INTRODUCTION

Following the Sandinista victory in July 1979, Nicaragua developed close ties with the Soviet Union and its satellites. Tracing the development of relations with the European Communist states will enable one to speculate concerning why such ties advanced. It is the contention of this paper that these relations grew in response to challenges, both internal and external, and in a timely fashion, given the Reagan administration’s efforts to destabilize the revolutionary regime.

SOVIET-NICARAGUAN RELATIONS

Nicaragua’s Soviet ties can be considered under three categories of relations: economic, military, and international. The first of these, economic relations, can be divided into three components: emergency aid, economic and technical assistance, and trade.

Nicaraguan-USSR relations have been highly developed in economic and technical assistance. On October 18, 1979, the day diplomatic relations were formalized, the Soviet ambassador proposed several long term economic agreements. Interestingly, while these pacts were offered in 1979, they would not be signed until 1981 awaiting, perhaps, the launching of the U.S. economic “boycott.” Prior to the promulgation of the agreement, however, Soviet economic and technical cooperation had already begun. In 1980, for example, the Nicaraguan technicians were already training in the USSR, and Soviet research vessels were surveying ocean resources, as geologists explored Nicaragua’s mineral resources. Also, TASS technicians had begun to advise the Nicaraguan government’s media organs.

In April 1981, seemingly in response to the Reagan administration’s punitive economic policies, the first economic-technical pacts were formalized. Among the first to be signed was a fishing and ocean resources agreement which called for the training of Nicaraguan technicians as well as establishment of research and repair facilities. By the end of 1981, several other pacts had been signed including one to enhance the development of radio and television services. A second aspect of Soviet economic assistance commenced in September 1981 when the USSR provided $50 million in concessionary trade credits to finance the importation of Soviet heavy machinery.

During 1982, following the Reagan administration’s unleashing of CIA-supported contras, Soviet assistance increased dramatically. A large part of the increase occurred in May when Daniel Ortega led a sizeable delegation of government and FSLN (Sandinista National Liberation Front) officials to Moscow and signed several pacts worth an estimated $166.8 million (U.S.). While no balance of payments assistance was
forthcoming, these agreements called for the construction of two hydroelectric plants and a 400-bed hospital, an additional $100 million in trade credits, and the installation of radio transmitters and a ground-based telecommunications receiver (similar to one just installed in Cuba) that would link Nicaragua with the Soviet Inter-Sputnik system. An important part of the new agreements was a joint Soviet-Bulgarian project to develop a deep-water port at El Bluff and an inland waterway system utilizing the Rio Escondido to Rama. In addition, the USSR provided a grant of $31 million to help develop small industry. To carry out these projects, the Soviets sent numerous scientists and technicians. During 1983, a major new project was the construction of a drydock in San Juan del Sur to be used by the Soviet tuna fleet.

Soviet donations of educational, health and food assistance, a major aspect of economic relations, began arriving shortly after the FSLN victory. During 1980, the Soviets assisted Nicaragua in its educational endeavors by providing scholarships and material assistance to the literacy campaign. Donations to the latter included 10,000 pairs of shoes, boots, and glasses, 20,000 notebooks, 1,000 radios and the loan of two helicopters and crews which were used to ferry supplies to the instructors serving in the hinterlands of Nicaragua. By 1981, USSR donations to Nicaragua’s education programs were considerable with Soviet construction of vocational schools in León, Matagalpa and Managua, and scholarships reaching three hundred in number. During 1982, scholarships increased to 1,000, thirty of which were utilized for the training of math professors. By 1983, Soviet educational aid included a direct contribution to the Nicaraguan educational fund.

Unlike USSR educational aid, Soviet medical assistance remained small, growing only in response to the floods of May 1982. The first Soviet medical donations arrived in October 1979. On that occasion and again in May and September 1981, the USSR donated millions of vaccinations. In response to the flood disaster, the Soviets sent $30 million in emergency relief, including both medical equipment and personnel. Thirty medical professionals, a field hospital, medicines and other equipment arrived on a Soviet airlift early in June. The USSR also donated emergency assistance to the Red Cross.

The Soviet Union contributed large quantities of food as well. Beginning in spring 1981, when the Reagan administration halted U.S. government financing of wheat sales to Nicaragua, the USSR began shipping wheat. By June 1984, the total of these shipments had reached 50,000 tons.

Nicaragua and the Soviets also established trade relations. From 1980 to 1984 trade increased dramatically. While both Nicaraguan exports to the USSR and Soviet exports to Nicaragua have grown, the latter exceeded the former by a wide margin. In fact, Nicaragua’s trading position with the USSR and Eastern Europe deteriorated from a $23 million surplus in 1980 to a $28 million deficit in 1982. This trend increased in January 1984 when the Soviets delivered 10,000 barrels of aviation fuel and 15,000 barrels of kerosene to Corinto, while 240,000 barrels of Soviet crude were expected at Puerto Sandino.
Nicaragua’s exports to the Soviet Union began in January 1980 with the initiation of coffee sales. Later that year and again in 1981 Nicaraguan trade delegations visited to USSR to promote increased exchange. By fall 1981, their efforts were rewarded when Nicaragua began importing large quantities of Soviet machinery, a trend which continued in 1982. 13

Much of the Soviet imports is financed by concessionary trade credits. Between 1979 and December 1983, these credits amounted to $215.9 million. Soviet terms of trade for the credits were concessionary, ranging between 2.5 and 5 percent interest, with a repayment period of from ten to twenty-five years. Some credit arrangements included grace periods of up to five years. 16

By fall 1983, the Soviets claimed to have placed a hold on concessionary credits to Nicaragua. In fact, the trade credits projected for the three year period 1983-85, $100 million, were less than half of the amount extended during the four year period 1979-82. Perhaps this reflects the difficulty Nicaragua would have in repaying larger sums, as evidenced in its debt payment suspension with its neighbors and Mexico and Venezuela. A Soviet decision to cut back would have caused dismay among the Sandanists who had repeatedly requested more credits. 17

The USSR and Nicaragua developed extensive military relations. Prior to the launching of the contra war, there had been significant military aid. Most evident were shipments of East German military transport (trucks) numbering about 1,000, and the arrival of hundreds of Cuban military advisers and East German police advisers, plus the training of pilots in Bulgaria on advanced aircraft. What attracted attention in Washington in the months before the contra war was 1) the training of the pilots, and 2) the arrival in Cuba of seventeen advanced MiGs, leading to the speculation that Cuba might be about to transfer some of her older MiG 21s to Nicaragua, something that was totally unacceptable to the U.S. administration. USSR military involvement expanded considerably. Defence Minister Humberto Ortega met with Marshal Ustinov in Moscow in December 1981, 18 though nothing of the meeting was published or announced in the media of either country. According to the U.S. State Department, Soviet vessels brought 10,000 tons of armaments each year, including tanks, anti-aircraft guns, armored cars, artillery and other ordnance. It is important to note that these arms were not altogether gratis, as payment was sometimes made in hard currency. 19 Shipments sent between 1979 and 1982 have been valued at $125 million by U.S. intelligence sources. 20 During 1983, Soviet military aid increased dramatically, as arms shipments doubled, reaching 20,000 tons for the year.

Nicaragua's international relations with the USSR grew as well. By October 1979, the Soviet ambassador was urging the FSLN to establish ties as rapidly as possible with the USSR and the Sandinists responded with calls of their own for closer relations. The Union of Journalists of Nicaragua was admitted to the communist International Organization of Journalists (along with their Ethiopian and Kampuchean counterparts) in November 1979. 21 Three Sandinist decisions in 1980 reflected the
rapprochement. First, in the U.N. and other international forums, the Sandinists abstained on the question of the Soviet invasion of Afghanistan. Second, the CRN refused to admit Solidarity spokespersons and took the Soviet-Cuban line in its press treatment of the Polish labor movement. And finally, there was an agreement between the USSR and Nicaragua to institute regular flights by Aeroflot.\textsuperscript{22}

During 1981 the FSLN made direct political contacts for the first time with the Soviet Communist Party (CPSU). Bayardo Arce, for example, met with the Konstantin Chernenko in October 1981.\textsuperscript{23} In winter 1981, a delegation from the FSLN participated (as a "front") in the twenty-sixth annual meeting of the CPSU Central Committee, an occurrence which Ambassador Schliopnikov declared (incorrectly) to be unprecedented in Soviet history. Later in October, Bayardo Arce, in charge of creating the Sandinist political party, returned to the Soviet Union for additional talks with the CPSU.\textsuperscript{24} As such party-to-party ties developed, some FSLN leaders openly claimed that the Sandinist revolution was based on Marxist-Leninist principles.

During 1982, the political committee of the FSLN held additional meetings with the CPSU and other Sandinist leaders proclaimed their commitment to Marxism-Leninism. It is worth noting that Hugh Torres, Head of the Political Leadership of the Popular Sandinista Army, made such claims most vigorously on the eve of the major trek to Moscow in May 1982, during which the Soviets granted Nicaragua sizeable aid. Moreover, the official slogan launched for May Day 1982 declared that Nicaragua favored "the construction of socialism." Consider, for example, the $50 million in trade credits of September 1981 that followed the August 1981 proclamation, and, also, the $166.8 million pact of May 1982 that followed a similar proclamation in April. This pattern suggests that Soviet aid may have been facilitated by the Sandinist commitment to socialism.\textsuperscript{25}

There were other signs in 1982-83 of growing relations between Nicaragua and the USSR. In March 1982 the two nations signed an agreement to establish additional Soviet consulates and to facilitate the acquisition of travel visas. Moreover, prior to the May 1982 Moscow visit, the FSLN affiliated its mass youth, women's and labor organizations with their respective Soviet-sponsored international bodies. In addition, the Sandinist press supported the Soviets in the KAL incident, while Nicaragua abstained on the U.S. vote.\textsuperscript{26} There can be little doubt that the FSLN party saw itself as "fraternally" linked to the CPSU, as well as to its Cuban counterpart.\textsuperscript{27}

NICARAGUA'S RELATIONS WITH THE COMECON STATES

Next in importance were relations with Bulgaria, though they did not develop until 1980. It appeared, in fact, that Bulgaria would play a major role in Nicaragua, in harmony with the USSR, just as it had in Cuba.\textsuperscript{28} Nicaragua's Bulgarian relations developed much as those with the USSR, including economic, military and international aspects. In the case of Bulgaria, economic relations may be subdivided into three elements: donations, economic-technical cooperation and trade.
During the summer of 1980, Bulgaria sent medical donations worth $500,000. Later that year a protocol was signed establishing a framework for future donations and other assistance. During 1981, Bulgarian donations grew to $20 million. Economic-technical cooperation also commenced in 1981, and two major cooperation pacts were signed. The first provided for the construction and maintenance of a dam on the Yeye River, while the other established joint Nicaraguan-Bulgarian enterprises in the canning and leather industries, raised the number of scholarships, and increased the level of trade credits. By 1981, another agreement was reached providing technical assistance to the food processing industry and Bulgaria sent wheat in response to the U.S. credit freeze. During 1982, the two states signed cooperation pacts in April, May, June and July, allocating technical assistance to agriculture, the fishing, forestry and mining industries, providing for equipment deliveries, a $10 million loan to the telecommunications industry, and the financing of the joint Bulgarian-Soviet construction project to develop a deep water port and inland waterway from El Bluff to Rama. Then, during 1983, yet another cooperation agreement was signed substantially increasing assistance, including a trade credit of $140 million to be spread over 1983-85.

Nicaragua and Bulgaria established trade relations in 1980. By January, Nicaragua had begun exporting coffee to Bulgaria and in 1981-82 the latter reciprocated with canned goods. These and other commodities were financed by trade credits which by the end of 1982 had reached $37 million. In March 1983, the two countries signed a new trade agreement. Further, Bulgaria, as had the USSR, began military training programs. During 1982 the Reagan administration became preoccupied by reports of Nicaraguan pilots training in Bulgaria. In 1983 military assistance included the training of additional pilots and the transport of arms from communist countries.

Nicaraguan-Bulgarian international relations included direct contacts between the Bulgarian Communist Party (BCP) and the FSLN, as well as intergovernmental discussions. Bayardo Arce met with representatives of the BCP in 1980 and 1981. In December 1980, a BCP delegation met in Nicaragua with the Political Committee of the FSLN and members of the GRN. In October 1981, Arce visited with representatives of the BCP in Bulgaria. Then in late 1981, yet another BCP delegation met with the FSLN in Nicaragua. Just as the Sandinists established firm ties with the Cuban and Soviet ruling parties, they met as frequently with the Bulgarian Party. These frequent party-to-party contacts tend to cast doubt on the possibility of the FSLN pursuing the "Mexican path" in the future.

Soon after the victory of 1979, Nicaragua established relations with the German Democratic Republic (GDR). Though the GDR provided immediate medical aid for seriously wounded Sandinists, Nicaragua's relations with that country were primarily economic and intergovernmental. Economic relations with the GDR, like those with the USSR, may be divided into three categories: donations, economic-technical cooperation and trade.
East German donations began arriving in August 1979, with a shipment of medical supplies valued at one million marks. By 1981, GDR donations had reached $100 million, part of which came in the form of wheat shipments commencing in 1981 in response to the U.S. credit freeze. Another portion of the total represented educational aid. The GDR contributed $1 million in June, 1982, following the floods. In 1983, GDR donations included the installation of an electronics workshop and a Christmas gift of 40,000 tons of toys.16

The German Democratic Republic began its economic and technical cooperation with Nicaragua soon after the first donations arrived. In early September 1979, the GDR pledged to construct textile factories in Nicaragua. During 1981, economic-technical cooperation increased with the signing of three more cooperation pacts, in three areas: public health, transportation and education.17 Trade relations with the GDR commenced in 1980, when Nicaragua began importing trucks and exporting coffee.18 In addition, Nicaragua held intergovernmental discussions with GDRCP chief Honecker and other officials on several occasions.19

Nicaragua developed relations with Hungary in 1980, though these have been limited to economic ties and intergovernmental discussions. Hungarian economic aid to Nicaragua was of two types: donations and economic-technical cooperation. In September 1980, Hungary provided a number of scholarships. By 1981, $5 million in donations had arrived, some destined for the mining industry.20 Economic and technical cooperation began when a team of public health and regional planning experts arrived.21 Intergovernmental discussions also commenced in 1981, and have been held annually since.22

Relations with Poland and Romania were initiated during 1980. As of 1983, these were limited to trade, with coffee exports beginning in 1980.23 Romania was supplying police cars to Nicaragua by 1983.24

Relations with Czechoslovakia began in 1981 as economic, military, and international relations developed with the CSSR. Economic relations involved donations, economic and technical cooperation, and trade. The CSSR made several contributions amounting to $35 million in 1981, and donations continued in 1983.25 Czech economic-technical assistance also started in 1981. As of 1982, two major economic-technical pacts had been signed, one in May 1981 and another in January 1982.26 Nicaraguan-CSSR trade also began during 1981. By December, the Czechs had financed $40 million in exports, including heavy production equipment, trucks and textile plants. During 1982-83 additional exports were financed, with the terms formalized in agreements of January 1982 and July 1983.27

Czech military relations resulted in both the arming and training of the Popular Sandinista Army. The program began in 1981 when thirty-five Nicaraguans received flight training in the CSSR. In 1983, the Czechs sent several SL 39 pilot trainers,28 and arms shipments followed with the Nicaraguan army receiving new Czech rifles.29 International relations had progressed by December 1981 to the point where a consular agreement eliminated the need for travel visas.30 In both 1982 and 1983 the two states held intergovernmental talks as well.31
YUGOSLAVIAN-NICARAGUAN RELATIONS

Nicaragua's relations with Yugoslavia were limited to economic and intergovernmental relations. Yugoslavia provided economic assistance by offering a $40 million loan, to help the struggling state through its debt crisis, and by assisting in the development of Nicaragua's agriculture, especially its corn production. Intergovernmental discussions with Yugoslavia occurred in 1979, 1980 and 1982.¹²

THE QUANTITATIVE DIMENSION SUMMARIZED

The GRN reported that by July 1982, 18 percent of its loans had come from the "Soviet bloc," while by December 1982, 11.9 percent and 7.7 percent of exports were tied to "bloc" states.¹³ These totals appear low in light of the extensive projects and programs noted in this essay. One explanation would be that Cuban aid and trade, as well as all military and security training and supplies, were excluded from these figures. Moreover, donations, technical assistance and aid other than loans were excluded as well, though it may be questioned whether Cuban aid is actually Cuban-generated or rather simply Soviet aid by proxy. It seems, however, that the former is indeed the case and appears to consist entirely of donations, both of material and manpower, as well as weapons. Of course, it must be noted that the weapons may have been replaced in Cuba through Soviet sources so that the transfer could be facilitated. Nonetheless, Cuba seems to be the best friend Nicaragua has yet found. This is illustrated by Commandante Bayardo Arce in a speech to a group of Cuban and Nicaraguan officials in January 1984:

In 4½ years ... Cuba has sent 2,000 teachers each year and a total of 1,500 doctors who have provided five million medical consultations, performed 65,000 operations and delivered 30,000 babies .... Cuba has also lent assistance in the mining, fishing, forestry and sugar industries, road construction, food production and other areas including military affairs ... friendship with Cuba is not negotiable ....¹⁴

Obviously, Cuba's "internationalism" has found a client in the Western hemisphere.

Our survey of promised economic assistance to Nicaragua by eleven Communist states during 1979-83 resulted in a surprising total value of $1,216,450,000. Broken down into categories, the figures (in millions) were $451 in economic aid, $423.9 in concessionary trade credits, $193.75 in donations, $81 in non-trade related loans, and $66.8 in technical assistance. These are often long-term projects and programs extending at least through 1985, and it is suspected that much of the funding had not yet been expended by 1984. The absence of hard currency to assist in meeting Nicaragua's balance of payments problem with the West is also notable.

Economic assistance totals for 1979-83 resulting from our survey for eleven Communist states were (in millions), in rank order: USSR $443.7, Cuba $286, Bulgaria $232.5, the GDR $103.25, Czechoslovakia $75,
Yugoslavia $40, the DPRK $31, and Hungary $5. In the cases of Poland, Romania and the People's Republic of China, no actual values were reported. The total for the seven states traditionally defined as the "Soviet bloc" was $859.45 million.\textsuperscript{15}

As of 1984, Nicaragua had little reason to expect direct Soviet military support in case of a U.S. invasion — the Communist state had made that clear.\textsuperscript{56} How much credit and economic assistance the Communist states would provide remained to be seen. Nicaragua's growing external indebtedness (up from $1.6 billion in 1979 to over $3.4 billion in 1984) could result in repayment postponements, as occurred in the Cuban case. According to available figures, at least $524.9 million was owed to the Communist states in 1984. The Council of Mutual Economic Assistance (COMECON) appeared ready in spring 1984 to embark upon programs and projects in Nicaragua whose cost could rise substantially in the future.\textsuperscript{57} By spring 1984, then, all indications were that the limits of Communist state support for Nicaragua had by no means been reached.

Author's Note

* The authors wish to thank Praeger Publishers, New York, for permission to include passages from our chapter in Nicaragua: The First Five Years, ed. by Thomas W. Walker, c. 1985.

Footnotes


2. MSSTV, July 31, 1980 (August 1, 1980); Managua Domestic Service (MDS), August 5, 1980; Barricada (Managua), July 30, 1980 (August 6, 1980); RS, September 19, 1980 (September 23, 1980).


5. PPG, June 1, 1983.


9. FBIS/LA, April 24, 1983.


11. MDS, June 3, 1982 (June 7, 1982); Managua International Service (MIS), September 15, 1982 (September 16, 1982).


14. *PPG*, January 27, 1984. By April 1984, the Soviets were supplying 25 percent of Nicaragua's oil needs and the U.S.-owned Esso refinery was processing Soviet crude. (Interview, Ambassador Quainton, Pittsburgh, April 10, 1984).

15. MIS, August 9 and 15, 1981; LP, August 14, 1981 (August 17 and 18, 1981); *La Prensa* (San Pedro Sula), August 23, 1982 (August 24, 1982); MDS, December 17, 1982 (December 19, 1982).

16. *Barricada*, September 2, 1982; RS, August 28, 1983 (August 29, 1983); *END*, November 14, 1982; Deputy Planning Minister Vázquez, quoted *La Prensa*, August 23, 1982 (August 24, 1982). Ambassador Quainton asserted that Soviet terms are not so concessionary; down payment is sometimes required in hard currency and repayment commences immediately (interview, Pittsburgh, April 10, 1984). This is similar to public statements by the Soviet trade representatives but differs from official comments in the Sandinista press.


27. The authors were surprised to discover that it is difficult to determine the scale of Soviet and bloc diplomatic representation, compared to Western European contingents, in Nicaragua. A telephone interview with the U.S. State Department Desk Officer for Nicaragua revealed that "did not know."


30. RS, January 4, 1982 (January 7, 1982); Managua Radio Mundial (MRM), July 15, 1982 (July 16, 1982); *Financial Times* (*FT*) (London), March 17, 1983; MDS, April 7, 1982 (April 7, 1982); LNI, June 4, 1982; *PPG*, June 1, 1983.


32. *NYT*, March 27, 1983; *PPG*, March 6, 1981.
35. RS, July 8, 1983 (July 9, 1983).
43. RS, January 26, 1980 (January 29, 1980).
44. RS, January 26, 1980 (January 29, 1980); San José Radio Reloj, March 14, 1983 (March 18, 1983).
48. HIS, June 20, 1983 (June 21, 1983).
49. Panama City ACAN, October 20, 1983.
51. RS, October 6-7, 1982 (October 8, 1982); MDS, November 30, 1982 (December 1, 1982); HIS, January 23, 1983 (January 25, 1983).
52. Panama City ACAN, March 19, 1980 (March 20, 1980); RS, June 22, 1982 (June 23, 1982).
53. This estimate is from Envío, 13 (Instituto Histórico Centroamericano, Managua), July 1982.
55. The Cuban data are for 1979-82. Many projects and programs were publicly assigned no monetary value and could not be added to our totals. The value of technical assistance is clearly understated. We utilized only the statements of official spokespersons and the official media in Nicaragua, Cuba and the USSR for our numbers.
56. Interview, Ambassador Quainton, Pittsburgh, April 10, 1984.
57. Nicaragua signed an agreement with COMECON in September 1983, obtaining "observer" status, and attended the 37th session of COMECON, held in Berlin, in October 1983. COMECON Vice Minister Angel Chauchev led a delegation to Nicaragua in February 1984 "to organize scientific, technical and cultural cooperation." Nicaragua thus became one of "over 90" states receiving such aid. See BI, February 20, 1984; LVN, March 9, 1984.