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# **The Political and Social Economy of Care: Nicaragua Research Report 1**

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## 1. Care regime and public policy regime

This study explores how care is provided in Nicaragua, who provides it, who receives it and the types of settings—family, commercial, collective—in which care is provided. Thus, we characterise the form and the principal characteristics of a care “diamond” whose vertices consist of families, the State, markets and the so-called “third sector”<sup>2</sup>. These vertices represent specific dynamic elements: monetary exchange, collective allocation of resources (whether provided by the State, the community or international cooperation), and unpaid work based largely on ties of kinship and marriage (or co-habitation), and a sexual division of labour in the domestic sphere. In addition to the constellation of characteristics represented by the vertices of this diamond, a care regime must be viewed as consisting of the laws and regulations, expectations, possibilities and constraints that the diamond encompasses, as well as prevailing notions of what is desirable—i.e., the current regime in the context of which relevant public policy can be brought to bear. As the case of Nicaragua demonstrates, the more residual a country’s social policy regime, the greater is the degree to which care practices defy the bounds of public policy in general, and the specific policies of the country, in particular. This reality must be borne in mind not only in describing care practices, but also in examining potential ways of democratising them.

Just as it is impossible to deal with the care regime without understanding the historical division of labour between men and women, it cannot be addressed without considering the other types of inequality present today. The greater the inequality, the more important it is to reconstruct the care regime in light of the socioeconomic stratification that characterises it. In terms of human development, Nicaragua ranks 17<sup>th</sup> among the 18 Latin American countries for which we have data.<sup>3</sup> In our region, however, which is the most unequal on the planet, there is not necessarily a direct link between inequality and levels of human development. Argentina, which enjoys one of the highest human development rankings, has a level of inequality (as expressed by its Gini coefficient) only slightly superior to that of Nicaragua: 0.58 vs. 0.54 (ECLAC, 2003). Both countries are far from the relatively even distributive characteristics of many European countries, in which care regimes can be gauged largely on the basis of national averages or means.

At the same time, these two Latin American countries contrast sharply with regard to the proportion of their populations living in poverty (as measured by income in terms of poverty lines)—7 out of 10 persons in Nicaragua (and 4 out of 10 in extreme poverty), versus less than 3 out of 10 in Argentina (ECLAC, 2005). These data reflect labour markets with markedly differing abilities to absorb and provide adequate pay for the labour force, as well as different migratory patterns resulting from these conditions—accounting for the fact that 10% of the Nicaraguan population lives outside the country. Populations in both countries also have dramatically different capacities to purchase goods and services and, specifically, care services. This difference in the proportion of the population suffering from insufficient monetary income is accompanied by a marked difference in income deriving from government spending on social programmes. While public social investment per inhabitant was US\$ 1,650 in 2003 in Argentina,

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<sup>2</sup> The particularity of the “third sector” is that it encompasses a diversity of dynamic elements, ranging from unpaid work based on neighbourly reciprocity, to not-for-profit sale of services and the provision of public services financed by the State.

<sup>3</sup> These 18 countries are Brazil and all of the Spanish-speaking countries except Cuba (for which, in many cases, comparative statistics are not available).

it was only US\$ 61<sup>4</sup> in Nicaragua. Added to this are the institutional weakness of the Nicaraguan State and the fact that public policy—public investment, in terms of both quantity and objectives—directly reflects the presence and influence of international cooperation and multilateral agencies (Montenegro et al., 2005).

In reconstructing Nicaragua’s care regime, therefore, both the current situation and the degree to which there is latitude for actual change can be expected to reflect the broader realities: high levels of poverty accompanied by high levels of inequality, labour market conditions that drive workers out of the country, and scant social investment—all of which are the result of specific economic and political arrangements that must be taken into account in any attempt to understand the care regime.

Accordingly, this report looks at the Nicaraguan care regime in the framework of the broader public policy regime, while at the same time placing it in the context of the history that has led to the current

Period	President	Party	Political regime
1937-1979	Somoza dynasty	PLC	Authoritarian
1979-1990	Revolutionary junta	FSLN	Revolutionary
1990-1996	Violeta Chamorro	UNO	Liberal democracy
1996-2000	Arnoldo Alemán	PLC	Liberal democracy
2000-2006	Enrique Bolaños	PLC	Liberal democracy
2006-2012	Daniel Ortega	FSLN	Liberal democracy

situation.<sup>5</sup> Thus, we begin by examining the historical background and its major macroeconomic and social consequences. Subsequent chapters will focus on time use practices (Report 2), the care regime as related to the social policy regime (Report 3), and the identity of those who provide paid care work, as well as the practices they employ.

During the period being examined here (1980-2006), Nicaragua experienced major changes to its economic and political regime. In broad terms, 1930 to 1979 was a period of economic modernisation and sporadic attempts at import substitution, under three generations (and several decades) of Somozas (Table 1).<sup>6</sup> In 1979, the third Somoza was overthrown, and the Sandinista National Liberation Front (Frente Sandinista de Liberación Nacional, or FSLN) assumed power, governing the country until 1990. During this period, the Sandinista government promoted a mixed economy, with a high level of State intervention and major distributive and redistributive measures. Toward the end of the 1980s, when the economy was overwhelmed by war, shortages, lack of public resources, debt and economic instability, the FSLN began a concerted process of stabilisation and adjustment, characterised by deregulation and economic liberalisation. Thus, while such economic adjustments had been undertaken in the rest of Latin America in the early 1980s, it was only toward the end of the decade that this occurred in Nicaragua, and in a very different political context. These measures by the Sandinista government were designed to address the fiscal crisis brought on by the war and by the United States embargo, which had devastating social and economic consequences for the country.

<sup>4</sup> All investment data are reported in US dollars.

<sup>5</sup> The point here is not to belabour the past, but rather to identify aspects of that history that shape the present situation.

<sup>6</sup> Namely: Anastasio Somoza García, Luis Somoza Debayle (president from 1957 to 1963, when he died of a heart attack) and Anastasio Somoza Debayle.

During much of the 1990s, Nicaragua experienced pressure from three simultaneous processes: pacification, political transition and economic reform. The 1990 elections had passed the helm to a coalition of centre-right parties; this, in turn, was followed by two Constitutionalist Liberal Party (Partido Liberal Constitucionalista, or PLC) administrations. Politically, these elections—and the acceptance of their results by a movement that had come to power through revolutionary means—constituted a further step in the democratisation that had begun with the revolution itself. From an economic perspective, the advent of the United National Opposition (Unión Nacional Opositora, or UNO) government, followed by the PLC administration, represented a continuation and deepening of the economic restructuring that, while initiated previously, was now occurring in a context of pacification and political transition, with an ideology favourable to market reforms, and accompanied by financial support from multilateral agencies and the United States government.

The changes that took place, in terms of the country's economic model, have been notable. Until the 1980s, Nicaragua's economy was based primarily on agricultural exports, despite the promotion of import substitution that had characterised the preceding decades. The following two decades, however, represented a structural shift for Nicaragua, as for Central America in general, as the foundation of the economies moved from agricultural exports to dependence on remittances, industrial *maquilas* and the service sector (Segovia, 2004). Under this new economic model, Central America differed from the rest of Latin America, in that it was built around integration with the United States (in the form of migration and *maquila* exports), macroeconomic stability (based on foreign exchange earnings from remittances) and a regional rather than national dynamic of capital accumulation (Segovia, 2004).<sup>7</sup> The new economic model was based on unskilled, essentially urban, labour, on the one hand, and extreme, primarily rural, poverty on the other.

It could be expected that the current care regime would strongly reflect changes in the relationship between labour markets and families that typified these transformations.

Even in the context of Latin American political and economic instability, Nicaragua's recent history is conspicuous for its lack of continuity. A number of historical questions must be answered if one is to understand the current situation. What changes occurred, then, in terms of collective welfare and risk-management strategies—and, specifically, care strategies—over the period we are examining? Did the country at some point abandon the exclusionary social policies that characterised the pre-revolutionary period and the economic crisis of the 1980s (Filgueira, 1998)? And what occurred with regard to income distribution between 1980 and 2006? Have there been significant institutional changes in the care regime affecting the care provided to the population? What is the demographic context in which the changes have unfolded? What can be said about changes in the demands for care (e.g., as related to the distribution of the population

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<sup>7</sup> Exports to the United States increased with the Caribbean Basin Initiative (CBI), which created preferential conditions for exports to that market beginning in the early 1980s. Instituted in the context of the Cold War, the initiative excluded countries with communist governments. The CBI is no longer in force in Central America, which, as of 2005, joined CAFTA (the Central America Free Trade Agreement, which includes Central America, the Dominican Republic and the United States).

across the stages of the life cycle) and changes on the supply side (e.g., with regard to the population's purchasing power and women's roles as earners)?

Let us look first at the main changes in the political and economic regime, then at changes in the labour market, and finally at social changes during the period.

## **2. Legacies of the past: the political regime and growth strategies**

In all of Latin America, the second half of the twentieth century was shaped by the ways in which different political systems had dealt with the crisis of social demands and workers' demands, which had played a dominant role in the first half of the century (Collier and Collier, 2002). For Nicaragua, as in the rest of Central America, the 1930s saw the emergence of broad-based demands for land and rights. With direct or indirect support from the United States, however, acts of repression were not long in responding to the situation. After defeating the interventionist forces with his guerrillas and initiating a process of negotiation, Augusto Sandino was betrayed and assassinated. The Liberal Party, headed by Anastasio Somoza, then became the political vehicle for a U.S. occupation.<sup>8</sup> Power was concentrated in Somoza, and then in his sons, through periodic manipulated elections, while the family also held major economic power (Mayorga, 2007).

In the 1950s, the Pacific region underwent major economic modernisation, reflected in the diversification of the productive and agricultural export structure. However, this was not mirrored in the central region, where socially and technologically traditional coffee growing and cattle raising continued to predominate. This historical fact is key in understanding the two Nicaraguas that, even today, continue to exist side by side (Espinosa, 2008).<sup>9</sup> In the Pacific region, the land area devoted to cotton growing increased by a factor of 5 in little more than a decade, while by the late 1970s Nicaragua accounted for nearly 40% of all Central American meat exports (Vilas, 1988). The modernisation included land distribution, but this was very limited in scope, and its effect was to put marginal land into production—land from which farmers were later expelled (Vilas, 1988). Traditional crops, such as corn, historically were (and continue to be) grown by campesinos, producing primarily for their own consumption and selling to the market only when they have a surplus. To acquire the other goods that they need to subsist, they temporarily “proletarianise” themselves (or sell their labour power). It is basically the loss of land that has led to “full proletarianization” and to migration toward the “agricultural frontier” (Espinosa, 2008). Historically, this “frontier” functioned as an escape valve—in much the same way emigration functions today, i.e., as a survival strategy in the face of scarce resources (Vilas, 1988).

Faced with an exclusionary strategy of modernisation, run coercively by an authoritarian government, a population has few options. The Nicaraguan State was predominantly a repressive one, in which social policy played only a marginal role, and in which civil society's capacity to organise was weak. In marked contrast to El Salvador and Guatemala, “the campesino movement was very weak—and limited to the department of Matagalpa—as was the workers' movement, in

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<sup>8</sup> The two traditional parties, founded in the nineteenth century, were the Conservative party (originating in Granada) and the Liberal party (originating in León).

<sup>9</sup> The areas currently most isolated from the mainstream of development in Nicaragua are the Southern Atlantic and Northern Atlantic autonomous regions (known as RAAS and RAAN, respectively).

a society with a small proletariat and high levels of seasonal employment. In fact, some of the most important grassroots organisations emerged directly as part of the FSLN’s revolutionary movement in the final phases of the anti-Somoza struggle” (Vilas, 1988: 51).

By the late 1970s, the social results of the modernisation strategy were in full evidence. One half of the population 7 years of age and over was illiterate; only one third of the urban population and 5% of the rural population had access to potable water; less than one third of the population had access to sanitation services; mortality rates for infants under the age of 1 were 120 deaths per 1,000 live births; and 2% of the country’s agricultural firms accounted for 48% of the country’s cultivable land (Renzi and Kruijt, 1997). Adding insult to injury, Nicaragua repeatedly experienced natural disasters, including the catastrophic 1972 earthquake, which destroyed the country’s capital city, Managua.

The handling of international reconstruction funds, along with the expansion of the Somozas’ businesses into areas such as finance and construction, aggravated tensions with the country’s traditional business families, and contributed to creating the conditions that enabled the FSLN to take power in 1979. On the one hand, the 1972 earthquake deepened the poverty and social exclusion of the majority of the population; on the other, it accentuated the conflict of interest between the government and important sectors of the economic elite. Thus, dissatisfaction, spreading not only among the poor and working classes but among the elite, created the conditions for a broad coalition in the business sector and in the broader society, including groups on the left, in the centre, and even toward the right end of the political spectrum—a coalition ready to support insurrection, exile for Somoza and power for the FSLN.<sup>10</sup>

During the 1980s, the Sandinista government sought to transform the State, giving it a greater distributive role. At first, private initiative was given substantial scope, but this was successively reduced as unresolved conflicts of interest turned into war and the forces of the State found itself facing a counterrevolutionary guerrilla force supported by the United States.<sup>11</sup> The FSLN’s distributive measures resulted in massive capital flight that emptied the country’s banking system of capital.<sup>12</sup> In addition, the United States political and economic blockade made credit from international organisations unavailable (Vickers, 1990). Capping off an already dire situation was the bloody counterrevolutionary war financed by the United States, which placed the revolutionary government in an ever tightening bind, in which distributive measures and financing for the war—both essential for the revolution’s survival—were in competition.

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