

## U.S Embargo Hurting Nicaragua

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**MANAGUA, NICARAGUA**  
IN A LARGE city hospital here, a make-shift storage room is crammed with U.S.-made medical equipment. Unable to buy vital parts for the machines, hospital administrators struggle to make do using old equipment as sparingly as possible.

"Nicaragua is practicing 19th-century medicine," said Dr. Rommel Martinez, deputy health director for Managua, the country's sprawling capital. "We have been forced to rely less and less on even the most commonplace equipment."

A United States trade embargo, imposed on Nicaragua by the Reagan administration exactly one year ago and renewed late last month, has spurred a crisis in this nation's health care system and taken its toll on Nicaraguan society. The embargo has hurt Nicaraguan people but it has had little of the political impact the Reagan administration predicted. Symptoms of the U.S. boycott include a scarcity of tractor parts, cooking oil and medical supplies.

Nearly 70 percent of Nicaragua's hospital equipment is manufactured by American companies, according to health ministry officials who say machines are now pushed aside when they fall into disrepair, leaving doctors with a desperate shortage of standard medical equipment.

Especially damaging has been the shortage of imported medicines. Before the embargo, Nicaragua bought \$40 million to \$50-million worth of medicines from U.S. pharmaceutical companies. Now Nicaragua imports only half that amount from Cuba, Bulgaria, Spain and other countries.

Standing before the all-but-empty shelves of the Managua Pharmacy, Vellia Maria Matus said recently that of the 395 medicines imported here, less than half are available at any one time to Nicaraguan drugstore owners. She said intravenous serum hasn't been available for three months and medicine to combat infant diarrhea, the nation's most dreaded disease, also has not been on drugstore shelves for months. Government economists say the country's industrial sector has also been especially hard hit by the U.S. trade blockade.

The walls of a Managua plastics factory are decorated with faded posters of Lenin, the Pope and Sandino, the Sandinista hero. This shop, where U.S. machines are scrupulously disassembled and rebuilt using

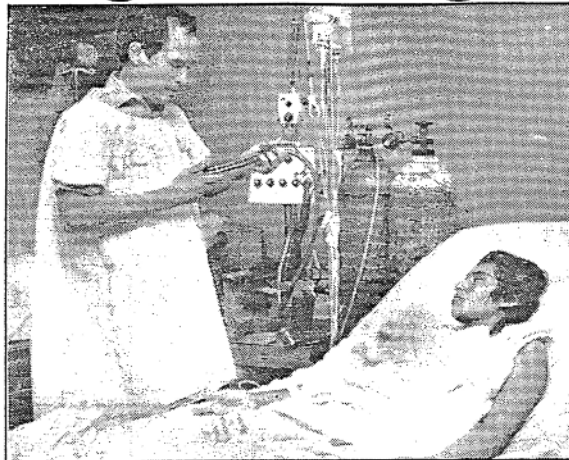


Photo by Louis Demattels

Dr. Rommel Martinez with one of two working respirators in his hospital

jerry-rigged spare parts, has become the heart of the company.

"Maintenance of the machine has become our first priority when we hardly needed to consider it before the embargo," said Roger Cerda, manager of the company. "Quality can no longer be our number one concern."

In some cases, U.S. machines in need of a part are scrapped and replaced entirely by a Bulgarian model, a solution to the spare parts crisis one economist here calls "Nicaragua's economic irrationality."

Yet despite the harsh social consequences of the U.S. embargo, government and opposition economists alike agree that the trade blockade has had little political impact.

"The idea of forcing the Sandinistas to dialogue has clearly failed," said Alfredo Montealegre, a businessman and active member of COSET, a conservative opposition business group. "The rupture in trade has only given the Sandinistas another flag to rally behind and criticize the U.S."

While accepting part of the blame for the economic crisis, Nicaraguan President Daniel Ortega says the war against U.S.-backed rebel insurgents and the year-old trade embargo are the culprits responsible for ravaging this country's economy. In a speech to a crowd of thousands at last week's May Day celebration, Ortega said a severe shortage of raw materials has once again forced the

government to revise its economic forecast.

The Nicaraguan government now estimates that this year's export earnings will reach an all-time low — about \$250 million — a shortfall of about \$100 million from original estimates.

"Since Reagan cannot demoralize the people with bullets, he thinks he can demoralize them with hunger," Ortega told cheering, flag-waving workers gathered in Managua's Revolution Plaza. "He wants the people to blame the Sandinista Front for shortages of basic foodstuffs, water and electricity."

But opposition economists say trade between the United States and Nicaragua had plunged well before the embargo. They point out that by 1984 only 12 percent of Nicaragua's total exports headed for U.S. markets and the leftist Sandinista government was already looking toward Europe and Soviet-bloc countries as major trading partners.

Sandinista officials contend the United States forced the drop in trade to isolate Nicaragua before imposing a full-scale trade blockade. They cite a 1983 reduction in the Nicaraguan sugar quota — a full 90 percent drop — and a sharp cut in beef sales as evidence of this strategy.

This year, most of Nicaragua's exports (key products include sugar, coffee, bananas and beef) will go to Western Europe. While the Soviet

bloc accounts for 41 percent of the nation's imports, Nicaragua sells only 7 percent of its exports to the socialist world, according to the Managua-based firm Regional Coordination of Social and Economic Research.

Along with the punitive trade embargo, the Sandinista regime blames the Reagan administration for what it claims was a United States veto of \$300 million for Nicaragua from international lenders between 1980 and 1985. But flexible credit lines and fresh loans from socialist nations have helped compensate, keeping the economy barely afloat. "Nicaragua is basically surviving on donations," said one Western diplomat.

Given the country's dire economic condition, doing business in Nicaragua is an unusual challenge, especially since the boycott.

Pointing to a red-and-black Sandinista flag that flies over his factory rooftop, Cerda said that he decided some time ago to stay in Nicaragua and adapt to the revolutionary society. But adapting is getting tougher and, according to Cerda, the U.S. embargo has only complicated business in an already too complicated society.

The 37-year-old plastics manager said buying a spare part often tests his imagination. In one instance, the company owner had to fly to Costa Rica, make contact with a businessman there willing to bring the part back from Miami and resell it for transport to Managua. The exchange required three currencies and a lot of traveling. "President Reagan certainly didn't mean to hurt the private sector when he imposed the blockade," Cerda said, "but that has certainly been the end result."

As Nicaragua's economy worsens, grumblings from the pro-United States private sector, which still accounts for more than half of Nicaragua's production, has intensified. While business owners in Nicaragua blame some of their troubles on the U.S. boycott, most hold the Sandinistas responsible for the nation's economic turmoil.

So far, the government has been successful in fending off a raging guerrilla war and the U.S. trade blockade as responsible for the crisis, but Nicaraguans are growing weary. In the words of one local cabdriver, "Life is getting more difficult every day. Los muchachos [the boys, a reference to the nine Sandinista commandantes who run the country] have got to come up with some answers."

