaining the household in the face of economic retrenchment (Deere *et al* 1990). Cutbacks or complete elimination of public services cross both spheres for analytical purposes; not only do

³⁶ Patriarchal gender constructs are the male-biased socialized roles for men and women that results in women as a gender being 'socially subordinated to men as a gender through both social structures and individual practices' (Elson 1992:47).

women rely on public services disproportionately more than men, more women tend to have employment there as well.

Regarding the impact on the productive sphere, the economic crisis often forces women to seek increased employment outside the home especially because the male partner's (if there is indeed one) income is likely to be declining due to real wage cuts, or unemployment. Thus in some instances, women's employment actually increases, although the work tends to be lower paying and less secure. The employment they find is often in the informal sector, since formal sector employment is usually less available to women than men.

The most common definition of the informal sector today is unregulated businesses employing fewer than five people and self-employed individuals, excluding professionals (Young 1993). Women commonly find work in this sector because it allows them to incorporate their domestic responsibilities with income-generating jobs, such as piece work or 'homeworking' done in the residence, petty trading, or the selling of cooked food.³⁷ These activities tend to

³⁷ Heyzer (1981) suggests four factors that explain the concentration of women in the informal sector. **Restructuring of labour**, resulting from technological innovations has changed rural employment structures and, consequently, there is more migration to urban areas. Women tend to migrate more in Latin America, perhaps because they have been squeezed out of traditional productive activities by modern industrialization. For instance, in Mexico, new technologies in agriculture and industry restricted access to new industrial opportunities. In Brazil in 1900 women comprised 45% of the labour force, but after 70 years of industrialization comprised only 21%. **Selective labour utilization** is a second factor, referring to the competitive nature of the labour market. Women tend to be squeezed out because well-paying jobs require high levels of skills which are limited to women. There are also age-specific industries, such as export-processing-zones that favour young, single female employees and exclude older, married women from their labour force. These women then turn to the informal sector for employment. A third factor regards ideological assumptions concerning women's role which

require low capital investment and lower levels of education, but also normally yield lower returns.

Often informal sector activity is also more insecure, less well remunerated, and more exploitative than formal sector work (Heyzer 1981). In both the informal and formal sectors, the women's average income is universally less than men's earnings. This is due primarily to women's employment concentration around work that is lower paying and defined as less skilled; moreover, women often earn less than men for performing the same job (Stewart 1992).

At the same time, women experience an unequal burden of the rising cost of living, in part because few men help with domestic chores due to patriarchal attitudes that delineate such work as 'women's' work, the implication being that such work is inferior and demeaning to men (Sen & Grown 1985). Another reason for the unequal burden on women arises from the increasing incidence of female-headed households. Obviously this results in longer working hours for women. Women's ability to cope under these circumstances is rarely questioned by economic planners.

When women are no longer able to cope, their individual productivity diminishes, as well as the reproductive and productive capacity of the family. Little attention at the policy level has been paid to the possible consequences, both for the household and on the larger economic sphere, if women's reproductive ability (i.e.

refers to the assumption that women are not the primary earner and thus it is justified giving women lower wages. Finally, production and reproduction-related work, is seen as a natural extension of women's biology. There is, as mentioned, a tendency for women's work in the informal sector to be clustered around reproductive-related responsibilities.

childbearing and rearing) is impaired. Prostitution, malnutrition, and increasing numbers of streetchildren living at risk are all direct consequences.

Finally, reductions in government services, such as public transportation, health care and education have meant that either the poor must do without essential services or the family must take on these responsibilities. In Nicaragua, for example, health services that were previously free (and helped to virtually eliminate polio and measles) are now available on a fee-for-service basis, and schools that were once free now charge fees that many families can no longer afford.

To summarize, impacts on women with respect to the implementation of SAPs can be experienced in the productive and social reproduction spheres. Impacts such as increased work hours, decreases in social services, and an increased burden at the household level affect women directly and society at large indirectly, due to the role that women generally play in maintaining the household.

4.2 Towards a Theorization: Neoliberalism, Patriarchy and SAPs

At the outset it should be stated that I consider it unquestionable that patriarchy, as defined by Walby (1990:20) as a set of social structures and practices in which men dominate and women are subordinate, is prevalent in most societies, albeit in different guises. How else does one explain universally lower wages

paid to women. Or similarly, the fact that domestic work is considered 'naturally' women's work. Capitalism and patriarchy are intertwined with one another, reinforcing and perpetuating difficult circumstances for women. In other words, while separate social systems, they are broadly mutually supportive of one another. Gender inequalities, disadvantageous for women and expressed through patriarchal institutions and values, are used advantageously by capital, which reproduces and perpetuates the existing inequalities.

Such analysis is loosely equated with socialist feminism. Socialist feminism arose out of a dissatisfaction with both the gender-blind Marxism which effectively regarded class-based proletarian oppression as more important than gender-based women's oppression, and radical feminism which tended to locate a universalizing patriarchy, stemming from biological differences between the sexes, as the primary source of oppression (and indeed, the most significant and destructive form of oppression). Eliminating women's oppression, it is said, would bring about the elimination of all other forms of oppression (Tong 1989, Sargent 1981). Therefore, rather than seeing women's oppression rooted in either their class or their sex, socialist feminism argues for an intertwining of the two.

Dual-systems theory is one strand of thought within socialist feminism.³⁸ It first analyzes capitalism and patriarchy as separate

³⁸ The other is unified-systems theory which in contrast to dual-systems theory analyzes capitalism and patriarchy through one conceptual lens. Eisenstein, for instance, argues that patriarchy provides a system of 'control and law and order', while capitalism provides the economic structure to pursue profits (Walby 1990:5).

phenomena and then combines them in dialectical relations (Tong 1989). While Marxist analysis helps to explain workers' relations to capital, it doesn't explain why women are subordinate to men both inside and outside the family. This is the aim of dual systems theory (Tong 1989). The relationship between the two spheres of capitalism and patriarchy is uneasy, however, with conflicts between the two manifested in different places, stemming from their respective imperatives (Walby 1986). This can be illustrated by the example of women's labour. Hartmann conceptualizes the expropriation of women's labour by men as the key material base of patriarchal relations. Women are segregated from men in the paid workforce, and have to do more unpaid work in the household than men. In both places, women are disadvantaged and these disadvantages are reinforced to benefit both men and capital in general (Hartmann 1976).

While patriarchy pre-dates capitalism (ancient China had some of the most brutally patriarchal societies [Greenhalgh 1985]), Hartmann argues that the link between patriarchy and capitalism became entrenched with the advent of capitalist institutions in the 17th and 18th centuries (Hartmann 1976). Men, broadly speaking, felt their privileged positions threatened both by the demise of old institutions that supported patriarchy (such as guilds) and by the emergence of a labour market which gave women potentially a degree of economic independence. Consequently, men, unconsciously or not, took steps to prevent this--such as restricting women's access to certain (high-paying) jobs, as well as reinforcing the assignation of reproductive tasks to women. For instance, craftswomen were

pushed out of their trades in the productive sphere, and male doctors denounced female healers and midwives,³⁹ effectively eliminating them or reducing them to ancillary roles (Hartmann 1976, Smith 1987).

It is argued here, following the dual-systems approach, that capitalism and patriarchy may be analytically distinct for theoretical purposes but that they are mutually supportive of one another within many real-world processes. The relationship is an uneasy one, however, as illustrated by the example of women's labour. Economic necessity is forcing women (specifically low-income women) in many countries to enter the labour market, thereby undermining patriarchal control at the household level.⁴⁰ Indeed, women are sought by capital as cheap and submissive labour (relative to men) in many cases (e.g. export processing zones). Yet these women must continue to endure a double day, fulfilling the reproductive-related tasks assigned to women as 'natural' in addition to their paid work.⁴¹

Frequently the state also intervenes to restrict women's access to certain jobs and/or to legitimate unequal pay for work of equal value.⁴² And in a remarkable global pattern, women tend to be 'the

³⁹ Remember it was only as recently as the 20th century that women were permitted into medical schools.

⁴⁰ Undoubtedly, women have more freedom to choose to work outside the home with improved childcare and employment legislation, however, with regards to women in third world countries it appears that economic necessity is the primary factor for women seeking outside work.

⁴¹ Numerous studies show that husbands of women who work outside the home do not help out much more with household chores than husbands whose wives do not work outside the home (Tong 1989).

⁴² Legislation to correct this has been the result of a very acrimonious struggle and has not even been successfully operationalized in the few places it exists.

last hired and first fired', either following war or in difficult economic times. Such action reveals the influence of patriarchy in securing the privileged position of men in spite of the pressure of cheap labour demanded by capitalism (Walby 1986).

4.3 Dual Systems Theory in Latin America

Like most feminist theories, dual systems analysis has been directed to primarily white, Western, industrialized societies. This research argues that dual systems theory can be convincingly applied in Latin America, and particularly Nicaragua. Instead of using the abstract concepts of capitalism and patriarchy, we can use their specific expressions in the form of SAPs and machismo. SAPs are an important tool of late 20th century capitalism, while machismo is a particularly strong form of patriarchy. More specifically, as was seen in Chapter 2.0, SAPs are a mechanism through which transnational corporations and international financial organizations enhance opportunities for capital accumulation. Machismo, as is described below, has historic roots in the Catholic Church and plays a significant part in defining gender roles. The following section will illustrate affinities and tensions between the two that help to explain the subordinate situation of Nicaraguan women vis-à-vis the impact arising from SAPs.

Throughout Latin America a particularly virulent and overt form of patriarchy is expressed in the form of machismo. Machismo, meaning manliness, prescribes a particular role for women in Latin American society, one in which males dominate both within and outside the home and women are considered inferior to men (Russell

1984, Paley 1989, Brydon & Chant 1989). Corresponding to machismo is *marianismo*, the old Catholic doctrine that women have maternal instincts but no sexual desire, culminating in the physically impossible virgin-mother standard.

The patriarchal structure of Latin America was largely derived from Spanish Catholicism, most notably the concept of *patria potestas*, the domination of fathers 'over their children and grandchildren and all others descended from them in direct line who were born in lawful wedlock' (Flora *et al* 1989:23) The extent of the influence of Spanish machismo varied with social class; initially it was important to the upper class for maintaining property (for example by controlling marriage). While machismo did eventually filter down through society, its influence over indigenous people depended on the degree of *ladinoization* (Flora *et al* 1989).⁴³

In most of Latin America a woman's place is in the home, and a strict double standard exists for sexual behaviour (Walker 1991). For instance, a man could obtain divorce based on his wife's adultery, but a woman could not do the same (Stephens 1988). Like many patriarchal societies, the birth of a girl, especially in rural areas, is often considered a disappointment, and adultery is a crime only if committed by a woman.⁴⁴ Young girls are often pressured to leave school in order to care for younger siblings, perpetuating women's lower level of education.

⁴³ *Ladinos* (also known as *mestizos*) are those indigenous people who accepted and absorbed European culture, such as the Spanish language and dress. Within the social structure of Central America ladinos were considered a middle group, between pure Europeans and the pure indigenous population.

⁴⁴ In some cases midwives take advantage of this situation and actually charge more for delivering male babies (Russell 1984).

This gendered culture is expressed poignantly by Gloria Anzaldúa:

Men make the rules and laws; women transmit them. How many times have I heard mothers and mother-in-laws tell their sons to beat their wives for not obeying them, for being *hocionas* (big mouths), for being *callajeras* (going to visit and gossip with neighbours), for expecting their husbands to help with the rearing of children and the housework, for wanting to be something other than housewives? The culture expects women to show greater acceptance of, and commitment to, the value system than men. The culture and the Church insist that women are subservient to males. If a woman rebels she is a *mujer mala*. If a woman doesn't renounce herself in favour of the male she is selfish (Anzaldúa 1987:16-17).

Machismo is concretely manifested in an attitude that encourages, even obliges, men to prove their virility to other men by fathering as many children as possible; it does not, however, include accepting responsibility for them (Molyneux 1985, Flora *et al* 1989). This phenomena in Nicaragua can be attributed, in part at least, to widespread migration within the country due to the agroexport economy developed under the Somoza dynasty that principally used seasonal, migratory labour. Thus, men often had relations with several women in the various regions in which they worked, leaving the women to bring up the children as they moved along (Afshar 1991, Molyneux 1985).

4.4 Dual Systems Theory in Nicaragua

The remaining section of the chapter discusses the role of Nicaraguan women in the revolutionary struggle. While women

played a significant role in the revolution, the history of machismo resulted in feminist achievements being compromised under difficult economic conditions. This influence substantiates the claim that the impact of SAPs is exacerbated in a *machista* society such as Nicaragua.

Machismo was cited by most of the respondents in my fieldwork as a central problem facing women today in Nicaragua (interviews 1993). The FSLN also recognized machismo as a central issue in women's emancipation in a statement issued in 1987:

The subordinate position of women in Nicaragua [historically] was reinforced through ideology...Machismo, the most significant ideological manifestation of this...praises the supposed superiority of men, excludes women from work and activity considered part of the world of men, defends a man's right to abuse women, and establishes rights and perogatives which are closed to women...Machismo has been reproduced historically through different ideological vehicles, such as the family itself, schools, the church, and commercial advertising...(Stephens 1988:16).

As previously mentioned, machismo is largely responsible for perpetuating disproportionate levels of poverty among Latin American women by enforcing subordinate gender roles. One of the most obvious products of machismo in Nicaragua is irresponsible parenting, since impregnating a woman is considered the 'highest expression of machismo' (Olivera *et al* 1990:29). Thus, males tend to father many children with different women, thereby proving their virility to other men and reinforcing their domination over women.

Within the domestic sphere, few men share the work with their partners. One study found that 45% of the women did all of the

cooking, cleaning, washing and shopping by themselves; otherwise another female member of the household or a paid domestic worker usually helped (Pérez-Alemán 1990).

As previously mentioned, one of the commonly cited manifestations of machismo is multi-partner relationships. It is reported that between 30 to 40% of urban households in Nicaragua are headed by single women⁴⁵; while machismo is likely a dominant factor in this phenomena, other factors, such as war, could also be responsible (Molyneux 1985). In the study by Pérez-Alemán, 40% of the female heads of household cited male abandonment as the reason why they were the head of the household (Pérez-Alemán 1990). Equally important, these households tend to be the poorest (FIDEG 1992a).

As the quote by Anzaldúa revealed, machismo is internalized in the women as well. A study of peasant women found 40% believed a good woman "obeys her husband" and 'does what her husband demands and decides' (Pérez-Alemán 1990:3). This internalization of machismo, thereby devaluating their own role in society was also revealed in a study by Cenzontle in which 54% of the female respondents said housework was their principal occupation and 42% said their partner was the head of the household, even though 66% of them worked for wages themselves (Olivera *et al* 1992). This internalization, and apparent contradiction, is further exemplified by

⁴⁵ Pérez 1990 cites 34%; Vargas 1992, 34% in 1989 up from 30% in 1980; Cenzontle 1992 cites 33%. Vilas 1986 cites 48% of households were female-headed before the earthquake.

the following report of a woman asked which it was better to have, sons or daughters:

Very quickly she responded, 'daughters'. Why? 'Because daughters are more faithful. They'll stay with you, they'll help you out. Sons leave when they grow up, and you can't count on them.' Which, then, did she think most women preferred to have? 'Sons, most probably.' Again, why? 'Machismo. They think boys are better than girls.' (Lancaster 1993:121)

Despite their supposed inferiority and the *machista* construction of women's home-bound roles, women played an important part in the revolutionary struggle in Nicaragua, both before and after 1979, fighting in combat beside men and working in the productive sector to replace the men fighting. By 1989 women represented 45% of the working population in Nicaragua, while the overall level of female participation in the Latin American workforce was only 24% (Stewart 1992, Norsworthy 1989). An FSLN proclamation stated in 1987:

Women participated in all the social and political struggles of our people in this century...despite the adverse historical and cultural conditions (politics were precisely one of the arenas reserved for men); women of all ages broke taboos, left their homes, rebelling against their families or companions, and left to take their position in battle...they were members of the FSLN, collaborators, messengers, organizers of safe houses, underground fighters, guerillas in the mountains...political leaders and military commanders...mothers of those tortured...also victims of the repression" (Afshar 1991:53).

Explicit official recognition of women's value in Nicaraguan society was finally realized in 1987 when the Sandinistas

promulgated a new Constitution that overturned historic legal discrimination against women and established sexual equality as a fundamental right (Norsworthy 1989). Several concrete achievements with respect to women's rights were also realized under Sandinista rule, such as an implicit acceptance of abortion (it was still illegal but the law was not enforced), the Law of Nurturing (that required men to pay financial support for their children), and the Provisional Media Law (that banned the commercial exploitation of women's bodies), among others (Afshar 1991, Collinson 1990).

These achievements were somewhat overshadowed, however, following the Sandinista victory in 1979 and as unemployment worsened throughout the 1980s. Women were frequently the first to lose their jobs or were fired in order that more men could be hired (Walker 1991). By the end of the decade for the first time, the term 'the feminization of poverty' was being used to describe the situation that women in Nicaragua were facing (Wessel 1991). This is not particular to Nicaragua, but is a general global phenomenon. Since the 1970s, the type of work, the income levels and insecurity often associated with 'women's work' have been spreading and consequently there is a global pattern of rising female workforce and a falling male workforce (Vickers 1991, Standing 1989).⁴⁶

With the UNO government's election victory in 1990, many of the progressive advances made by the Sandinista government were rolled back. For instance, abortion has been explicitly banned, artificial contraception condemned, and the laws promulgated by the

⁴⁶ Indeed, evidence in the 1980s indicated that up to two thirds of Africa's increasingly poverty-stricken population consisted of women (Topouzis 1990).

Sandinistas that encouraged men to assist with domestic work and forbade the objectification and exploitation of women in the media are not being enforced (Wessel 1991). A rape law was amended, and while it expanded the definition of rape to include any sort of penetration against not just a woman but also a man or child, it atavistically forbids women from having an abortion in the case of impregnation due to rape. Instead, it gives them the option of suing the violator for child support. The Catholic Church, supported by the Chamorro government, is also attempting to reimpose traditional, conservative values within the society (Vargas 1992, Afshar & Dennis 1992). One of the UNO government's slogans during the 1990 election was 'the dignification of women', translated by some as 'women back to the home' (Ferguson 1991:87).

All of this helps to illustrate the mutually supportive interaction between capitalism and patriarchy. Machismo, as a virulent expression of patriarchy, defines both men's and women's role and space in society. In a familiar occurrence, women in Nicaragua have been the last hired and first fired, revealing the influence of men's relatively privileged position, even if women's labour is cheaper. A confluence of the interests between the state and the Church is readily apparent, restricting women's access to reproductive choice and acting to reinforce 'traditional values' that are strongly patriarchal.

Simultaneously, women have been affected by the implementation of SAPs, particularly since 1990 (see section 3.6). For instance, many women have experienced longer work days in the informal sector and disproportionately greater unemployment in the

formal sector. Additionally, cuts in health expenditures have put a greater burden on women to provide their own healthcare for themselves and their family. Similarly, due to higher education costs (also as a result of decreased government spending), many children are unable to continue their schooling, and a greater proportion of females than males are dropping out. Since the government assumes that social reproduction, the daily maintenance and care of the household, will continue regardless of the impact of these policies, there is a subtle shift in responsibility from the state onto women. These direct impacts arising from SAPs will be expanded in the following chapter, but it is clear that gender inequalities, reinforced by machismo, are used advantageously by the government under SAPs (e.g. through cheaper labour, by women taking on previous governmental responsibilities). Existing inequalities are then reproduced and perpetuated.

Summary

The impacts of SAPs on women are experienced in both the productive and social reproduction sphere. In the productive sphere many poor women in families with declining incomes are forced to work outside the home. A lack of childcare facilities can often oblige an older daughter to forsake her education to remain at home to care for younger siblings. As families become more desperate many women are forced to work in the informal sector where wages are often low, conditions poor, and the jobs low-skilled. In the social reproduction sphere women experience an unequal burden of rising costs of living due to the increasing incidence of female-headed

households, coupled with *machista* attitudes that define domestic work as women's work.

Dual systems analysis is a useful theoretical framework for conceptualizing the relationships between gender and SAPs. Capitalism and patriarchy are seen as distinct yet mutually reinforcing systems that help to perpetuate women's secondary status. In applying dual systems theory in Nicaragua, some of the tensions between machismo and SAPs are evident. Although progressive advances for women were made under the Sandinistas, a tradition of machismo resulted in many of these gains being compromised as economic conditions in the latter part of the 1980s worsened. When the anti-Sandinista UNO party gained power in 1990, these achievements were rolled back further. Many of the first changes made by the new government were reversals of feminist legislation. This highlights the influence of machismo in Nicaragua particularly at the state and Church level. As will be empirically examined in Chapter 5, in Nicaragua the unequal impacts arising from SAPs such as increased work hours, decreases in social services, and an increased burden at the household level are perpetuated and reinforced largely by this legacy of machismo.

Chapter 5.0

The Impact and Response to SAPs by Women

For the purpose of this research, women's lives can be conceptually divided into productive and social reproductive spheres. This does not imply that all aspects of women's lives can be reduced to these activities, but it is these parts that are being examined here. Productive activities refer broadly to income-generating tasks, (including in this case the informal sector). Social reproduction, on the other hand, includes biological reproduction as well as activities related to 'the care involved in raising children, taking care of husbands, parents and other members of society on a daily basis' (Nain 1992:5). Social reproduction also includes areas such as health care and education, both of which are obviously necessary to maintain a healthy, productive workforce. In Nicaragua, and indeed in most of Latin America, mention must also be made of the influence of *machismo* which plays a role in defining men's and women's roles. Both the impact of SAPs and women's response to them is shaped in part by this social force.

While reproduction can occur, at least at some level, apart from productive activities, the reverse is not true; the workforce must be produced and reproduced. As the latter sphere has been primarily women's domain worldwide, there has been little attention directed to it until recently by primarily male researchers. The following section discusses the condition of the two spheres, production and social reproduction, in Managua as they pertain to the impact of SAPs on women of the popular sector.

5.1 The Productive Sphere

The implementation of structural adjustment policies can affect women in a variety of ways, as mentioned previously in chapter 4. This section examines how women have been affected in the productive sphere, such as in types and changes of employment, wage levels, and the informal sector.

Over 30% of Nicaraguan women are in the labour market (the economically active population, or EAP), a significant increase since before the revolution when between 17% and 18% of women were in the EAP (Olivera *et al* 1990, Guerrero & Terán 1992). The following table illustrates the growth of female labour participation in Nicaragua. Clearly the war influenced women's participation, opening up employment opportunities when many men were fighting.

Table 5.1
Female Participation in the Labour Market in Nicaragua
1980-1990

Year	Female Participation in labour force
1950	18.2%
1980	31.5%
1985	32.4%
1990	36.0%

Source: Guerrero & Terán 1992:34

The proportion of female participation in the labour force in Managua itself is 46%, which is much higher than the national average due to a variety of factors, including Managua's high proportion of service industries in which women tend to be clustered

(FIDEG 1992a, Aguilar & Renzi 1992). The proportion of women that are considered participants of the EAP in Central America as a whole is 29.7% (Guerrero & Terán 1992).

Despite a relatively high proportion of women in the Nicaraguan labour market, there has also been a recent tendency toward the double displacement of employed women. According to a study done by FIDEG in 1992, 72% of women are employed in the service sector, compared to 54% of men (FIDEG 1992a). However, a rising proportion of men are working in services and there has been a concomitant reduction in female employment in that sector. Moreover, women have experienced a greater increase in overall unemployment which jumped from 35% in 1991 to 42% in 1992 (FIDEG 1992b). Business closures and job layoffs have also been greater in areas that employ large numbers of women, such as in health and education, textile factories, banana plantations, and the food industry (FIDEG 1992a).

The double displacement of women arises first from men moving into traditional female jobs, and second by women being displaced from their non-traditional areas of employment.⁴⁷ In addition, women's salaries are on average 29% less than men's. This discrepancy is further reflected in their purchasing power; while 40% of men receive salaries inadequate to purchase the *canasta basica*,⁴⁸ the figure is 57% for women (FIDEG 1992b).

⁴⁷ Traditional work is activities such as services and domestic work. Non-traditional jobs are activities such as factory work and construction.

⁴⁸ A *canasta basica* is a basket of food and basic consumption items considered necessary for subsistence. It is similar in composition to the Consumer Price Index.

Directly related to impacts in the productive sphere, is their impact vis-á-vis the public sector. As in many other countries, this sector provides Nicaraguan women with some of the most desirable professional and technical employment. Moreover, more of these women are employed here than in the private sector: 57.3% versus 27% in the private sector (Elson 1992a, Pérez-Alemán 1990). Consequently, cutbacks in the public sector have a significant impact on women.

A second aspect of the productive sphere in Nicaragua is the informal sector. As previously mentioned in chapter 4, the informal sector plays a significant role in the employment of women in most third world countries. This is particularly true in Nicaragua where it is estimated that up to 65% of the economically active population, and 70% of all women who work, do so in the informal sector (FIDEG 1992a).

According to CEPAL, the proportion of the economically active population working in the informal sector grew from 38.6% in 1950 to 43% in 1970. Following the 1972 earthquake, the growth accelerated further. This sector was characterized by very poor people who were largely illiterate and had low levels of education. Further, the work was unstable and there was a high level of female participation. Relative to men, in 1977 women earned 1.39 times less in the formal sector and 2.56 times less in the informal sector (NITLAPAN 1992). No reliable figures for recent years have been found.

Nicaragua has the largest informal sector in Central America, due primarily to the effects of war, a lack of economic opportunities

in other countries, and slow absorption of workers into the formal sector. In 1980 the informal sector was estimated to include 49% of Managuan workforce. By comparison, Costa Rica had 18.9% and Guatemala 40% of the urban labour force in the informal sector at the same time (Pérez-Alemán 1990). By 1990 more than 50% of the EAP were located in the informal sector, and in 1992 65% (FIDEG 1992a, NITLAPAN 1992).

There was significant growth in the informal sector between 1991 and 1992, which rose from 52% of the work force to 65% (FIDEG 1992b). Importantly, a greater proportion of women continue to rely on the informal sector for employment; 70% of women versus 62% of men (FIDEG 1992c). However, consistent with the observed displacement of women by men in the formal sector, female employment in the informal sector dropped from 52% in 1991 to 49% in 1992 (FIDEG 1992b). Recent years have seen people with much higher educational qualifications entering the informal sector, once again, probably displacing women who tend to have lower levels of education.

With the implementation of SAPs in 1991 and the ensuing job layoffs, many former state workers turned to the informal sector for employment. At the same time massive job reductions in the general economy resulted in a reduced aggregate demand for goods in the informal sector. Earnings there have been reduced as well. Yet the informal sector continues to be the only job alternative for most unemployed salaried workers (NITLAPAN 1992).

Purchasing power, measured by the ability to purchase a *canasta basica* appeared to increase between 1991 and 1992: in

1991 35.5% of workers in the informal sector were able to cover the cost of a basket versus 39% in 1992. Yet these aggregate figures hide a more important fact: income distribution became more unequal. The number of people whose incomes were superior to the cost of four basic food baskets rose from 2.6% of the Managuan population in 1991 to 3.7% in 1992 (FIDEG 1992c). At the same time, 95% of informal sector workers receive only subsistence level wages (NITLAPAN 1992). FIDEG also reports that women's wages are, on average, 29% lower than men's (1992b). This is at least partially due to the occupational segregation of Nicaraguan women in lower-paying jobs, as suggested by Benería (1989).

A change in living standards since 1990 was noticed by all of the women I spoke to. As was seen in section 3.6, inflation has been reduced but real salaries have continued to erode and consequently purchasing power has decreased. Gloria stated:

The economic measures have affected us deeply. Now my mother does not buy the things she used to buy and prices are crazy now. My father is unemployed and then we could buy what we needed. Now we can't buy the notebooks, things for school that we need, we don't buy vegetables or meat very often.

Similarly for Carmen:

The situation is much harder in the past two years. Everything costs more now.

5.2 Social Reproduction: Decrease in Government Spending in Health

One of the most obvious impacts of SAPs in Nicaragua has been a dramatic decrease in the government's health budget. Spending has dropped from \$130 million in 1989 to \$83 million in 1990 to \$73 million in 1992 (interview FETSALUD). Per capita health expenditures were fractionally lower in 1992 than in 1978 under the Somoza regime. The following table shows per capita spending on health between 1978 and 1992:

Table 5.2
Per Capita Health Expenditures in Nicaragua, 1978-1992
(constant \$US 1988)

Year	Per capita	Year	Per capita
1978	11.07	1985	60.18
1979	21.36	1986	65.39
1980	36.70	1987	39.31
1981	58.55	1988	58.11
1982	58.45	1989	35.00
1983	55.71	1990	18.21
1984	51.94	1991	16.90
		1992	11.00

Source: Cansave *et al* 1991.

Under the Sandinista government, close to 70% of the population received free health coverage. In less than three years the revolutionary administration had successfully eliminated serious illnesses such as polio, measles, and tetanus (Vargas 1992). Infant mortality dropped from 120 deaths per thousand to 72 (Olivera *et al* 1990).

However, since 1990, and contrary to Nicaragua's Constitution which guarantees 'that all Nicaraguans have equal rights to health services', people have been required to pay for services and medicines (Barricada International #359 1993:16). As well, 25 per

cent of health clinics in Managua have been closed since 1990 (interview FETSALUD). Since 1990 malnutrition has become one of 'the new plagues of Managua', along with measles, diarrhea, cholera, and malaria (*Barricada* March 14 1993:1). The infant mortality rate has also increased (*Barricada Internacional* 1993 #359:14). The first collective soup kitchen (*olla comunal*) was established in Managua in 1990 as a response to malnourished children and mothers. There are presently 117 feeding centres country-wide, 35 of them in Managua.

Manifestations of the economic crisis are also found in the mental health of the population. Although there is no thorough study available, many physical illnesses can be symptoms of 'hidden depression', characterized by crying, anxiety, withdrawal from daily activities, chronic pain, loss of appetite, and insomnia (FIDEG 1992a). The collective Xochilt reports increasing numbers of women coming in with these symptoms (interview collective Xochilt).

Visits to health clinics have dropped off as well, mostly due to a lack of medicine and supplies. Even more seriously, a study done by *Barricada* concluded that people could die in any of the major hospitals due to a lack of primary medicines such as antibiotics or antispasmodics (*Barricada* Feb.5 1993). The state of health services was corroborated by Rosa, a nurse, in an interview:

The health situation is the most critical I have ever seen. There is no medicine and not enough employees. I am doing the job of two right now. People are dying of illnesses that are curable because of malnutrition.

In doing the work of two people in the stressful occupation of psychotic and neurotic nursing, Rosa was experiencing directly the

shift of the burden of adjustment from the state onto poor women. She also experienced another impact when, after major abdominal surgery, she could not remain in the hospital more than 12 hours because she was too preoccupied with her economic situation. In other words, she felt she could not afford not to work. The only time she did not think about it was when she was under general anesthesia (interview Rosa).

5.3 Decrease in Government Spending in Education

Although quantitative data were not easily available, the quality and accessibility of education has been greatly affected by SAPs in Nicaragua. Education is relevant here for two reasons. First, there is a clear link between the level of female education and the number of children a woman is likely to have. Second, the poorest people in Nicaragua tend to be women, and they tend to have very low levels of education; of all female-headed households, 56.2% had no education or had not completed primary school and 70% of these lived in poverty (Vargas 1992). Thus, by negatively affecting education a poor country can struggle with increasing population rates (if that is identified as a problem), and reinforce tendencies that see females achieving lower levels of education.

The most obvious hardship for low-income sectors has been the recent 'voluntary teachers bonus', which supposedly goes towards subsidizing the poorly paid teacher's salaries. If it is not paid by a child's parents, report cards and marks are withheld. It is the equivalent of \$2.00 a month and many parents cannot afford it, particularly if they have more than one child in school. This is also

contrary to Nicaragua's Constitution that guarantees free education at the primary and secondary levels (Barricada Internacional #359 1993).

A study by FIDEG reported that 10% of households had taken children between the ages of 7 and 14 out of school in order to contribute financially to the household. The proportion was greater in both female-headed households and rural areas. Consequently, as a result of both new education fees and difficult economic circumstances, drop-out rates have increased since 1990 (FIDEG 1992a).

The women I interviewed reported similar stories. For instance, Luisa, age 18, attends school only on Saturday morning while her brother goes during the week. Her family cannot afford to send both children. Rosa recalled explaining to her two children that they would have to wear the same clothes as last year and that they could not fail because it would be too expensive for them to repeat. All the women said they were unable to purchase all the necessary supplies for their children's education (interviews).

The importance of education was recognized by those with whom I spoke. For example Rosa stressed that 'we might only eat beans but the children will finish school'. The economic situation has also resulted in adults working towards obtaining as much education as possible. For instance, Jasmine attends university on Saturday in addition to working fulltime during the week; this results in 18 hour days of work and study six days a week. The importance given to education and political consciousness during the Sandinista

government has likely contributed to this recognition of the value of schooling and training (interviews).

5.4 Social Reproduction: The Impact on Domestic Work

Another dimension of the impact of SAPs on women is their impact on necessary, but unpaid domestic work. The impact on unpaid, domestic work has been variable for women in Managua. For example, a study by FIDEG found that domestic work had increased for 32% of the respondents; for 19.5% the reason was due to the economic crisis and for 11.3% it was due to working outside the home for wages. On the other hand, 15% said domestic work had decreased; 6.9% said the reason for this was due to increased service charges such as water and electricity (in 1992 a tax was implemented on all services). Presumably they are not washing, cleaning and/or ironing as much in order to save on the expense of these higher service charges. Finally, 48% said domestic work had not changed (FIDEG 1991).

The women I interviewed all responded that there had been no significant change in unpaid work time. As previously mentioned, Rosa remarked that now she had to cook her youngest child breakfast instead of giving him money to buy a meal. Jasmine said she has always worked 18 hour days, but that: 'the days felt longer because it gets dark earlier' (interviews).⁴⁹ These women have always had to get up early to fetch water, feed the children, and search for the best bargains at the market.

⁴⁹ This is in reference to the fact that the government put the clocks forward an hour in 1991 in order to help agricultural workers.

This is illustrated by a brief description of their daily lives. For example, as Rosa described an average day:

I usually get up at 4:30 or 5:00. At this time of year [dry season] I get up earlier to fetch water from my mother's house. ...I cook breakfast for my youngest child. In the past I could give him money for lunch but now he has to eat well at breakfast. I go to work at 7:00. I can't pay for 2 bus fares so I walk and take one bus. I arrive home at 2:00 because the hospital can't afford to feed us [the employees] lunch. It's better for me now because I clean and cook dinner. At 6:00 I start to sew and I go to bed around 1:00.

Similarly, Jasmine described her day the following way:

I get up 4:30. The kids go to school at 6:30 and I leave for work at 7:00. It takes one hour to get to work. Normally I get home at 6:30 and then go and work on the literacy campaign [adult education in the barrio] where I am supervisor, until 9:00 or 9:30.

Of the three women who were working, they all felt they were working longer days since 1990.

5.5 The Impact on Children

Implicit in the previous discussion of the impacts of SAPs on health and education is their impact on children. This is because children's welfare is tied to that of their primary caregiver, their mother. One noticeable impact has been a significant increase in the number of children age 10 to 14 who are working, which increased from 1.5% of the labour force in 1991 to 3.6% in 1992. The majority of those working children are males (FIDEG 1992c). Childcare is also a predominant concern for many working women, including those to

whom I spoke, as many childcare facilities have been closed since 1990 (Pérez-Alemán 1990, interview Lucy Morran, interviews individual women). As a result there is an increasing number of children being left alone, often locked inside their house due mostly to a lack of suitable childcare facilities.

These children who don't have adequate supervision are considered to be at risk. It is estimated that there are 14,000 such children in Managua and many of these are street children. According to Zelenda Roccia of an Italian NGO, 'child glue-sniffers' are also a relatively new phenomena. They live mostly around the major markets and many vendors encourage these children to steal various items that are then sold for many times the price the children receive. The children sleep in the market at night and say they sniff glue to keep the fear away. The majority have suffered sexual abuse. When I asked one young ex-glue-sniffer what he would like to do when he grew up he replied 'Well, if I survive this, I guess I'll get a job doing something'. These children represent the future of Nicaragua but they are already seriously handicapped emotionally and socially.

When asked directly how they felt the economic crisis was affecting their children, Jasmine replied: 'Last year I could buy all the supplies they needed, but this year I can't'. Carmen also mentioned the direct impact on education: 'The money we have isn't sufficient for all the books and supplies they need'. Gloria wondered 'will I be able to finish university?' (interviews).

5.6 Individual and Collective Responses

At the individual (household) level, responses to the economic crisis have been consistent with responses reported in other third world countries; they are essentially commonsense responses (Elson 1989, Moser 1991, Benería & Feldman 1992). Principal survival strategies include reducing overall consumption, (food, clothing, and services such as electricity and water), increasing the number of workers in the family (most commonly children but also women), seeking work in the informal sector, increasing the length of the work day or the number of days worked, borrowing from family or friends, or sending a family member abroad to remit money (usually from the U.S.) (FIDEG 1991, interviews).

Work in the informal sector may involve a variety of activities such as selling bags of frozen water, buying and selling US dollars, and washing and ironing clothes. All such activities yield an income sufficient only for subsistence; one study of Managua families found 95% of the respondents living at the subsistence level in the informal sector (NITLAPAN 1992). In another study, all the women employed in such activities expressed dissatisfaction with their work for a variety of reasons, such as: they were not accustomed to the work, it went against their principles, they were frustrated with having an inadequate level of education, they didn't like the environment in which they worked, or they didn't feel successful professionally (FIDEG 1992a).

The strategies for survival can also include illegal activities, although obviously data on these are difficult to obtain. Gloria recounted how a male friend became a pickpocket on Managua's

buses under pressure from his parents to bring money home; 'he feels sorry about it but he has to steal' (interview Gloria).

Despite all of these commonsense strategies, many households still cannot obtain basic necessities. The number of poor families (defined as unable to purchase more than basic food needs), has increased from 49% in 1991 to 55% in 1992 (FIDEG 1992a). Individual women said they don't know how they are managing; indeed, many said they cannot afford to think about the future, but are just coping day-by-day. This was also noticed by Nora Menises of the collective Xochilt: 'I don't know how women are managing to feed their children, but they are' (interviews). These sentiments are quite likely reflected in the population at large through manifestations such as an increasing suicide and crime rates (*La Prensa* March 29 1993, interview Elena Torres, *La Policia*).⁵⁰ Significantly, there has been a tremendous increase in the number of reported sexual assaults against women recently, from 139 in 1984 to 420 in 1991 (*La Boletina* 1992). Obviously, it is unclear how much of this increase is an absolute increase in violence, and how much is the result of a prominent campaign opposing violence against women.

The response to the economic situation by women's groups the (the collective response) has consisted mostly of collective health care and consciousness-raising. The health centres are clearly a response to women's health needs that are not being met by the

⁵⁰ In the past year crime overall has increased 16%, crimes against people 28% and crimes against property 10%. On a per capita basis crime has climbed from 75 crimes per thousand inhabitants in 1990 to 80 in 1991 to 90 in 1992 (Interview Elena Torres, *La Policia*)

government. It can be construed as a parallel, or 'underground' health system that is taking over what was traditionally a government responsibility (interview Silvia Carrasco, collective 8 de marzo). In particular, abortions are in high demand. However, self-induced abortion is still tragically among the leading causes of death for Nicaraguan women of reproductive age (Pizarro 1991). Many of the collectives perform abortions, although they can not publicly admit it for fear of being harassed or shut down by the government.

Services provided by the barrio-level collectives generally fall into three areas; healthcare, legal services, and consciousness-raising. Activities include gynecological exams, assistance with divorce or obtaining child support, and training for non-traditional jobs such as chair-making and electrical appliance repair (interview collective 8 de marzo). Consciousness-raising activities include discussions of violence, abuse, self-esteem, and sexuality (normally a taboo topic). A very small number of groups (I came across two) are beginning to tackle women's subordination through an examination of machismo and male domination. This is obviously a necessary step, as Lucy Morran revealed in an interview: 'the first problem [with respect to transforming society] is to overcome the resistance of men. We haven't been able to reach the men' .

It is clear than women themselves, through the grassroots organizations they are building, are responsible for supporting themselves under increasingly difficult circumstances, as the national government is neither providing any support nor alternatives. In some cases, however, the municipal government in Managua is hindering the women's efforts to cope. For instance, in one barrio a

community site for an *olla comunal* was taken over by the Mayor's office and only his supporters were allowed to use it (interview Lucy Morran). The Managuan municipal government is controlled by Arnoldo Alemán, who is connected politically to the extreme right in Nicaragua along with Virgilio Godoy and Alfredo César. A virulent anti-Sandinista, Alemán has spent thousands of dollars building water fountains and monuments to those who died in the 1972 earthquake. Alemán is also receiving funding from right-wing American groups such as the National Endowment for Democracy (NED) (see section 5.7).

5.7 How has Nicaragua's revolution influenced how women have responded to their situation?

The present situation in Nicaragua with regards to the impacts of SAPs on women is similar in many ways to other third world countries. One particular difference, however, is that Nicaragua had a revolution. This leads to the question what has been the impact of the revolution on how women have responded to their situation?

Prior to the Sandinista revolution in 1979 women in Nicaragua experienced subordination in the form of a double day, poverty, violence, and lower wages. Half of all families were headed by women and the majority were single women (Chamorro 1989). The revolution opened up a space for women both by challenging the traditional ideology of women's role in Nicaraguan society and by teaching women how to organize (interview Lucy Morran, Chamorro 1989). While women played a considerable role in the insurrection leading up to the revolution and within it itself, the dominant focus

of the revolution was economic transformation, and later in the 1980s preservation of the revolution. Nevertheless, as mentioned in Chapter 4, there were several important legal reforms, such as laws prohibiting women from being used as sex objects in the media, and progressive divorce laws. There was also an attempt to legislate equal sharing of domestic work, but most of the legal reforms focussed on the public (or productive) sphere, leaving women's position virtually unchanged in the private (household) sphere (see section 4.2).

Nevertheless, due to the difficult economic situation brought on by the economic embargo and the *contra* war, it was increasingly difficult for the Sandinistas to remain committed to women's emancipation. The FSLN-affiliated women's organization, Nicaraguan Women's Association "Luisa Amanda Espinoza" (AMNLAE), prioritized the defense of the revolution. It was generally believed by AMNLAE and independent women that supporting the revolution was necessary to improve women's status because 'revolutionary transformation of the social and economic order is a necessary prerequisite to the liberation for women' (Stephens 1988:3). The Sandinistas, 'both in and out of power recognized women's oppression as something that had to be overcome in the creation of a new society' (Molyneux 1985:289).

In 1990 a split that had begun in 1985 occurred in the women's movement, arising out of the unhappiness of many women with AMNLAE's perceived attachment to the Sandinista party.⁵¹

⁵¹AMNLAE was founded in 1979 under the premise that 'the key to women's liberation...lies not so much in meeting women's immediate demands as in

According to the party and AMNLAE, women were oppressed primarily by the class system, rather than patriarchy (Quandt 1993). Many women were also frustrated by the failure of the revolution to place women's issues higher on the political agenda. As a consequence of this split, there has been a proliferation of autonomous women's collectives and 'networks', a name largely chosen for its disassociation with AMNLAE and the past history.

Indeed, it was really the defeat of the Sandinista government in 1990 that impelled women's groups to engage in 'self-criticism' and 'resulted in lively debates within the Nicaraguan media, as well as a proliferation of women's organizations representing a diversity of sectors and strategies' (Central America Update 1992:67). Luz Marina Torres, director of the collective *8 de marzo* says that the Sandinistas defeat in 1990 was actually 'an achievement because now the women's movement can be independent of the FSLN' (Wessel 1991:547). Under the Sandinistas, many women were torn between wanting to support the government's revolutionary struggle and fighting for women's rights. Paradoxically, now that they no longer have to defend the country and the revolution, they are better able to concentrate on women's issues. Unfortunately, in the absence of support from the state, the prime obstacle for these groups is a lack of financial resources.

It is no coincidence that some of the strongest voices for change concerning gender-related issues in Central America (e.g. maternal mortality, violence against women, reproductive rights, and

ensuring the success of the entire revolutionary process' (Deighton *et al* 1983).

childcare) have come from women in Nicaragua and El Salvador (Central America Update 1992).⁵² Nevertheless, the overwhelming sense among women in the poorer barrios of Managua is one of resignation and exhaustion. These women have suffered considerably since the revolution and have seen little concrete improvement, particularly in their practical, everyday needs. Initial benefits such as subsidies on transportation and food were lost after 1985 and the war diverted scarce resources to an unproductive cause and killed many of their husbands and children. Unfortunately, a statement made by Tomas Borge in 1982 still remains true today: 'From the point of view of daily exertion, women remain fundamentally in the same conditions as in the past' (Molyneux 1985:238).

It is truly ironic, then, that the defeat of the Sandinistas may have provided the impetus for women to strengthen their rights in Nicaragua. However, the difficult economic situation also makes people vulnerable to quick solutions. In particular, Arnoldo Alemán, the right-wing mayor of Managua, is strategically paving the roads in many poor barrios making daily life slightly easier (less dust in the dry season and less mud in the rainy season) for the women living there. For many women, that may be reason enough to support him in the up-coming national election in 1996. Although Alemán is connected politically with the ultra-right political faction in Nicaragua, which offers little, if any, support for progressive improvement of women's condition in the country, since such

⁵² El Salvador has also experienced a revolutionary insurrection which saw considerable participation by women.

measures make their daily lives somewhat easier it makes sense for poor women to vote for him and his party.

Thus, Nicaragua is at a pivotal point. The experience of the revolution provided many people with the tools to organize and defend their rights. This was especially significant for women given their previous subordinate and house-bound role in Nicaraguan society. In addition, it opened up a political space for women; under the Sandinistas, 35% of leadership positions were held by women (Pérez-Alemán 1992). The Sandinistas also took several steps to improve women's position, but the necessity of defending the revolution predominated in the end over women's emancipation. More recently, while the UNO government's economic policies have provided an impetus for women to strengthen their grass roots organizations, desperate economic conditions also mean that women's immediate needs are frequently given a higher priority than tackling more abstract issues such as gender-based subordination.

5.8 Prospects for Transformation

There is still another aspect of the impact of SAPs on women that should be addressed and that is the opportunity presented for transformation of gender relations (Elson 1992). The underlying premise of dual-systems analysis (and indeed virtually all feminist theory) is, after offering an explanation for women's oppression, to also provide a solution for overcoming it. Specifically, distinguishing between the condition and position of women is perhaps necessary for the formulation of transformative strategies. The condition of women relates to 'the material state in which

women find themselves: their poverty, their lack of education and training, their excessive work burdens, their lack of access to modern technology, improved tools, work-related skills, etc.' The position of women on the other hand, is their 'social and economic standing relative to men' (Young 1988:1). Young asks whether it is the condition or position of women that is acting as a 'drag on development projects', and 'must women's condition be improved before their position can be changed?' (ibid:5). These are important, albeit difficult questions in light of the failure of modernization and other mainstream development strategies to improve the living status of poor women in the past five decades (Young 1993, Sen & Grown 1985).

The distinction between the condition and position of women was apparently first articulated by Molyneux (1985) in the juxtaposition of practical gender interests and strategic gender interests. Practical gender interests fulfill the so-called traditional roles that stem from a sexual division of labour, such as reproductive-related tasks, care and maintenance of children and household members, and community-related activities. Practical gender interests tend to be exaggerated in third world countries like Nicaragua due to the economic dislocation arising out of SAPs and the historical legacy of unequal structures (Elson 1992). Practical gender interests do not in themselves challenge gender subordination, even though they may arise directly out of them (Molyneux 1985).

Strategic gender interests, on the other hand are derived deductively from an analysis of women's subordination and involve strategies to overcome this subordination, such as the abolition of the

sexual division of labour, the alleviation of sole reproductive responsibilities, free choice in reproduction, and measures to decrease violence against women (Molyneux 1985). Most of the survival strategies employed by women and organized by women's groups under structural adjustment processes in countries like Nicaragua address practical rather than strategic needs, or are concerned with the condition rather than the position of women. However, substantial transformation of gender relations would necessarily consist of both practical and strategic interests.

This transformation implies a change for the better (Elson 1992). There has been some tentative evidence of a transformation of Nicaraguan society occurring. For instance, Carmen initially had had a tough time convincing her husband that she could be successful at running a cafe. After several weeks of successful operation though, Carmen said she was a new woman with new found confidence, and her husband also showed her more respect. He also began visiting the cafe with some of his friends, indicating a willingness on his part to accept a new role for his wife.

Rather than this type of individual action, for other women there has been more of a collective sense of consciousness and self-reliance, stemming from a justified belief that the government isn't going to provide necessary services. For example, as Maria, a strong Sandinista supporter, said, 'by working in the barrio in literacy or health campaigns at least *some* improvement will be made in education and the neighbourhood situation'. On the other hand, another (former) Sandinista refuses to participate in collective activities in her barrio because she doesn't want to support the UNO

government in any way. Possibly she believes that participation in such activities tend to absolve the UNO government from its responsibility to provide health and education services to the population. Similarly, Jasmine commented:

Today people have less interest in working collectively in the barrio. People thought the UNO was going to solve everything and now they don't have to work.

Similarly, the recent rise in the number of grassroots organizations can be construed as a direct response to SAPs, as the working class has been left to fend for itself under government service cuts. Says one active participant:

'We have moved from the extreme paternalism of the party-state to the 'save yourself if you can' attitude of the neoliberal state. Neoliberal governments encourage grassroots participation because the state frees itself of responsibilities (Alemán & Miranda 1993:25).

It is frequently assumed that increased informal sector activity will lessen any collective sense of strength and make it more difficult to organize workers. In Nicaragua, however, both domestic workers and prostitutes have recently organized into unions, although it is too soon to analyze to what extent they will be effective (Barricada Internacional #357 1993).

In this sense, then, a framework for transformation and structural change is being created by the network of women's centres that are forming. No concrete numbers were available, but a glance through a publication listing women's groups lists over 100 organizations dedicated to the status of women, a substantial increase since 1990. Many of these groups are encouraging women

to assert their economic and sexual rights. Certainly, women such as Carmen who find themselves successful business owners achieve an invaluable sense of worth and accomplishment that they didn't have when they were dependent on their male partner's salary. It would seem too that Nicaragua is perhaps further ahead than many other underdeveloped countries in that the revolution did achieve some important reforms and educated many people regarding their rights.

There is also a parallel backlash consisting of conservative-oriented women's groups that are promoting 'family values' and subordination to the Catholic Church, ideas which are in contradiction to the reality of the lives of many Nicaraguan women. An indication of this group's political affiliation was revealed when Violeta Chamorro was the guest speaker at a rally for the group *Mujeres Nicaragüense Conciencia* (Nicaraguan Women of Conscience), commemorating International Women's Day (*La Prensa* March 7 1993). Participants at seminars organized by this group were told that 'the misfortunes of women--abandonment by men, sexual laxity, battery, even lesbianism--are the fault of the Sandinistas and their contempt for Christian morals' (Bracegirdle 1992:158). This group is linked to the US-based conservative group, National Endowment for Democracy, that works to promote U.S. interests in foreign countries (Bracegirdle 1992).

Such activity could serve to block the autonomous women's movement if it is successful in diverting precious resources away from the grassroots organizations. Equally, this endeavor could act to inflame poor women by highlighting the contradictions inherent in the UNO government's policies towards women. For instance, the

capitalist ideology supported by the government encourages individual freedom, yet simultaneously the government and the Catholic Church want to maintain women's traditional subservient position (Ferguson 1991).

While the primary focus of women's centres is on immediate, short-term survival strategies (e.g. birth control, health problems), most of these centres are also engaged in some aspect of longer-term strategic transformation, (following Molyneux's definition). This includes activities such as self-esteem and education campaigns regarding violence against women, assertiveness-training, and teaching women to define and defend their rights.

In one sense though all the activities of these organizations concern immediate, practical gender interests; women are being battered physically and economically right now and are experiencing discrimination in health care and education right now. Such activities must be stopped immediately if women's role in the social reproduction of society is to be unimpaired. While the internalization of gender stereotypes within women is beginning to be examined, very little is being done to address an underlying cause of women's subordination, the sociological makeup of Nicaraguan men. Addressing this particular issue is not simple, but one can begin by analyzing men and their relationships with each other and with women. Education at early levels teaching and enforcing equality between the sexes is also crucial.

It is too soon to see this as a transformation of gender relations, partly because we don't know how men's roles have been altered since the revolution under the very difficult economic situation. Do

men have a greater respect for women who are working longer or for the first time? Are they resentful that they cannot support their families themselves? In addition, we don't know what will happen if and when the economic situation improves and unemployment is reduced, and/or government services improve. Will women once again disappear from the work force and become dependent on a man's income? Will these fledgling women's organizations become subsumed under a male-dominated political structure? There is, as Elson points out, 'a difference between mere survival strategies and activities that can form the basis for sustained growth and development on both a personal and a national level' (Elson 1992:61).

In order for equitable development to be achieved in Nicaragua in the near future attention must be given to both practical and strategic needs. The present situation presents an immense challenge. The condition of women is deteriorating at the same time as necessary advances in improving the position of women are being undermined. The situation of women in the popular sector in Nicaragua questions the possibility of improving one without the other.

Summary

This chapter has clearly indicated that the impact of SAPs on poor women in Managua has been significant and there is evidence of a differential gender impact. In the productive sphere women are being doubly displaced from traditional and non-traditional occupations. In the informal sector, where more women tend to find

work, they are experiencing higher rates of unemployment. In the sphere of social reproduction, health cuts are producing higher rates of malnutrition, infant mortality, and access to health care. With respect to education, many families are being forced to take their children out of school, either to contribute economically to the household, or because they can not afford the voluntary teacher's bonus. Children of popular sector families are also impacted, since their welfare is tied to that of their mother. One sign of the impact on children is the increasing numbers of street children, gluesniffers, and children without adequate supervision.

The individual response to the economic situation has been largely consistent with other third world countries. Commonsense strategies include reducing consumption of goods, working longer hours, increasing the number of workers (usually children), and even illegal activities such as pickpocketing. The collective response by women's groups has focussed on healthcare, as that is where the greatest immediate needs are. Activities also include longer-term gender-based consciousness-raising, which tries to show women how overall societal structures are responsible for their subordination. There is some evidence that while Nicaragua's experience with revolution has benefitted women by opening up a political space for them, many popular sector women saw few immediate benefits under the Sandinistas. As the desperate economic situation continues, the priority for many women is the fulfillment of immediate, practical needs--which in some cases other less progressive political parties are now providing.

Finally, it is too soon to know if the present economic dislocation is providing an opportunity to transform gender relations, as some researchers argue. While an increasing number of grassroots organizations geared to women's short and long-term needs have appeared since 1990, and while there is value attached to women successfully supporting their families, these 'successes' are a product of a desperate economic situation. It is too early to discern the permanence of any change in gender relations, particularly given the influence of machismo in Nicaragua.

Chapter 6.0 Conclusions

'It's as if God has forgotten us'

- Martha, explaining Nicaragua's experience with war, drought, earthquakes, hurricanes, tidal waves and volcanoes

This thesis has attempted to analyze the intersection of class, gender, and capitalist restructuring through an examination of the impact of structural adjustment policies on poor women in Managua, Nicaragua. It is argued that SAPs are inappropriate for Nicaragua owing to the failure to account for development particularities (e.g. the particular economic and social structure of the country) and an underlying gender bias that doesn't account for women's subordinate position in Nicaraguan society. These failures render it very questionable whether Nicaragua will be able to realize broadly-based development, particularly since its domestic productive infrastructure is being dismantled. At the same time, the social infrastructure of the country is also being dismantled, placing an unequal burden on women as the primary caregivers and affecting their ability to maintain and support their families.

Structural adjustment policies are neoliberal economic measures designed to facilitate debt servicing and integrate countries more closely with the global capitalist economic system. They are usually implemented under the direction of the IMF and World Bank. SAPs arose primarily in response to the third world

debt crisis of the early 1980s and the profitability squeeze of transnational corporations. The measures generally include currency devaluation, reductions in the size of the state, cuts in subsidies and social services, an emphasis on export production, and the privatization of state enterprises.

These policies have been criticized on several grounds, such as the inappropriateness of the Asian NICs as a model of emulation for the rest of the third world, the emphasis on comparative advantage that serves to perpetuate inequalities between rich and poor countries, and the contradictory nature of measures that are at once both inflationary and deflationary. SAPs have also been criticized for not accounting for the particularities of individual countries, whether economic, historical, geographical, or cultural.

Particularities of Nicaragua discussed in this thesis include its economic and social structure, as well as the influence of machismo on the gendered impact of SAPs. With respect to the former, Nicaragua has been plagued by profound inequalities since the advent of the colonial era when the Spanish *conquistadores* imposed an externally oriented economic model on the country that resulted in wealth flowing to Spain instead of remaining in the country. Later, the development of an agroexport economy in the early 1900's consolidated dualistic structures economy that benefitted the wealthy elite but did little to improve the standard of living of the poor. While in the 1980s the Sandinistas attempted to ameliorate the inequalities between the rich and the poor, since 1990 inequities have worsened once

again. Present SAPs do nothing to improve wealth inequalities; in fact, government policies (e.g. privatization, credit restrictions, devaluations) are worsening inequalities in land ownership and income distribution. As well, domestic producers are unable to compete with imported foreign food products, resulting in a situation where small producers are selling their land to large landholders in exchange for wage labour. Nicaragua is presently not able to feed its population without importing food products.

A second point regarding Nicaragua's particular economic and social structure is the historic lack of foreign investment, upon which SAPs are frequently premised. Nicaragua has never experienced the level of foreign investment desired by economic planners. The reason for the current paucity of investment may also stem from the country's experience with a leftist revolution, which normally turns conservative investors elsewhere.

Thirdly, Nicaragua has a particularly large informal sector; approximately 65% of the workforce is employed there. Frequently SAPs result in an increase in the size of the informal sector, yet they fail to take into consideration the presence of this sector. Finally, Nicaragua is currently experiencing under- and unemployment rates between 50 and 60%. Again, present SAPs do not take these astoundingly high figures into consideration, but rather aggravate the situation by prescribing mass layoffs in the public sector and by stifling domestically-oriented economic growth.

While it is obvious that SAPs have a serious impact on the poor, it is equally clear that men and women are differently

affected, owing to their respective positions in society. Women, virtually universally, have responsibility for primary caregiving, arising out of biological and socially constructed roles. Impacts from SAPs on women can be divided into the productive sphere and social reproduction sphere.

In the productive sphere Nicaraguan women are experiencing double displacement. They are being displaced by men moving into traditional female-dominated jobs, and they are also being forced out of non-traditional, male-dominated occupations, many of which they only attained during the recent war years. This process is occurring in both the formal and the informal sector, the latter being a particularly important place of employment for women. In general, the work that Nicaraguan women do is concentrated in reproductive-related tasks with low remuneration, such as teaching, nursing, sewing, and selling cooked food.

Within the sphere of social reproduction, women have been affected by drastic cuts in health and education. The prime indicator of a country's health, the infant mortality rate, has increased dramatically in the past three years; previously eradicated illnesses have reappeared, and malnutrition has increased. In the area of education, increasing numbers of children are forced to drop out; either their parents cannot afford the 'voluntary teachers bonus', or the children are required to contribute economically to the family. Girls in particular are being affected by this in large part as a result of machismo. This is a social force that tends to place a higher value on the economic

contribution of males, thus reinforcing the cycle of poverty so many women find themselves in.

As well, the number of female-headed households living in poverty is increasing. The reason for Nicaragua's preexisting high proportion of female-headed households stems in part from machismo. This social force encourages men to have many children by different women but does not encourage taking responsibility for them. Since the majority of the responsibility for domestic tasks lies with women they are responsible for maintaining the welfare of the household, often alone, under difficult economic conditions.

Individual responses to the economic situation include sending more family members out to work, working longer hours, consuming less (notably food), and receiving remittances from abroad. Nevertheless, 55% of Nicaraguan families were unable to purchase the basic nutritional necessities (food basket) in 1992.

The collective response to the economic situation has included women organizing to provide much-needed health services. By doing so they are effectively taking on what was previously the responsibility of the government. Many of these organizations are also providing workshops in self-esteem, sexuality, violence against women, and some non-traditional job training. A few are beginning to examine machismo and male domination. These activities are an effort to improve the position of Nicaraguan women by improving women's subordinate status in Nicaraguan society.

Nicaragua's situation is somewhat unique, though, in that it has experienced a recent revolution that has given women a political space and taught many how to organize themselves. It is ironic that the defeat of the Sandinista government, which achieved some progressive advances for women, has provided the impetus for many women to strengthen their organization through networks.

Finally, it is often argued that economic crisis and restructuring can lead to transformation of gender relations because women, as the primary caregivers can be placed in a more predominant role either as the primary or sole breadwinner or because of increased responsibility and burden. Some of the strategies they use to survive may thus help to improve the status of women. Some tentative examples are poor women who break from a traditional house-bound role to successfully run a business, and the increase in grassroots women's organizations. There are some indications that the position of Nicaraguan women could improve as awareness of women's rights increases and as formerly private issues (e.g. violence against women) are brought into the public forum by many of these groups. It also appears that the revolution has helped women in Nicaragua to build their own political space to make their demands more forcefully than before the revolution.

There is no evidence that SAPs, as applied since 1985 under the Sandinista government to the present policies implemented under the Chamorro government, have been successful. Indeed, the country is presently experiencing the most severe economic

crisis in decades. The economy is stagnating and there is a domestic production crisis. The social infrastructure of the country has been negatively affected, both through cuts in healthcare and education, and because women, the primary caregivers, are unequally burdened in supporting the household. By ignoring the value of having a strong, healthy, and productive workforce, and the importance of healthy children, the future of the country is being compromised. It is impossible to know women's limits to surviving under such conditions, but from all accounts the situation in Nicaragua is very critical. Surely it is time for some hard rethinking of SAPs and their application in poor, underdeveloped countries instead of allowing these countries to become blueprints for an unsavory and extremely unequal form of development.

6.1 Recommendations

There are two possible alternatives to the present policies being implemented. One is to reject outright SAPs and the underlying assumptions that they contain: that Nicaragua's economy can be 'adjusted' and further integrated into the world economy in such a way that will lead to an improvement in the standard of living for the majority of the population. Such an assumption is questionable given Nicaragua's location in the international economy as a peripheral country that is presently unable to feed itself and dependent on large amounts of foreign assistance for its survival.

Nevertheless, given the present structure and politicization of the global economy, it has been very difficult for any single country to reject SAPs. The example of Peru between 1986 and 1990 is frequently cited. In 1986 Peru's president declared that his country would limit its interest payments to a certain percentage of its exports. Immediately the country was declared 'ineligible' for international financing by the IMF, and consequently from most other sources of funds (George 1988). Indeed, the mere fact that very few countries have attempted to bypass structural adjustment policies is evidence of their perceived omnipotence and the difficulty inherent in a poor, indebted and dependent country avoiding them. A second problem with the argument of rejecting SAPs outright in third world countries is that although in many cases SAPs are not benefitting the poor majority (and are often downright destructive towards them), some sectors, (particularly the local representatives of transnational capital), are benefitting, although this may well be only a short-term phenomenon. Such is the case of many large-scale agroexport producers in Nicaragua. These groups generally have greater political power than the poor majority and consequently their economic interests usually prevail.

This is not to say that one should accept the present reality of SAPs. These policies are being imposed at a tremendous social cost for the dubious purpose of benefitting the international banks and transnational capital, institutions that are presently profiting from third world debt servicing. However, given the present

reality of SAPs, the second route is to direct criticism and recommendations at the policymakers themselves in order to ameliorate the negative impact of SAPs. One specific recommendation is that more resources must be directed to the most vulnerable members of the society. There are no indications that there are any substantive programs to ameliorate the impact on the poor in Nicaragua. It is difficult to understand how a country can improve its economic situation when the social and productive infrastructure is being dismantled, such as has been demonstrated in the case of Nicaragua with health care, education and the domestic production crisis. Education and health care expenditures must stop being seen as costs, but rather as the social investments they really are.

The overwhelming demand, at this time, of women to whom I spoke was for jobs, for themselves and/or their partners. Given the present condition of women in Nicaragua, and given their responsibility as primary caregivers, it would be especially productive and efficient for resources to be channelled directly to popular sector women so that they could create their own work. Women have traditionally denied easy access to credit for a variety of reasons including discrimination, their lack of assets for collateral, or a lack of recognition of women's role in developing countries. Nevertheless, when provided credit under various lending schemes for the poor, women have been found to be very responsible and reliable loan customers (de Silva & Denby 1989). There is presently a movement underway in Nicaragua for a Women's Bank (Barricada Internacional #359 1992). Another

organization, Cenzontle, is attempting to implement a revolving fund in barrio Camilo Ortega for women to access small amounts of capital. Foreign lending agencies, such as CIDA would be benefitting an important segment of the population by directing funds either to similar small-scale credit enterprises, or directly to any of the various women's collectives.

What is *not* needed are more studies detailing the strategies that women employ to survive under economic retrenchment. This tends to draw responsibility away from the principal actors (government and international financial institutions) and places it on the poor to find their own solutions. In addition, it must be emphasized that these strategies are in order to *survive*, and allow for little more. While it is important to continue to monitor the impact of SAPs on the poor, and particularly women, at the micro level, I would encourage policymakers and researchers to focus their attention more on creative solutions to debt repayment and equitable, indigenous development that reduces extreme wealth inequalities. This would be the necessary first step to begin to challenge the widespread implementation of SAPs and their underlying premises. Research such as this shows that the short-term social cost of policies such as SAPs defeats the long-term goal of sustained economic growth (if indeed that goal is realistic) if the productive and social infrastructure are destroyed. In a country such as Nicaragua, with a recent history of bloody revolution, economic crisis combined with existing political instability could easily provoke violent protests by the poor classes thereby compounding an already desperate situation.

The point of this research is not to conclude that adjustment of some kind is not needed; certainly it is, since the post-1945 economic system has not worked equitably for the third world. Historical experience in economic development has illustrated clearly that those countries that are able to lower absolute poverty rates, unemployment, and increase economic growth are the usually the ones that lessen inequalities, particularly within land distribution, and begin substantial investments in human or social infrastructure. This is true in virtually all of the industrialized countries, and is also true in the NICs and Costa Rica. A country such as Nicaragua unfortunately may never achieve the level of living standards of other Latin American countries such as Costa Rica or Brazil, but it can certainly improve on the present conditions.

As described in Chapter 3, the form of development advocated by the neoliberal model tends to perpetuate inequalities between rich and poor countries, damages the domestic market and increases dependency. The sort of adjustment required in Nicaragua is indigenous development of its productive and social infrastructure. For instance, the country is quite capable of being self-sufficient in basic food production; however presently this is not the case due to government policies and SAPs. It is also capable of successfully eradicating preventable illnesses, increasing literacy, and providing education to the majority of the population, as was clearly indicated in the early 1980s. While proponents of SAPs acknowledge that there is a social cost to these policies in the short-term, in Nicaragua's case

the social costs are already becoming long-term in that the next generation is experiencing worsening health care, decreasing access to education, and reduced job opportunities. The result of SAPs in Nicaragua is that a very unequal, polarized model of development is being reinforced.

References

- Addison, T and Demery, L. 1987. "Alleviating Poverty under Structural Adjustment". *Finance and Development*, 24:41-3.
- Afshar, H and Dennis, C (eds). 1992. *Women and Adjustment Policies in the Third World*. New York: St.Martins Press.
- Afshar, H (ed).1991. *Women, Development and Survival in the Third World*. London: Longman.
- Aguilar, R and Renzi, M. 1992. *Empleo y Desempleo en Nicaragua*. Managua: FIDEG.
- Alemán, V, and Miranda, C.1993. "The Challenges of Non-Hierarchical Organization". *Barricada Internacional*,13(362),24-25.
- Anderson, S. and Cuadra, S.1993. "Workers in the Privatization of State Companies: Challenged to Succeed". *Barricada Internacional*, 13(361),11-13.
- Anzualdá, G.1987. *Borderlands: La Frontera*. San Francisco: Aunt Lute.
- Ayres, R (ed). 1983. *Banking on the Poor: The World Bank and World Poverty*. Cambridge, Mass: MIT Press.
- Baer, W and Biller, D and McDonald, C. 1989. "Austerity Under Different Policy Regimes: The Case of Brazil", pp 19-42 in Handelman, H and Baer,W (eds). 1989. *Paying the Costs of Austerity in Latin America*. Boulder: Westview Press.
- Balassa, B. 1981. "Structural Adjustment policies in Developing Countries". Washington:World Bank,Working Paper No.464.
- Barricada*. 1993. "Desolador panorama en hospitales del país". 5 febrero,3B.
- Barricada*. 1993 "Las nuevas plagas de Managua". 14 marzo, 1.
- Barricada Internacional*. 1993. "The Nicaraguan Women's Movement: Networking to Solve Their Problems". 13 (362), 23-25.

- Barricada Internacional*. 1993. "Challenged to Succeed". 13 (361), 11-12.
- Barricada Internacional*. 1993. "Fear of Regression: Social Security and Welfare". 13(359),12-14.
- Barricada Internacional*. 1993. "1992: A Year of Pain". 13(357).
- Barricada Internacional*. 1992. "Diverse, Yes...But United?" 12(347), 27-29.
- Barricada Internacional*. 1992. "Aid That Isn't". 12 (345), 5-7.
- Bello,W.1990. *Brave New World: Strategies for Survival in the Global Economy*. London: Earthscan Publications.
- Benería, L and Feldman, S. (eds). 1992. *Unequal Burden: Economic Crisis, Persistent Poverty and Women's Work*. Boulder: Westview Press.
- Benería, L and Roldan, M. 1987. *The Crossroads of Class and Gender*. Chicago: University of Chicago Press.
- Benería, L. 1989. "Gender and the Global Economy", pp 241-258 in MacEwan, A and Tabb,W (eds). 1989. *Instability and Change in the World Economy*. New York: Monthly Review Press.
- Bethell, L. 1991. *Central America Since Independenc*. Cambridge: Cambridge University Press.
- Bienefeld, M. 1988. "The Significance of Newly Industrializing Countries for the Development Debate" ,*Studies in Political Economy*, 25(Spring),7-39.
- Biersteker, T.J. 1990. "Reducing the Role of the State in the Economy: A Conceptual Exploration of IMF and World Bank Prescriptions", *International Studies Quarterly*,34, 477-492.
- Bird, G (ed). 1989. *Third World Debt: The Search for a Solution*. Aldershot: Edward Elgar.
- Black, G. 1984. *Triumph of the People: The Sandinista Revolution in Nicaragua*. London: Zed Books.

- Booth, J and Walker, T. 1989. *Understanding Central America*. Boulder: Westview Press.
- Bott, U. 1991. "Central America and the Caribbean", pp. 41-67 in MacDonald, S and Hughes J. and Bott U. (eds). 1991. *Latin American Debt in the 1990s*. New York: Praeger.
- Bott, U. and MacDonald, S. 1990. "Social Conditions in Latin America", pp.75-88 in MacDonald, S et al. 1990. *The Global Debt Crisis: Forecasting for the Future*. London: Pinter Publishers.
- Bourguignon, F and Morrison, C. 1992. *Adjustment and Equity in Developing Countries*. Paris: OECD.
- Bracegirdle, P. 1992. "The NED, or How the U.S. Has Promoted Democracy in Nicaragua", *Socialist Alternatives*, 2(1), 143-164.
- Brett, E.A. 1985. *The World Economy Since the War*. London: Macmillan.
- Brydon, L and Chant, S. 1989. *Women in the Third World*. Aldershot: Edward-Elgar.
- Bulmar-Thomas, V. 1988. *The Political Economy of Central America Since 1920*. Cambridge: Cambridge University Press.
- Burns, B. 1990. *Latin America: A Concise Interpretative History*. 5th edition, New Jersey: Prentice Hall.
- Callaghy, T. 1988. "Debt and Structural Adjustment in Africa: Realities and Possibilities", *Issues: A Journal of Opinion*, 16(2), 11-18.
- Canak, W.L. (ed). 1989. *Lost Promises: Debt, Austerity, and Development in Latin America*. Boulder: Westview.
- Cansave, Rádda Barna, and Redd Barna. 1991. "Efectos de la deuda externa y los medios de ajuste estructural sobre la situación de la niñez en Nicaragua". Managua.
- Central America Update*. 1991. "Who Can Be Trusted to Tell the Truth". Toronto, 13(2), 2-4.

- Central America Update*. 1992. "Central American Women's Movement".14(2),67-69.
- Chamorro, A. 1989. "La mujer: Logros y Limites en 10 años de Revolución",*Cuadernos de Sociologia*, 9-10.
- Clarmonte, F and Cavanaugh. J. 1986. "Third World Debt: The Approaching Holocaust",*Economic and Political Weekly*, 21(31) 1361-1364.
- Cline, W and Weintraub, S. 1981. *Economic Stabilization in Developing Countries*. Washington,D.C.: Brookings Institute.
- Close, D. 1988. *Nicaragua: Politics, Economics and Society*. London: Pinter Publishers.
- Collinson, H. et al. 1990. *Women and Revolution in Nicaragua*. London: Zed Books.
- Cornia, A and Jolly, J. and Stewart, F. 1987. *Adjustment With a Human Face*. Oxford: Clarendon Press.
- CRIES (Regional Centre for Social and Economic Research). 1993.*Centro América 93*. San Salvador:CRIES.
- Cypher, J. 1986. "The Debt Crisis as Opportunity',*Latin American Perspectives*,16(1),52-78.
- D'Angelo, A and Campo, R. 1992. *Barrio Camilo Ortega*. Managua: Cenzontle,unpublished.
- Deere, C. et al. 1990. *In the Shadows of the Sun: Caribbean Development Alternatives and U.S. Policy*. Boulder: Westview Press.
- Deighton, J. et al . 1983. *Sweet Ramparts: Women in Revolutionary Nicaragua*. London: War on Want Nicaragua Solidarity Campaign.
- Dietz, J. 1987. *Latin American Economic Development: Institutional and Structuralist Approaches*. Boulder, Colo.: Lynn Rienner Publishers.

- Dietz, J. 1986. "Debt and Development: The Future of Latin America", *Journal of Economic Issues*, 20, 1029-51.
- Dietz, J and James, D. 1990. *Progress Towards Development in Latin America*. Boulder, Colo.: Lynn Rienner Publishers.
- Dunkerley, J. 1988. *Power in the Isthmus*. London: Verso Press.
- Dwyer, D and Bruce, J. 1988. *A Home Divided*. Stanford: Stanford University Press.
- Eckstein, S (ed). 1989. *Power and Popular Protest*. Berkeley: University of California.
- Edelman, M and Monge Oveido, R. 1993. "Costa Rica: The Non-market Roots of Market Success", *Report on the Americas*, 26(4), 22-29.
- Elson, D. 1989. "How is Structural Adjustment Affecting Women?", *Development*, 1, 67-74.
- Elson, D. 1992. "From Survival Strategies to Transformative Strategies: Women's Needs and Structural Adjustment", pp.26-48 in Benería, L and Feldman, S. (eds). 1992. *Unequal Burden: Economic Crisis, Persistent Poverty and Women's Work*. Boulder: Westview Press.
- Elson, D. 1992. "Male Bias in Structural Adjustment", pp.46-68 in Afshar, H and Dennis, C (eds). 1992. *Women and Adjustment Policies in the Third World*. New York: St. Martins Press.
- Enriquez, L. 1991. *Harvesting Change*. Chapel Hill: University of North Carolina Press.
- Envío*. 1986. "Managua's Economic Crisis-- How Do the Poor Survive?". (December) 5(66), 36-56.
- Envío*. 1991. "The Neoliberal Model in Central America: Gospel of the Right". (April) 10 (117, 9-13.
- Envío*. 1991. "Economic Stabilization - Stop Inflation, and Then What?". (August) 10(121), 13-22.

- Envío*. 1992. "Neoliberalism in Central America: More Than an Economic Plan". (April)11(129),32-40.
- Envío*. 1992. (November) 11 (135).
- Envío*. 1993. "Nicaragua's New Economic Measures: Reactivation Solidarity?".(January-March)12(138),16-22.
- Feldman, S. 1992. "Crises, Poverty, and Gender Inequality: Current Themes and Issues", pp.1-25 in Benería, L and Feldman, S. (eds).1992. *Unequal Burden: Economic Crisis, Persistent Poverty and Women's Work*. Boulder:Westview Press.
- Ferguson, A. 1991. "Lesbianism, Feminism and Empowerment in Nicaragua", *Socialist Review*, 21(3/4),75-97.
- FIDEG (*Fundación Internacional Para el Desafío Económico Global*). 1991. *El Impacto de las Políticas de Ajust Sobre la Mujer en Nicaragua: Reflexiones de un estudio de caso*. Managua: FIDEG.
- FIDEG. 1992b. *El Impacto Deferenicado de Género de las Políticas de Ajust Sobre las Condiciones de Vida en el Area Rural y Concetraciones Urbanas Intermedias*. Managua: FIDEG.
- FIDEG. 1992a. *Coyuntura Económica: Condiciones de Vida de la Poplación en Managua*. Managua: FIDEG.
- FIDEG. 1992b. "Coyuntura Económico: Condiciónes de vida de la la población en Managua", *El Observador*, (Agosto)5,19-24.
- Flora, J, D. Benson and Flora, C.B. 1989. "Central America: Cultures in Conflict", pp .17-31 in Flora, J and E. Torres-Rivas (eds). 1989. *Sociology of Developing Countries*. New York: Monthly Review Press.
- GATT-Fly. 1985. *Debt Bondage or Self Reliance*. Toronto: GATT-Fly.
- George, S. 1985. *A Fate Worse Than Debt: A Radical Analysis of the Third World Debt Crisis*. London: Penguin Books.
- George, S. 1993. *The Debt Boomerang:How Third World Debt Hurts Us All*. Boulder: Westview Press.

- Gibson, B. 1987. "A Structural Overview of the Nicaraguan Economy", pp15-42 in Spalding, R (ed). 1987. *The Political Economy of Revolutionary Nicaragua*. Boston: Unwin.
- Grant, J.P. 1973. "Development: The End of Trickle Down?", *Foreign Policy*, Fall (12),43-65.
- Greenhalgh, S. 1985. "Sexual Stratification: Growth With Equity in East Asia", *Population and Development Review*,11(2)265-306.
- Griffith-Jones, S. and Sunkel, O. 1986. *Debt and Development in Latin America*. Oxford: Clarendon Press.
- Guerrero, E and Terán, C. 1992. *Situación de la Mujer Trabajadore del Sector Azucarero en Centroamerica*. Managua: CEAL.
- Handelman, H and Baer,W (eds). 1989. "Introduction: The Economic and Political Costs of Austerity" pp 1-18 in *Paying the Costs of Austerity in Latin America*. Boulder: Westview Press.
- Hartmann, H. 1976. "Capitalism, Patriarchy, and Job Segregation by Sex", pp 206-247 in Eisenstein, Z (ed). 1979. *Capitalist Patriarchy and the Case for Socialist Feminism*. New York: Monthly Review Press.
- Heyzer, N. 1981. "The Informal Sector: Towards a Framework of Analysis", *IDS Bulletin*,12(3)3-7.
- Honeywell, M. (ed). 1983. *The IMF and Latin America*. London: Latin America Bureau.
- Hobbs, M. 1991. "Debt Policies for an Evolving Crisis", pp.185-219 in MacDonald, S and Hughes J. and Bott U. (eds). 1991. *Latin American Debt in the 1990s*. New York: Praeger.
- Hughes, J. 1991. "Latin America", pp. 16-40 in MacDonald, S and Hughes J. and Bott U. (eds). 1991. *Latin American Debt in the 1990s*. New York: Praeger.
- INCAP (*Instituto de Nutrición de Centroamérica y Panamá*). 1992. *Impacto Económico-social y Estrategías de Sobrevivencia de Desempleados Recientes*, Managua: unpublished.

- Irwin, G. 1989. "New Perspectives for Modernization in Central America", pp.179-200 in Jorge, A and Salazar-Carillo, J (eds). 1992. *The Latin American Debt*. London: Macmillan.
- Jenkins, R. 1991. "The Political Economy of Industrialization", *Development and Change*,22(2)197-232.
- Judson, F. 1987. "Capitalist Crisis, Imperialist Crisis, and the Response of the Nicaraguan Sandinista Revolution",pp.213-242 in Holmes, J and Ley,C (eds).1987. *Frontyard, Backyard: The Americas in the Global Crisis*. Toronto: Between the Lines.
- Kaimowitz, D. 1992. "Neoliberalism, Social Democracy, and the Future of Central America", unpublished paper.
- Killick, T. 1989. *A Reaction Too Far: Economic Theory and the Role of the State in Developing Countries*. London: Overseas Development Institute.
- Klaren, P and Bossert, T. (eds). 1986. *Promise of Development: Theories of Change in Latin America*. Boulder: Westview Press.
- Kolko, J. 1988. *Restructuring the World Economy*. New York: Pantheon.
- Kwan, K and Ruccio, D. 1985. *Debt and Development in Latin America*. Notre Dame, Indiana: Notre Dame University Press.
- La Boletina*. 1992. Puntos de Encuentro,Oct/Nov.
- La Prensa*, 1993. "Mujeres Conquistan Mundo Masculino", 7 marzo,9.
- La Prensa*. 1993. "Falta de opciones provocan suicidio", lunes 29 de marzo,12.
- Lafeber, W. 1984. *Inevitable Revolutions*. New York: W.W.Norton.
- Lancaster, R. 1993. *Life is Hard: Machismo, Danger and the Intimacy of Power in Nicaragua*. Berkeley: University of California Press.
- Lewis, S. 1990. *Economic Reform and Democracy in Latin America and the Caribbean*. Montreal: North-South Institute.

- McAfee, K. 1991. *Storm Signals: Structural Adjustment and Development Alternatives*. London: Zed Books.
- MacDonald, S and Hughes, J. and Bott, U. (eds). 1991. *Latin American Debt in the 1990s*. New York: Praeger.
- MacDonald, S et al. 1990. *The Global Debt Crisis: Forecasting for the Future*. London: Pinter Publishers.
- MacEwan, A and Tabb, W (eds). 1989. *Instability and Change in the World Economy*. New York: Monthly Review Press.
- Massey, D. 1987. *Nicaragua*. Open University Press: Milton Keynes, Philadelphia.
- Molyneux, M. 1985. "Mobilization Without Emancipation? Women's Interests, the State, and Revolution in Nicaragua", in Fagan, R et al. 1985. *Transition and Development: Problems of Third World Socialism*. New York: Monthly Press, 280-302.
- Moser, C.O.M. 1989. "The Impact of Recession and Adjustment at the Micro-level: Low Income Women and Their Households in Guayaquil, Ecuador", in *The Invisible Adjustment: Poor Women and the Economic Crisis*. New York: UNICEF.
- Mosley, P, Harrigan, J and Toye, J. 1991. *Aid and Power: The World Bank and Policy Lending*. (vol.1). London: Routledge.
- Mott, P. 1992. "Nicaragua: U.S. Blueprint for Dependence", *Covert Action*, 42(Fall), 48-52.
- Nafziger, W. 1984. *The Economics of Developing Countries*. Belmont, Calif.: Wadsworth.
- Nain, G. 1992. "Structural Adjustment Weighs Heavily on Caribbean Women", *MATCH News*. Fall, 2.
- NITLAPAN. 1992. *Las Formas de Inserción laboral de los hogares de la Ciudad de Managua*. Managua: NITLAPAN.
- Norsworthy, K. 1989. *Nicaragua: A Country Guide*. Albuquerque: Interhemispheric Education Centre.

- Olivera, M, de Montis, M and Meassick, M. 1990. *Mujeres: Panorámica de su Participación en Nicaragua*. Managua: Cenzontle.
- Olivera, M, de Montis, M and Meassick, M. 1992. *Nicaragua: El Poder de las Mujeres*. Managua: Cenzontle.
- Okogu, B. 1989. "Structural Adjustment Policies in African Countries: A Theoretical Assessment", in Omnibade, B. 1989. *The IMF, the World Bank, and the African Debt: The Economic Impact*. London: Zed Books.
- Paley, G (ed). 1989. *A Dream Compels Us: Voices of Salvadorean Women*. Boston: South End Press.
- Palmer, I. 1991. *Gender and Population in the Adjustment of African Economies: Planning for Change*. Geneva: International Labour Office.
- Palmer, I. 1992. "Gender Equity and Economic Efficiency in Adjustment Programmes", pp.69-86 in Afshar, H and Dennis, C(eds). 1992. *Women and Adjustment Policies in the Third World*. New York: St.Martin's Press.
- Pastor, M. 1989. "Latin America, the Debt Crisis and the International Monetary Fund", *Latin American Perspectives*.16(1), 79-110.
- Peet, R. 1991. *Global Capitalism: Theories of Social Development*. London: Routledge.
- Peréz-Alemán, P. 1990. *Women in Nicaragua: A Profile 1990*. Managua: CIDA.
- Peréz-Alemán, P. 1992. "Economic Crisis and Women in Nicaragua", p 239-258 in Benería, L and Feldman, S. (eds).1992. *Unequal Burden: Economic Crisis, Persistent Poverty and Women's Work*. Boulder: Westview Press.
- Petras, J and Morley, M. 1992. *Latin America in the Time of Cholera*. New York: Routledge.

- Pizarro Jiménez, A. 1991. "Análisis de la Situación de Salud de la Mujer en Nicaragua". Managua: unpublished.
- Please, S. 1984. *The Hobbled Giant: Essays on the World Bank*. Boulder: Westview Press.
- Quandt, M. 1993. "Nicaragua: Unbinding the Ties: Popular Organizations and the FSLN", *Report on the Americas*. 24(4)11-14.
- Reed, D (ed). 1992. *Structural Adjustment and the Environment*. Boulder: Westview Press.
- Remmer, K. 1986. "The Politics of Economic Stabilization", *Comparative Politics*.19(1),1-24.
- Riddell, B. 1992. "Things Fall Apart Again: Structural Adjustment Policies in Sub-Saharan Africa", *Journal of Modern African Studies*.30(1),53-68.
- Rostow, W.W. 1961. *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press.
- Ross, A. 1991. *Economic Stabilization for Developing Countries*. London: Routledge.
- Ruccio, D. 1989. "The Costs of Austerity in Nicaragua: The Worker-Peasant Alliance (1979-1987), pp 224-250 in Handelman, H and Baer, W (eds). 1989. *Paying the Costs of Austerity in Latin America*. Boulder: Westview Press.
- Russell, P. 1984. *El Salvador in Crisis*. Austin: Colorado River Press.
- Sachs, J. 1989. *Developing Country Debt and the World Economy*. Chicago: University of Chicago Press.
- Sánchez Otero, G. 1993. "Neoliberalism and its Discontents", *Report on the Americas*. 26(4),18-21.
- Sargent, L (ed). 1981. *Women and Revolution: The Unhappy Marriage of Marxism and Feminism*. London: Pluto Press.

- Sen, G and Grown, C. 1985. *Development, Crisis, and Alternative Visions*. New York: Monthly Review Press.
- de Silva, D and Denby, N. 1989. *Banking the Unbankable*. London: Panos Publications.
- Smith, D. 1987. *The Everyday World as Problematic*. Boston: Northeastern University.
- Spalding, R (ed). 1987. *The Political Economy of Revolutionary Nicaragua*. Boston: Unwin.
- Standing, G. 1989. "Global Feminization through Flexible Labor", *World Development*. 17(7), 1077-1095.
- Stein, H and W. Nafziger. 1991. "Structural Adjustment, Human Needs, and the World Bank Agenda", *Journal of Modern African Studies*. 29 (1),173-189.
- Stephens, B. 1988. "Women in Nicaragua", *Monthly Review*. 40(4),1-18.
- Stern, W. 1983. "World Bank Financing of Structural Adjustment", pp.87-108 in Williamson, J (ed). 1983. *IMF Conditionality*. Washington, D.C.: Institute for International Economics.
- Stewart, F. 1992. "Can Adjustment Programs Incorporate the Interests of Women?", pp13-45 in Afshar, H and Dennis, C (eds). 1992. *Women and Adjustment Policies in the Third World*. New York: St.Martins Press.
- Streeten, P. 1987. "Structural Adjustment: A Survey of the Issues and Options", *World Development*.15(12),1469-82.
- Sunkel, O and Zuleta, G. 1990. "Neo-structuralism versus neo-liberalism in the 1990s", *CEPAL Review*.42 (December),35-51.
- Swedburg, R. 1987, "The Doctrine of Economic Neutrality of the the IMF and the World Bank", pp.319-333 in Milijan, T. (ed). 1987. *The Political Economy of North-South Relations*. Boulder, Colo.: Westview Press.

- Thomas, C. 1989. "Restructuring the World Economy and Its Political Implications for the Third World", pp.331-348 in MacEwan, A and Tabb,W (eds). 1989. *Instability and Change in the World Economy*. New York: Monthly Review Press.
- Todaro, M. 1985. *Economic Development of Developing Countries*. New York:Longhouse.
- Tong, R. 1989. *Feminist Thought*. London: Unwin Hyman.
- Topouzis, D. 1990. "The Feminization of Poverty", Africa Report. July/August, 60-63.
- Torries,J (ed). 1983. *Banking on Poverty: The Global Impact of the IMF and the World Bank*. Toronto: Between the Lines.
- Toye, J. 1987. *Dilemmas of Development: Reflections on the Counter-Revolution in Development Theory and Policy*. Oxford: Basil Blackwood.
- Vargas, O. 1992. *Nicaragua: Opciones y Desafios*. Managua: UNICEF.
- Vickers, J. 1991. *Women and the World Economic Crisis*. London: Zed Books.
- Vilas, C. 1992. "What Future for Socialism?", *Report on the Americas*. 25 (5),13-16.
- Vilas, C. 1986. *The Sandinista Revolution: National Liberation and Social Transformation in Latin America*. New York: Monthly Review Press.
- Vilas, C. 1989. "The Impact of Revolutionary Transition on the popular Classes: The Working Class in the Sandinista Revolution", p.165-191 in Flora, J and Torres-Rivas, E. (eds). 1989. *Sociology of Developing Countries*. New York: Monthly Review Press.
- Walby, S. 1986. *Patriarchy at Work*. Cambridge: Polity Press.
- Walby, S. 1990. *Theorizing Patriarchy*. Oxford: Basil Blackwood.
- Walker, T. 1991. *Nicaragua: The Land of Sandino*. Boulder,Colo.: Westview Press.

- Walker, T (ed). 1985. *Nicaragua: The First Five Years*. New York: Praegar Publishers.
- Weeks, J. 1988. "Economic Crisis in Nicaragua: Blaming the Victim", *Review of Radical Political Economics*.20(2/3),266-270.
- Wessel, L. 1991. "Reproductive Rights in Nicaragua: From the Sandinista's to the Government of Violeta Chamorro", *Feminist Studies*.17(3),537-549.
- Wood, R. 1986. *From Marshall Plan to Debt Crisis*. Berkeley: University of California.
- Woodfine, B. 1993. "Nicaragua: A Generation of Decline. Managua", unpublished paper.
- Woodward, D. 1992. *Debt, Austerity and Poverty in Developing Countries* (vol 1). London: Pinter Publishers.
- Woodward, D. 1992. *Debt, Austerity and Poverty at the Household Level in Developing Countries*. (vol 2). London: Pinter Publishers.
- World Bank. 1992.*World Bank Annual Development Report*, Washington, D.C.
- Young, K. 1993. *Planning Development with Women*. London: Macmillan.
- Young, K (ed). 1988. *Women and Economic Development: Local, Regional, and National Planning Strategies*. Oxford, Paris,Berg: UNESCO.
- Zimmerman, L. 1993. "Neoliberal Economics: The Covert-Op of the 1990s", *Z Magazine*. 6(1),50-55.

Appendix A
Interview Guide for Individual Women

Are you married?

If not married, would you prefer to be married?

What work does your husband do?

Does he help you with domestic chores?

Does he give you money for household expenses?

How many hours a day do you work (paid and unpaid)?

Has this increased or decreased in the last two years?

How much time do you spend shopping for food?

Has this increased or decreased in the last two years?

How many different markets do you go to?

Is this different than two years ago?

Do you work (paid work) more or less this year?

Did you work before 1991?

If not working now and did work before, why?

How much do you earn (daily or monthly)?

Are you earning more or less since 1991?

How are your children affected by the economic crisis?

Are any working? If yes, at what and for how long?

Who looks after them while you work?

Do they attend school?

Has the schooling changed in the last two years?

Do you have to pay for health services? Which ones?

Do you feel you can go to the doctor whenever you need to?

How has health care changed in the last two years?

Are your children vaccinated?

How has your standard of living changed under the Chamorro government?

Has your family's diet changed in the last two years?

What is your greatest preoccupation or concern today?

Have you ever been in touch with a women's centre in the last two years?

Do you participate in any collective community activities?

Interview Guide for Women's Groups and key Informants¹

Recount the history of this women's centre (or organization)? When and why did it come about?

What, in particular, are you doing to help women confront the economic crisis?

How are women affected compared to men in Nicaragua?

Is the government helping or hindering your organization?

How can the issue of machismo be addressed?

What are your greatest preoccupations with respect to women and the economic crisis?

How has the revolution changed women's ability to organize and confront the present situation?

Are there any collective activities in this barrio? Have you seen more or less of a sense of collective activity in the last two years?

¹The women or groups interviewed here were much more articulate in their views and usually had plenty to say. Thus these questions served as a springboard for other questions depending on the particular organization being interviewed.

Appendix B Interview Participants

Rosa	Nurse	Married; 2 children
Jasmine	Secretary	Married; husband unemployed; 3 children
Luisa	Unemployed; cares for siblings	Single
Gloria	University student	Single; 2 children
Carmen	Restaurant owner	Married; 2 children
Colectivo Xochilt	Community-level women's health centre	
Colectivo 8 de marzo	Community-level women's health centre	
Cenzontle	NGO examining gender issues	
Silvia Carrasco	Puntos de Encuentro; organizer of a network for violence against women	
Representative of FETSALUD	Health union	
Lucy Morran	Organizer, SOYNICA; organization that distributes soy products to feeding centres	
Elena Torres	Police representative	

Appendix C

Although the information gathered is principally summarized in Chapter 5.0, this appendix provides a summary of the responses to the questions asked (see Appendix A and B). The purpose of talking to several women and women's groups was to attempt to complement the more quantitative secondary data collected in Nicaragua.

- Of the five individual women interviewed, Rosa and Jasmine were still working at the same job. Rosa was actually working fewer hours at her nursing job, due to budget cuts at the hospital. However, she was also now doing the jobs of two people. Jasmine tried to work overtime as much as possible even though it meant extremely long days, and on those days she would keep the money allowed for dinner instead of eating. Carmen had just started a small restaurant with two other women, her first paid job outside the home. The other two women were much younger and were not working, nor were they two years ago.

- All of the women said that the cost of living had increased in the past year, and consequently they were worse off, or having to work more. For instance, Rosa also worked as a seamstress out of her home in the evenings.

- While all of the women's children presently attended school, many of them said that they were not able to buy all of the necessary items, such as textbooks and notebooks. One child had to carry a chair to school each day because the school lacked enough furniture.

- All of the women mentioned the imposition of a fee for health service, although that did not appear to prevent any from getting appropriate medical care. If expensive medication or treatment was needed, sacrifices were made elsewhere. All of the children had been recently vaccinated under a barrio-level health campaign.

- All of the women mentioned that they spend the same amount of time shopping, and they have always had to search out the best bargains. They are also eating considerably less meat than two years ago. While most ate vegetables several times a week, the principal meal was rice and beans, twice a day.

- For most of the women the greatest preoccupation was how they were going to feed their children (if they had children), and if the economic situation was going to improve in the near future. Gloria worried that she might not be able to finish university.

Interviews were also conducted with key informants of various women's groups, or groups associated with women's needs. The groups covered a variety of issues, and the questions asked depended on the particular group, as mentioned in Chapter 1.0.

- Two interviews were also conducted with two community-level health collectives, located in two popular barrios. Both barrios developed out of a split with the Sandinista women's organization, AMNLAE. The collectives evaluated

the situation of women in their respective barrios and then decided what services to provide.

•• Services included health, judicial (such as helping women get divorces), and education ('training' in Spanish). Educational activities are centered around sexuality, abuse, and self-esteem. One of the collectives has a theatre group that goes out periodically onto the barrio to present a particular issue, such as coping with violence against women.

•• In the collective 8 de marzo, some women (approximately 30) were also trained in chairmaking and electrical appliance repair. The women chosen for these positions are all single heads of households, have few resources, and have worked with the collective for some time. As Guillmera Oporta explained:

The work tries to identify women who have been violated, evicted by their husbands. We avoid the man. We have them sign a statement or send them to the police. The leaders meet with the women of the barrio to discuss some types of action against all types of violence, form committees to denounce violence in the paper, the radio and they train them in feminist issues. We try to sensitize the woman to make decisions on her own, struggle for her rights and to get respect.

•• All of the groups interviewed stated that women were affected to a greater degree by SAPs owing to traditional gender constructs and machismo that require women to do all the domestic work (including childcare) and encourages men to father children without necessarily taking responsibility for them.

Appendix D
Schedule of Interviews Conducted

Individual women:

- March 22, 1993
- March 27, 1993

Colectivo Xochilt

- Nora Menises, February 23, 1993

Colectivo 8 de marzo

- Guillermina Oporta, March 3, 1993

Cenzontle

- Mark Meassick, February 19, 1993

Puntos de Encuentro

- Silvia Carrasco, March 11, 1993

SOYNICA

- Lucy Morran, March 10, 1993

FETSALUD

- March 29, 1993

Elena Torres, *La Policia*

- March 16, 1993