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AN ILLNESS CALLED MANAGUA

'Extraordinary' urbanization and 'mal-development' in Nicaragua

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Introduction

The relationship between cities and development processes has long been recognized as historically important. Charles Tilly, for example, observes that less densely urbanized regions gave rise to different kinds of states than areas with large numbers of cities because metropolitan centres played a key role in the transformation of states from feudal 'war machines' to 'multipurpose organizations' of a more developmental nature. Drawing on the European historical experience in particular, Tilly argues that strategic collaboration between urban-based capital and rural-based coercion specialists (i.e. warlords) – the former financing the latter's warring, but also paying for their own security – symbiotically welded these two politically important groups together into a unit that over time coalesced into the modern developmental nation-state due to the fact that this 'bargaining, in its turn, created numerous new claims on the state: pensions, payments to the poor, public education, city planning, and much more' (Tilly, 1994: 9). Largely as a result of such analyses, urbanization has perhaps not surprisingly frequently come to be considered almost synonymous with progress, to the extent that the proportion of a country's population that is urban and its urbanization rates are often presented as key indicators of its level of development (Beall and Fox, 2009).

As Jennifer Robinson (2006) has pointed out – and as Tilly's ideas illustrate – the nature of the connection between urbanization and development has been generally theorized in a way that is fundamentally grounded in the historical experience of the West, and it is legitimate to ask whether contemporary hegemonic epistemologies derived from this particular historical experience are universally applicable. Certainly, the experience of Managua, the capital of Nicaragua, challenges the idea that urbanization is synonymous with development. For example, despite being the most urbanized country in Central America, Nicaragua also remains the most underdeveloped in the region. The reasons for this are both fundamentally reflected by and related to Managua's particular urban development over the past two decades, which has directly contributed to the consolidation of a neo-oligarchic configuration of power that has implemented a low-growth economic model reminiscent of nineteenth-century hacienda-style feudalism, a situation that contrasts starkly with Tilly's Eurocentric narrative of city-driven progress.

Managua's distinct trajectory raises the question of the extent to which it constitutes an 'ordinary' or 'extraordinary' instance of urbanization (see Robinson, 2006); or in other words, whether it is a unique case study or a city representative of more general urban dynamics. This chapter seeks to address this basic issue by exploring Managua's changing morphology, its determinants and the key actors involved in order to illustrate how the city's urbanization process has underpinned the emergence of a particular societal model in contemporary Nicaragua. In doing so it points to the critical need to engage with urban experiences beyond those of cities in the 'West' if we are to properly get to grips with the possibilities and pitfalls of urbanization, suggesting that urbanization is a fundamentally embedded process, in many ways determined by contextually specific factors. The chapter begins by exploring Managua's urban development in a historical perspective, before then moving on to a characterization of the city's contemporary transformation, and finally relating this to the broader political economy of development in Nicaragua.

Managua's urban development in historical perspective

Sprawling along the southern shores of Lake Xolotlán, Managua presents a strange landscape: a humid basin filled with foliage and vacant lots, with sporadic developments thrown up apparently at random, punctuated by low hills and lagoons formed in the craters of extinct volcanoes. Designated in 1852 as a compromise capital of Nicaragua over the feuding cities of León and Granada, respective headquarters of the Liberal and Conservative factions of the ruling oligarchy, the city remained a relatively marginal settlement until the middle of the twentieth century. Managua exploded to prominence with the mechanization of Nicaraguan agriculture from the 1940s onwards, which led to significant rural–urban migration. The city's population growth rate averaged 6.2 per cent a year between 1950 and 1971, compared to 3.1 per cent in other urban centres, and 1.6 per cent in rural areas, and over the course of the next two decades the metropolis grew to become the largest in Central America, with over a quarter of a million inhabitants in 1960 and almost 450,000 by 1970 (Higgins, 1990: 380).

The overwhelming majority of this growth occurred in the ever-expanding informal settlements on the city's periphery that Reinaldo Téfel Vélez (1974) famously described as 'the Hell of the Poor', implicitly contrasting them with the bustling metropolitan centre of bars, dance-halls and cinemas which during the 1960s became a magnet for wealthy tourists from all over North and South

America, a playground known as 'Salsa City', where 'every day is made for play and fun, 'cos every day is fiesta', as Guy Lombardo sang in his classic song '*Managua, Nicaragua*'. The party in 'Salsa Managua' was rudely interrupted on 23 December 1972, however, when the city suffered a devastating earthquake that killed 20,000 people, destroyed 75 per cent of the city's housing and 90 per cent of its commercial buildings – including most of the city centre – and left 300,000 homeless (Black, 1981: 57). Although international aid poured into Nicaragua to help rebuild its shattered capital, very little systematic reconstruction took place as Anastasio Somoza, the dictatorial President of Nicaragua, appointed himself head of the reconstruction committee, attributing over 80 per cent of reconstruction contracts to his own companies, but completing less than 20 per cent of them, with most rebuilding efforts directed to land that Somoza and his family and cronies owned on the periphery of the city. As a result:

> the destroyed central part of Managua was not rebuilt and . . . was virtually abandoned. Only a few buildings survived the earthquake, and the central core took on a post-apocalyptic look. . . . The rebuilding effort that did take place . . . created new residential areas east-south-east of the city centre. . . . This gives the city the appearance of a deformed octopus. The tentacles of the octopus reach out along major transport arteries away from the old centre, but the octopus's body is riddled with gaping holes.
>
> *(Wall, 1996: 48–9)*

The lack of post-earthquake reconstruction and obvious venality of the Somoza regime played a major role in intensifying resistance against it. The ranks of the Sandinista National Liberation Front (FSLN – *Frente Sandinista de Liberación Nacional*), which had been (unsuccessfully) waging guerrilla warfare against the dictatorship since the early 1960s, swelled and led to a full-blown insurrection that overthrew the dictatorship on 19 July 1979. The revolutionary junta that subsequently took power rapidly drew up plans to reconstruct and transform Managua, proposing a series of new strategies to rebuild destroyed infrastructure, regulate land use and upgrade informal settlements. These were never implemented, however, as the trade embargo imposed by the US from 1981 onwards, and the civil war against the US-sponsored Contra, meant that the revolutionary state's meagre resources were re-channelled towards more pressing needs such as food production and national defence (Massey, 1986).

The urban development of Sandinista Managua was further complicated by the influx of displaced persons from the countryside due to the war, which overburdened already deficient urban services and infrastructure, and led to an explosion of marginal squatter settlements. While the annual rate of rural–urban migration to the city averaged some 28 per thousand during the decade prior to the revolution, by 1983 it was estimated to have risen to 46 per thousand – equivalent to almost 30,000 new inhabitants per year (Chavez, 1987: 234). The city's predicament was not improved by the return of large numbers of Contra rebels and their families from Honduras and Costa Rica following the Sandinista's electoral loss in 1990 and the end of the civil war. This led to widespread social conflict and processes of spatial polarization in the city, most evident in the emergence of new settlements with explicit political associations, such as *barrio* '3–80' in south-central Managua, named after the *nom de guerre* of Enrique Bermúdez, commander of the Contra Northern Front during the civil war, or the 'Omar Torrijos' squatter settlement in the north-east of the city, with obviously different political affiliations.

Regime change also led to the return of many wealthy Nicaraguans who had left Managua for the US in 1979, and these had a significant impact on the city's morphology through their frenetic conspicuous consumption. As David Whisnant (1995: 448) observed:

> determined efforts by the 'Miami boys' (as they are called) . . . to recreate their cherished Miami social and cultural 'scene' . . . transformed the Managua night: neon-lit bars and exclusive clubs, designer clothing, Nicaragua's first surf shop, one-hour photo processing, expensive cars cruising the scene, and pervasive preening, posturing, and dalliance.

Global franchises such as Pizza Hut and McDonald's rapidly set up shop in post-revolutionary Managua in order to cater to the new Americanized elite, as did numerous luxury hotels, and four US-style malls have been built in the city since 1990: the Plaza Inter, the Centro Comercial Metrocentro, the Galerias Santo Domingo, and the Multicentro Las Americas. The last of these malls was built in 2006 at a cost US$25 million by a private real estate development company called Desarrollos Sooner, also one of the biggest players in the booming condominium and gated community construction market that emerged in post-revolutionary Managua from the end of the 1990s onwards (*Confidencial*, 2006). One of their flagship developments, for example, is the Portal San Cayetano gated community, 'located in Managua's most exclusive living area of Las Colinas', which offers two-storey, 230 square-metre houses providing 'an enchanting union between the elegance of the façade and the comfort of the interiors in a global refined neo-colonial mood' for US$160,000 each (Sooner Real Estate, n.d.). Overall, some 60 different private residential developments, big and small, have sprung up in and around Managua over the past decade.

These new urban developments clearly cater for a limited number of Nicaraguans considering that 90 per cent of the economically active population of the country earns less than US$160 a month (Gobierno de Nicaragua, 2005: 27). Despite the fact that 58 per cent of urban households in Nicaragua were estimated to be over-crowded in 2002, and some 40 per cent 'constructed with scrap or other impermanent materials' (Inter-American Development Bank, 2002: 1), state-sponsored housing projects have been few and far between since 1990. Although a US$22.5 million Inter-American Development Bank low-income housing programme was approved in September 2002 (Inter-American Development Bank, 2002: 1), this was not implemented, partly because potential beneficiaries of the programme are required to possess a full legal title to their property, which is frequently not the case in contemporary Nicaragua (Sánchez Campbell, 2004), but also because the post-revolutionary state has neither the capacity nor the will to implement large-scale public urban development programmes.

This is particularly obvious from a planning perspective, and more specifically in relation to compliance to the land use provisions stipulated in the Managua Master Plan (PRM – *Plan Regulador de Managua*). This document – originally drawn up in 1982 – categorizes the city into different types of zones (residential, commercial, industrial, parkland, mixed etc.), and establishes rules and restrictions concerning construction, population density, right of way, and so on, determined on the basis of criteria relating to environmental risk factors, as well as notions of 'rational' city organization, particularly with regards to transport. The Managua Master Plan was never properly implemented due to lack of funds, but it underwent significant modification in 1998 as a result of a series of Partial Urban Organization Plans (PPOU – *Planes Parciales de Ordenamiento Urbano*), which re-classified land in certain urban areas. In theory, this was to update obsolete categorizations in order to prepare for the elaboration of a new General Municipal Development Plan (PGDM – *Plan General de Desarrollo Municipal*); but as Gerald Penske, the Director the managua municipality's Department of Urban Development, admitted frankly in an interview in July 2007, in practice the Partial Plans 'simply legalized what had happened on the ground' and reflected 'the limited urban control exercised by the municipality over the city's territory'.

Penske illustrated this relative to the evolution of the affluent neighbourhood of Los Robles. The 1982 Master Plan had originally designated this area as exclusively residential, but in the late 1990s and early 2000s it became very much mixed in terms of land use, as expensive art galleries, exclusive bars, clubs, casinos and fine restaurants all opened there, creating an nightlife area known as the 'Zona Rosa'. Although in theory the municipality had the right to challenge and fine any new developments that contravened existing land use regulations, Penske contended that it lacked the resources to monitor these. 'Thirty years ago,' he told me, 'the Vice-Ministry for Urban Planning had 40 inspectors and 40 Volkswagens that went all over the city to make sure that regulations were respected. Now I have just three inspectors who only have motorbikes to cover a city that's three times the size it was in the 1970s'. As a result, the city had little choice other than to accept new developments as *fait accomplis*.

At the same time, it was also obvious that infringements to planning rules and regulations were much less tolerated when they occurred in poorer neighbourhoods. On 1 February 2006, for example, a group of 43 families that had occupied vacant land between the Huembes market and the Isaías Gómez neighbourhood was violently expelled by riot police at the behest of the Managua Municipality, on the rather contradictory grounds that 'this land was not adequate for the construction of housing because it is near a source of potential contamination, being near an open sewage channel', but also that 'this land is classified as part of

Managua's parkland' (Cruz Sánchez, 2006). Penske argued rather disingenuously that this different treatment was due to the variable economic power of businesses in Los Robles and squatters, contending that if the Municipality attempted to impose fines on businesses in Los Robles that did not respect land use regulations, these would be able to absorb them as part of their operating costs and so nothing would happen, but that illegal squatters could be dealt with effectively because they did not have the means to buy their way out of respecting the rules.

The influence of market forces on Managua's urban development is by no means surprising, but it only tells part of the story, however, as the blatant bias that can be observed in the evolution of Managua's road network over the past decade highlights well. Certainly, one of the most striking transformations to have occurred in the city is the overhauling of its legendarily abysmal road infrastructure. As late as 1997, potholes were a chronic driving hazard, traffic was chaotic, carjackings frequent, and there was no discernible logic to the city's byzantine road infrastructure. By 2000, the municipality had carried out a large-scale programme to fill in the potholes, resurfaced and widened the major arteries of the metropolis, built a suburban bypass road in the south-west of the city, and replaced traffic lights with roundabouts. These works were ostensibly to speed up traffic and reduce congestion, but when considered on a map, however, a definite pattern emerges whereby the new roads predominantly connect locations associated with the lives of the urban elite, for example linking the (newly re-modelled) international airport to the Plaza Inter mall to the Metrocentro mall to the Zona Rosa to Las Colinas and so on.

This particular pattern of infrastructural development is the keystone to a broader process of socio-spatial 'disembedding', whereby a whole layer of Managua's urban fabric has been purposefully 'ripped out' from the general patchwork quilt of the metropolis. The living and working spaces of the wealthy – protected by high walls and private security – have been joined together into a 'fortified network' by means of the new roads, which the elite can cruise at breakneck speeds in their expensive four-by-four cars, no longer impeded by potholes, crime, or traffic lights (Rodgers, 2004). When I confronted Guillermo Icaza, Deputy Director of Municipal Planning, about this during an interview in July 2007, he contended that:

> all we do is implement the pre-existing road plan which was determined in 1982. . . . There are different types of roads, for example you can have primary roads, which are big, metropolis-cross-cutting roads, and then you have more secondary roads, which might connect different parts of the city to each other, and then you have tertiary roads, which are small and only concern a particular locality. . . . The problem is that we're still a long way from completing the Plan, and we're still focused principally on primary roads, because that's what it calls for us to finish first.

Icaza was however unable to explain why certain primary roads in the 1982 Master Plan had been built and improved while others had not, and why the latter seemed to be particularly concentrated in poorer areas of the city. Perhaps even more damning, many of the new roads built or improved since 1997 were not actually planned for in the 1982 Master Plan, including for example the suburban bypass in the south-west of the city that connects the exclusive Las Colinas neighbourhood with the road to the south (*Carretera Sur*) in Western Managua, which has numerous exclusive private real estate developments. Perhaps the most notorious example of an unplanned road, however, is the 18-kilometre stretch of country road going from the road to the south to the rural settlement of El Crucero that was paved in 1999 at a cost of US$700,000, clearly in order to provide the then President Arnoldo Alemán with easier access to his hacienda in El Crucero (Bodán, 1999). A similarly parochial logic can be surmised regarding the provision in the 2007 municipal budget for two roadwork projects to repair 1.74 kilometres of roads in the exclusive Las Colinas neighbourhood, at a combined cost of US$3.3 million, equivalent to almost two thirds of the US$5.3 million that the municipality had budgeted to spend on maintaining the city's 1,157-kilometre road network (Alcaldía de Managua, 2006).

Neoliberal urbanization?

Florence Babb (1999: 27) has characterized Managua's post-revolutionary development as representing 'the making of a neoliberal city', linking this process to broader transformations. She highlights how the successive Conservative and Liberal governments of Chamorro, Alemán and Bolaños actively encouraged the desires of market forces suppressed during the Sandinista period to remodel the post-revolutionary metropolis according to the consumption needs of the wealthy. Arnoldo Alemán, for example, explicitly sought to 'beautify' the metropolis in order to make it more attractive to private investors through large-scale construction projects of various sorts (see Babb, 1999). The Chamorro, Alemán and Bolaños governments furthermore also all blatantly facilitated private real estate development initiatives by fostering highly suspect tax breaks such as the notorious Law 306 on incentives for the tourist industry (*Ley de Incentivos para la Industria Turística*), passed by the Nicaraguan Parliament in June 1999, and offering a large palette of tax benefits to tourism-related businesses that invest a minimum of US$50,000 in their activities, including, for instance, an 80 to 90 per cent exemption on all income tax for up to ten years, as well as a 100 per cent exemption on property tax, VAT and import duties for the same period (Gobierno de Nicaragua, 1999).

When considered in light of such schemes, it is tempting to lay the blame for the iniquitous development of Managua over the past two decades on an unholy alliance between market capitalism and the successive right-wing post-revolutionary governments, together incarnating an elite-led backlash against the Sandinista revolution's (frustrated) attempts to foster more egalitarian forms of social organization in Nicaragua. In actual fact, however, the laws establishing tax exemptions such as the ones described above have all been voted for not only by Liberal and Conservative MPs, but also Sandinista MPs. Indeed, one of the most pro-active figures in debates in favour of Law 306 was Tómas Borge, the last living founding member of the FSLN who was at the time President of the Parliamentary Tourism Commission, and also – coincidentally – owner of a hotel that stood to benefit from the law (Babb, 2004: 551).

The approval of this piece of legislation arguably give us 'some insight into the huge interests at stake, which seem to involve all the power groups', and starkly highlights how associating the 'neoliberal' urbanization of Managua solely with Liberal and Conservative politicians and entrepreneurs is overly simplistic (Báez Córtes, 2006). Indeed, many of the most iniquitous urban developments in Managua over the past two decades have occurred not under Arnoldo Alemán's mayorship (1990–5), or that of his hand-picked successor, Roberto Cedeño (1996–2000), but under those of the Sandinista*s* Herty Lewites (2000–4) and Dionisio Marenco (2005–9). This includes the initiative perhaps most blatantly associable with 'neoliberalism': the plan to build a rapid busway system in northern Managua in order to ferry workers from poor neighbourhoods to the city's Free Trade Zones (FTZs). This project calls for the creation of a bi-directional busway through the middle of the busy northern road (*Carretera Norte*) that runs alongside Lake Managua, at an estimated cost of over US$55 million. Once completed, buses will carry up to 200,000 passengers a day from the populous working class Ciudad Sandino satellite city to the west of Managua to the labour-hungry Free Trade Zones (FTZs) to the east, via several other poor lakeside neighbourhoods (Banco Interamericano de Desarrollo, 2005).

Admittedly, constructing a busway to feed labour to the FTZs makes some sense considering that these are the single fastest growing employer in the country. The first FTZ opened in Managua in 1992, and a further 34 have since been established, mainly in and around Managua. The number of companies operating in the FTZs has similarly grown, from 5 in 1992 to 99 in 2006, while the number of workers employed has expanded from 1,000 in 1992 to 80,000 in 2006.[1] Export production through the FTZs has multiplied from US$3 million in 1992 to US$900 million in 2006, equivalent to 46 per cent of total Nicaraguan exports, and a staggering 87 per cent of manufactured exports (Banco Central de Nicaragua, 2007: 25). By far the largest activity is apparel assembly, with the companies involved mainly South Korean (25 per cent), US (24 per cent), and Taiwanese (21 per cent) (Comisión Nacional de Zonas Francas, 2010). More directly significant, however, is the fact that some two-thirds of the infrastructure of the private FTZs belongs to Nicaraguan entrepreneurs, who rent space within their compounds to foreign companies, while also receiving large tax exemptions (Laguiazf.org, n.d.). The owners of these compounds unsurprisingly include big Nicaraguan economic conglomerates, such as the Pellas Group, but it is widely known that several major Sandinista politicians, including Dionisio Marenco and Daniel Ortega, are owners of FTZ infrastructure,[2] which perhaps explains their enthusiasm for the busway scheme.

The political economy of post-revolutionary Nicaragua

In order to understand this apparently paradoxical Sandinista 'neoliberalism', it is necessary to go back to the roots of the 1979 revolution. The conventional story is that it was a mass popular uprising led by the vanguard FSLN that overthrew a terminally corrupt dictatorship after 45 years of oppressive rule. The truth is that for the first 38 years of the dictatorship, there was very little effective opposition to the Somoza regime. Although the FSLN was founded in 1961, it had little success as a guerrilla force and in fact ceased all armed actions for several years in the wake of the disastrous 1967 Pancasán offensive during which 13 senior members of the organization were killed.

Part of the reason for this ineffectiveness was that the dictatorship was largely based on a tacit pact between the Somoza family and the traditional Nicaraguan oligarchy, composed of Liberals and Conservatives. Each group was associated with particular economic interests which as a general rule did not overlap. When they did, the three groups tended to cooperate rather than compete with each other, sharing markets and ensuring that all profited (Mayorga, 2007: 37–9). The three groups cooperated happily during the growth years of the 1950s and 1960s, but the worldwide crisis of the early 1970s caused serious strains, as did Somoza's securing of the lion's share of lucrative reconstruction contracts in post-earthquake Managua for his companies. Conservative sections of the traditional elite with interests in the construction industry accused the regime of 'disloyal competition' (Núñez, 2006: 130).

In 1974, Pedro Joaquín Chamorro Cardenal, scion of one of Nicaragua's leading Conservative families and editor of the newspaper *La Prensa*, founded the Democratic Electoral Union (UDEL – *Unión Democrática Electoral*), in order to provide a focus to the burgeoning elite opposition to the Somoza regime. The UDEL was not very successful in mobilizing cross-party support, partly because of the enduring suspicion between Liberals and Conservatives. It did, however, provide the impetus for many young Conservatives to join the ranks of the FSLN during the early 1970s, and opened up channels of communication between the Sandinistas and the Conservative elements of the traditional oligarchy which became very important as the former began to gather strength and plan renewed armed struggle. As Orlando Núñez (2006: 132) put it:

> it is difficult to imagine the revolutionary insurrection without taking into account the participation of the Conservative capitalist class, both economically and politically: the money they provided, the use of their remote haciendas for training, the safe houses in the cities, their children joining the ranks of *Sandinismo*, [and] the public legitimisation that they provided to the struggle against Somoza.

Perhaps the best exemplification of this alliance that emerged between the Conservative elite and the FSLN is the so-called 'Group of Twelve', which brought together prominent industrialists, businessmen, priests and academics who publicly backed the FSLN's struggle against Somoza in 1977, some of whom later became members of the revolutionary government during the 1980s, including Sergio Ramírez Mercado, who was Vice-President of Nicaragua between 1984 and 1990, and Miguel D'Escoto Brockmann, who was Sandinista Minister of Foreign Affairs. Other figures emanating from the Conservative elite who participated in the revolutionary regime include Luis Carrión Cruz, one of the nine *comandantes* of the FSLN's National Directorate and Vice-Minister of the Interior during the 1980s, and son of Luis Carrión Montoya, a descendent of one of the oldest families in Nicaragua and one of the most prominent bankers in Nicaragua during the 1960s and 1970s. Similarly, Ernesto Cardenal Martínez, Minister of Culture under the Sandinistas, and his brother Francisco, who was Minister of Education, come from one of the country's most prominent Conservative families, as does Reinaldo Antonio Téfel Vélez, director of the Nicaraguan Institute of Social Security during the 1980s, among many others (Vilas, 1992: 325–8).

Few businesses belonging to major Conservative families were affected by the Sandinista regime's nationalizations during the 1980s, which mainly focused on assets that had either been in the hands of Somoza and his cronies, or else prominent Liberal families, many of whom had fled Nicaragua following the triumph of the revolution (Everingham, 2001: 72). Although the mixed nature of the revolutionary economy meant that Conservative businesses were able to continue operating unimpeded, their margin of operation was constrained by the Sandinista government's attempt to regulate certain economic activities, competition from newly formed state enterprises, the new regime's demands that labour rights be respected, and, from the mid-1980s onwards, the militarization of the economy and hyperinflation. Conservative businesses consequently began to develop their activities beyond Nicaragua, including in particular in other Central American countries (Mayorga, 2007: 42–50). This was particularly the case of the Pellas banking group, for example, which extended its financial activities to the Caribbean and the US during this period, setting up a bank in the Cayman Islands and buying another in the US which became the nucleus for their now extremely powerful Banco de América Central (BAC) international financial conglomerate, the fifth largest financial group in the region with US$3.1 billion in assets, and also the most profitable according to Standard and Poor's 2005 Central America ratings (BAC, 2006).

This transnationalization of their economic interests increasingly put the Conservative elite at odds with the Sandinista regime's autarchic economic policies, and led to its underwriting the National Union of Opposition (UNO – *Unión Nacional Opositora*), an eclectic coalition of Liberals, Conservatives and a hodgepodge of extreme left- and right-wing mini-parties that defeated the FSLN in the 1990 elections and brought the revolutionary experiment to a close. The Sandinista party had not expected to lose the elections and faced a critical dilemma. As Sergio Ramírez (1999: 55) described:

> the fact is that *Sandinismo* could not go into opposition without material resources to draw upon, as this would have signified its annihilation. The FSLN needed assets, rents, and these could only be taken from the State, quickly, before the end of the three month transition period [before formally handing power over the UNO]. As a result there was a hurried and chaotic transfer of buildings, businesses, farms, and stocks to third persons who were to keep them in custody until they could be transferred to the party. In the end, however, the FSLN received almost nothing, and many individual fortunes were constituted through this process instead.

Certainly, much has been written about the fact that Daniel Ortega drives a Mercedes Benz or that his brother Humberto lives in a huge mansion on the road to Masaya that has its own private baseball field, for example (Rojo, 1999).

This unedifying episode in the FSLN's history is known in Nicaragua as the '*piñata*'.[3] Much more significant than any example of individual personal enrichment, however, the *piñata* effectively created the nucleus of a Sandinista economic group. Media reports have identified over 50 businesses associated with the FSLN, including financial service providers such as Fininsa or Interfin, the Victoria de Julio and Agroinsa sugar refineries, INPASA printers, media outlets such as the Canal 4 television station or the 'Ya!' radio stations, as well as Agri-Corp, the biggest distributor of rice and flour in Nicaragua with a US$100 million turnover (Loáisiga Mayorga, 2003; Mairena Martínez, 1999; Everingham, 2001; Mayorga 2007). During the 1990s there emerged an organized 'Sandinista entrepreneurs bloc' ('*bloque de empresarios sandinistas*'), led by the former FSLN *commandante* and member of the National Directorate Bayardo Arce Castaño, who is a major stakeholder in Agri-Corp – run by his brother-in-law, Amílcar Ibarra Rojas – and is also associated with the real estate development company Inversiones Compostela, run by his wife, Amelia Ibarra de Arce, which has over US$4 million worth of investments in Managua (Loáisiga Mayorga, 2005). Other members of this group include Dionisio Marenco and Herty Lewites, for example (Marenco Tercero, 2005). The group has been the financial lifeline of the FSLN, particularly during election time. In 2000, for instance, it raised almost US$2 million to finance Lewites' campaign to be elected mayor of Managua (Bolsa de Noticias, 2011).

Many of the enterprises associated with this new Sandinista bourgeoisie have their origins in Liberal assets expropriated in the 1980s, and not surprisingly the return of former proprietors after regime change in 1990 led to legal conflicts over their ownership. Although some Liberal families in exile successfully started businesses anew whilst abroad including, for example, the Morales Carazo family whose Jaremar group is now a major player in the Central America agro-industry (Mayorga, 2007: 50), many returned intent on reclaiming the expropriated sources of their past wealth and status, and joined forces with dispossessed Liberals families that had remained in the country to claim what they perceived as their birthright.

The ensuing conflicts ensured the election of the stridently anti-Sandinista Arnoldo Alemán as President of Nicaragua in 1996.

Alemán's accession to power initially led to an intensification of conflicts over expropriated property as he sought to push the claims of the Liberals that had brought him to power, but the FSLN retained enough mobilisatory power to block any attempts to overturn what they considered to be a reasonable post-revolutionary economic settlement. The need to regain expropriated properties became steadily less urgent during the course of the Alemán presidency, however, as it became hugely associated with sleaze and corruption (Nitlapán-Envío team, 1999). Controversial privatization processes whereby numerous state enterprises were sold off to friends and relatives of Liberal government officials at rock-bottom prices effectively contributed to replacing their expropriated patrimony, as did siphoning off a significant proportion of the US$1 billion of international aid that was channelled to Nicaragua following its battering by Hurricane Mitch in 1998 (Rocha *et al.*, 1999). Arnoldo Alemán, for example, is estimated to have personally embezzled up to US$100 million during his presidency (Transparency International, 2004: 13).[4]

The widespread corruption meant that many expropriated Liberals were able to reconstitute their patrimony and no longer needed to press Sandinista entrepreneurs for the return of expropriated properties. This changed state of affairs allowed for a *rapprochement* between Alemán's Constitutionalist Liberal Party (PLC – *Partido Liberal Constitucionalista*) and the FSLN led by Daniel Ortega, which become a 'pact of co-governance' in 1999, whereby the two parties formally divided up the Nicaraguan state apparatus between them and agreed to support each other's appointments. The pact also reformed electoral law, reducing the threshold for a first-round victory in presidential elections from 45 per cent to 35 per cent, and also granting former Presidents a seat in the National Assembly for life. These two measures clearly aimed to facilitate an Ortega victory in the forthcoming 2001 elections and to obtain parliamentary immunity for Alemán after he left office. However, Nicaragua's increasingly poor business ratings as a result of corruption, as well as emergent tensions between the economic priorities of the nascent Liberal-Sandinista national bourgeoisie and the Conservative–Liberal transnational elite, meant that the latter flexed their political muscle and imposed a Conservative, Enrique Bolaños, as the right's unified presidential candidate.

Believing Bolaños to be a controllable yes-man, Alemán acquiesced, but once duly elected with the financial backing of the five richest economic conglomerates in the country, he proved to be unexpectedly independent-minded. Bolaños turned on Alemán and sought to have him indicted for corruption, an opportunity that the FSLN were quick to seize on to obtain greater leverage on Alemán within the context of their shaky pact with him. The FSLN helped strip Alemán of his parliamentary immunity and he was condemned to 20 years in jail for fraud and embezzlement in December 2003. The FSLN, however, quickly reverted back to their pact with the PLC – which Alemán continued to control, first from prison and subsequently whilst under house arrest (for health reasons) – as the Bolaños government pushed policies favouring the banking and financial service sectors that constitute the foundation of the Nicaraguan transnational economic groups' wealth (Mayorga, 2007: 69–72), at the expense of agriculture, urban manufacturing and property ownership from which both Sandinista and Liberal economic groups drew their wealth.

As a result, although the November 2006 elections seems to have been a hotly contested four-way contest between Daniel Ortega, the dissident Sandinista Herty Lewites (replaced by Edmundo Jarquín when he died suddenly of a heart attack in July 2006), the PLC candidate José Rizo (anointed by Arnoldo Alemán), and Eduardo Montealegre, Bolaños' Minister of the Economy who ran representing the Conservative Party–Nicaraguan Liberal Alliance (ALN-PC – *Alianza Liberal Nicaragüense-Partido Conservador*), it in actual fact pitted a Liberal-Sandinista national bourgeoisie against transnational capitalist interests. Ortega's victory with 38 per cent of the vote, coupled with the fact that the FSLN and the PLC won enough seats to control Parliament, constituted a significant shift in political economy terms, well reflected in the composition of Ortega's cabinet, which reads like a veritable who's who of both Sandinista and Liberal businessmen.[5] Perhaps not surprisingly, one of Ortega's first acts on assuming office was to change Arnoldo Alemán's detention regime from 'house arrest' to 'country arrest', thereby allowing him to return to public life, and in April 2007, FSLN and PLC members of parliament voted together to pass a law reducing the maximum penalty for corruption to 5 years, applicable retroactively, meaning that Alemán's prison sentence was shortened by 15 years, and he was released in early 2008.

The obvious question concerning this Liberal-Sandinista national bourgeoisie is whether it is in any way progressive, in the pro-nationalist, anti-imperialist Leninist sense of the term, that is to say, whether it can be the lynchpin for a process of productive capital accumulation and national development that is sorely lacking in a post-revolutionary Nicaragua that has been 'mal-developed' along lines that favour transnational rather than national interests, as the country's huge trade deficit dramatically illustrates (Robinson, 1998). The answer is clearly no. Far from seeking reform, 'liberal *Sandinismo*' seems instead to be angling for an economic settlement whereby FSLN businesses and those of its PLC partners can derive a low-level of profit from exclusive monopolies over protected sectors of the domestic market, disconnected from transnational imperatives. This is a strategy more associable with nineteenth-century hacienda-style feudalism than any form of progressive capitalism, and it is clearly both reflected and underpinned by Managua's particular urban development, as the investments in FTZ infrastructure by recent municipal regimes demonstrate very well. To this extent, far from constituting the accession to power of a progressive national bourgeoisie – and even less a return to the utopian politics of Nicaragua's past – Ortega's electoral return arguably ultimately constitutes little more than a wry illustration of Karl Marx's (2004: 3) famous aphorism that 'great historic facts and personages recur twice . . . once as tragedy, and again as farce'.

Conclusion

In a classic article considering the value of urban research, Charles Tilly (1996) famously argued that the study of urban contexts potentially provided privileged insight into the dynamics of large-scale socio-economic processes. He was referring of course to his own grand theorizing about the historical relationship between cities and development, and in particular the way in which cities played critical roles in promoting developmental states in Europe, but his comment in many ways echoes one made much earlier by the Nicaraguan poet Pablo Antonio Cuadra in an essay entitled 'An Illness called Managua', where he contended that the city was paradigmatically 'the reflection of society, of its grace and its bitterness, of its vice and its beauty, of its history and its community' (quoted in D'León Masís, 2002). Although Cuadra's comment could be interpreted as suggesting that Managua is more a 'symptom' than an 'illness', that is to say an epiphenomenon of an underlying societal political economy, as the above discussion will hopefully have made clear, the metropolis itself has in fact actively contributed to the construction of Nicaragua's particular post-revolutionary political and economic order in a rather pathological manner, thereby promoting a process of 'mal-development' rather than the progress that Tilly inherently associated with urbanization.

As such, Managua's evolution starkly highlights the need to go beyond historically specific experiences such as those described by Tilly if we are to truly understand the possibilities and pitfalls of global urbanization. It is only by recording, comparing and juxtaposing the urban experiences of cities worldwide that we can expect to gain insight into more general urban trends and dynamics. At the same time, however, Managua's distinct trajectory also raises the question of the extent to which it constitutes an 'ordinary' or 'extraordinary' instance of urbanization (Robinson, 2006). In other words, to what extent can it be seen as representative of broader, general urban tendencies? Certainly, there is a definite sense in which the city's particular transformation over the past four decades represents an exceptional process, linked to the quite unique dynamics of Nicaraguan society during this same period. When seen from this perspective, though, the urban development of a city emerges very much as a fundamentally embedded process, and to this extent, all forms of urbanization can plausibly be seen as 'extraordinary' in the sense that they are always deeply contextually specific. This, however, perhaps poses less of a challenge for a renewed urban theory than may initially seem, since – to paraphrase the poet William Blake (1988: 250) – 'general forms have their vitality in particulars', and identifying any underlying universal dynamics to global urbanization processes arguably depends first and foremost on understanding the particular circumstances that underpin them.

Notes

1 See COHRE (2004) and Everingham (2001). A further 240,000 are employed indirectly, meaning that over 15 per cent of the Nicaragua labour force is in employment related to FTZs (BCN, 2007: 9).

2 Interview with Francisco Mayorga, Managua, July 2007.

3 A *piñata* is a decorated *papier-mâché* figure filled with sweets, which is often featured at parties in Latin America. It is struck with a stick by blindfolded persons until it breaks open and its contents spill out, at which point a scramble ensues as people attempt to grab as many treats as possible.

4 Most of those partaking in this corruption, as well as the Sandinista *piñata*, clearly secured assets on a much smaller scale. Francisco Mayorga notes that there are just 350 individual accounts in the Nicaraguan banking system with deposits amounting to more than US$1 million, and suggests that only 12 families groups own assets over US$100 million: the Pellas Chamorro, Chamorro Chamorro, Lacayo Lacayo, Baltodano Cabrera, Ortiz Gurdián, Zamora Llanes, Coen Montealegre, Lacayo Gil, Fernández Holmann, Morales Carazo, González Holmann and Montealegre Lacayo (Mayorga, 2007: iii, 125).

5 For example, Bayardo Arce Castaño was appointed Daniel Ortega's economic advisor with Cabinet rank, while his business partner Samuel Santos López, became the new Minister of Foreign Affairs. The Ministry of Transport and Infrastructure went to Fernando Martínez Espinoza, owner of one of Nicaragua's biggest construction company, while Mario Salinas Pasos, president of the private real estate development company Desarrollos Sooner, was appointed the new director of the Nicaraguan Tourism Institute (INTUR – Instituto Nicaragüense de Turismo), with Cabinet rank (Guevara Jerez, 2007).