



THE AUTHORITARIAN DICTATORIAL WAVE IN THE XXIst CENTURY: TOWARD A DEMOCRATIC RESET

Manuel Orozco and the Working Group
on Politics and Mediation in Nicaragua

© 2024, Inter-American Dialogue. First Edition.
Inter-American Dialogue
1155 15th St. NW, Suite 800 Washington, DC 20005
Tel: + 1 202-822-9002 / Fax: 202-822-9553

Prepared by: Manuel Orozco and the Working Group on Politics and Mediation in Nicaragua
Prepared for: Inter-American Dialogue
Date: September 2024

Cover image: ev, Unsplash, <https://unsplash.com/es/fotos/hombre-parado-cerca-del-humo-gnzzkfzNMXI> (CC0) The image has been edited in black and white with a blue filter

Layout: Victoria Tosi

This report is a product of the Inter-American Dialogue. The views and recommendations contained herein are solely the opinions of the authors and do not necessarily reflect the consensus views of the board, staff and members of the Inter-American Dialogue or any of its partners, donors, and/or supporting institutions. The Inter-American Dialogue is a nonpartisan organization deeply committed to intellectual independence, transparency, and accountability. While donors are encouraged to participate in Dialogue activities, they do not influence our work in any way. Financial supporters have no control over the writing, methodology, analysis or findings of the Dialogue's research efforts.

THE AUTHORITARIAN DICTATORIAL WAVE IN THE XXIst CENTURY: TOWARD A DEMOCRATIC RESET

Manuel Orozco and the Working Group
on Politics and Mediation in Nicaragua

SEPTEMBER 2024

THE AUTHORITARIAN WAVE, DEMOCRATIC BACKSLIDING AND A FRESH FOREIGN POLICY START

A new cold war has been overwhelming the world with growing intensity, shaped by different forces and adversaries such as the autocrats of the XXI century – who only add more to conflict.

This briefing offers a characterization of this wave, particularly as it relates to one of the most damaging regimes in the Western Hemisphere, Nicaragua.

The main highlights include:

- There are 45 dictatorial regimes that range from radical extremist countries to countries that restrict freedoms and break the democratic rule of law;
- Dictatorships are a significant part of leaders exacerbating global tensions
- These regimes have been around for an average of 14 years

- Under dictatorial rule social conditions are worse for citizens
- These regimes are responsible for 35% of all migration;
- They capture 29% of all external public debt
- The longer they last the greater the harm they cause
- They consolidate through three inflection points: allying with security forces; integrating family members in positions of authority and criminalizing dissent;
- Tackling these regimes requires multiple tools, particularly supporting internal mobilization while exerting sanctions and penalties against transgressions and a coordinated fight against the powers that be

The autocratic wave

A new cold war¹ is affecting politics, with “three major powers—and dozens of smaller ones—maneuvering for simultaneous advantage create far more potential for conflict, both accidental and deliberate, than the world has confronted.”

This cold war takes on a new form, very different than the previous – one not exactly ideological, but perhaps existential – among autocrats, those dictators of the XXI century to whom *The Economist*² warns in its latest Index of Democracy gearing on an upward trend in a concerning manner.

This period is mixed with technology, advanced propaganda, with generations of individuals, many of which lived the late times of the cold war, who are willing to rule by force and by proxy with non-democratic regimes.

Applebaum³ has stressed that “the strongmen that rule share a determination to deprive their citizens of any real influence or public voice, to push back against all forms of transparency or accountability, and to repress anyone, at home or abroad, who challenges them. They also share a brutally pragmatic approach to wealth...Their bonds with one another, and with their friends in the democratic world, are cemented not through ideals but through deals—deals designed to take the edge off sanctions, to exchange surveillance technology, to help one another get rich.”

True, the dictatorships of the 21st century have improved their repressive techniques, their mechanism of social control, and their methods to deal with diplomatic isolation without losing international markets.

The result remains the same: repressed societies, controlled by an autocratic leader, who sacrifice the economic and social development of their citizens. However, we are in the age of the knowledge and digital economy where autonomy, individuality, initiative, and collective engagement prevail. Therefore, the consequences are worse than in previous cold wars, not only because they delay development, but they condemn society to political and economic poverty for more than a generation.

In Nicaragua, for example, an entire generation has now not known democracy, and a country without a democratic past will have to reverse bad patterns inherited in very complicated terrains.

It is therefore important that societies and the international community be alerted, better aware and prepared to resist dictatorships. It is not only about civic protest, but also about remaining informed, knowing how these regimes work, how they steal, and how to prepare people when these dictatorships begin to decay.

The numbers don't lie: the dictatorships of the 21st century are disastrous

The so-called democratic decline or backsliding highlights the political setbacks in many countries and serve as a warning of how close we are to living in a world run by dictators. Civic groups in El Salvador, Honduras, Peru, Paraguay, among others, need to triple their efforts to unite on a democratic political pact, otherwise the dictatorial wave will consume them as it has happened in Nicaragua and Venezuela.

In addition to the theocracies of oil-exporting countries and communism in the People's Republic of China (with a billion people subjugated in a repressive and pseudo capitalist system), there are 45 actively repressive dictatorships.

These regimes have been around for an average of 14 years, and they share two great realities: first, they are countries in which public policy prevails in favor of the ruling elite and neglects social needs; Second, beyond the notion of transgressing political rights, they are politically unstable States, in which internal struggles prevail between internal infighting between the circle of power and military, police and dominant parties.

The more years a dictatorship lasts, the greater the cracks until they collapse. But the damage is devastating.

TABLE 1: DICTATORIAL STAY IN POWER

Source: [World Population Review](#); [The Economist](#). [Pew Research](#).

	GCC (5)	DICTATORSHIPS (45)	NICARAGUA	OTHERS (149)
Year since taking power	2019	2006	2007	2020
Years in control	16	14	17	4
Leader's age	69	66	78	60

Dictatorships are led by leaders who keep their people in poverty, where average per capita income levels are one fifth of the average per capita income in countries without dictatorships.

They exhibit high rates of underemployment and low levels of social development. And it is not that one thing (the underperformance) leads to the other (dictatorship): in the 21st century, the lack of performance occurs because of the dictatorships.

Politically, the problem lies in the method that these regimes are using to stay in power, which is more sophisticated and in stages. They begin to concentrate institutional power (taking over the legislature and the judiciary), and then proceed to attack social pluralism, restricting the independence of the media, religious freedom, and control of civil society organizations, large or small, philanthropic or otherwise, and stalking private enterprise, gradually displacing them until they impose their own economic elite (see Table below).

TABLE 2: SOCIAL INDICATORS COMPARED BY REGIME TYPE (2021)

Source: [World Bank](#), [Prison Studies](#).

	GCC (5)	DICTATORSHIPS (45)	NICARAGUA	OTHERS (149)
Unemployment Rate	3	8	7	6
Incarcerated population x100,000 people	141	188	332	181
Per capita Gross Domestic Product	\$44,029	\$3,915	\$2,255	\$22,538
Population over 25 with a university degree (%)	26	13	13	22
Government Expenditure in Education (% of total budget)	11.92	12	17	15
Private Health Expenditure (percent share of total)	10.51	42.13	30.82	25.85
Per capita health expenditure (US\$)	1403	173	198	1752

Across these dictatorships, there is more migration because of state repression.

In fact, these regimes capture 35% of all global migration.

In many of these countries there is a structure of state capture in favor of the ruling elite. A structure in the hands of a family clan (as in Nicaragua) or a mafia (as in

Venezuela) that redirects public resources and extortion towards businesses within the clan's circle of power.

Among these autocracies, dependence on remittances, foreign aid, and external debt, even in the absence of compliance with contractual clauses, are greater than in the democratic world: 29% of external debt (excluding China) comes from these dictatorships, and 16% of remittances worldwide.

These are countries with more closed foreign trade, whose global insertion is more limited because their leaders do not invest in the economic complexity that depends on healthy, educated, intelligent human capital (see Table below).

These regimes prioritize public investment through external debt and facilitate economic support to their elites to maintain a circle of loyalty around the dominant power.

The result is economies that are more rural, less self-sufficient and less competitive in the global economy.

At the same time, faced with the poverty that these regimes fuel, they take advantage of international cooperation so that the world 'takes care' of the poor and receives external help in health, education, and food.

TABLE 3: ECONOMIC INDICATORS OF EXTERNAL DEPENDENCE (2021)

Source: UNDESA; Banco Mundial, Harvard-MIT Economic Complexity Index (capacity to produce high value added manufactures supported with human capital): No Economic Complexity (-1.55 -0.75); Low Economic Complexity (-.075 to -0.16); Developing or Growing Complexity (-0.16 to 0.73); Advanced Economic Complexity (0.73 to 1.61); Full Economic Complexity (Over 1.61).

	GCC (5)	DICTATORSHIPS (45)	NICARAGUA	OTHERS (149)
Average country's migrants living abroad	109,483	1,911,912	1,218,154	1,028,252
Exports as Perc. of GDP	61%	29%	50%	37%
Foreign Direct Investment as Perc. of GDP	3%	0%	1%	2%
Remittances as Perc. of GDP	0%	2%	21%	1%
External Debt as Perc. of GDP	0%	4%	15%	2%
Official Development Assistance as Perc. of GDP	0%	4%	7%	2%
Agriculture as Perc. Of GDP	1.26	16.35	15.44	9.4
Economic Complexity Index	Developing (0.05)	Low (-0.62)	No complexity (-0.91)	Developing (0.14)

These countries are also prey to the geopolitical cultivation from China and Russia.

The level of commercial dependence on China and Russia is much higher than the dependence of countries without dictatorships with these two regimes. Dictatorships take commercial refuge with China to resolve their deficiencies in the global economy, buying cheap and poor-quality material.

China's problem is that it promotes the idea that it is okay to have trade relations with these countries, even if human rights are violated or there is no democracy. At the same time, China cultivates a geopolitical footprint that it eventually takes advantage of for its economic interests and competition with the United States.

TABLE 4: TRADE DEPENDENCE AS SHARE OF TOTAL TRADE (2021)

Source: World Bank, World Integrated Trade Solution.

	GCC (5)	DICTATORSHIPS (45)	NICARAGUA	OTHERS (149)
Imports from the US (%)	6.24	5.1	24.86	12.53
Exports to the US (%)	2.79	7.74	56.52	12.31
Imports from China (%)	12.95	16.88	18.46	12.24
Exports to China (%)	7.61	10.29	0.25	7.94
Imports from Russia (%)	3.24	6.6	1.33	2.21

The longer they prevail, the greater the harm they cause

One of the main problems with the XXI century dictatorships is that they have no ideological goals and set no limits to their radicalization, as long as they are satisfied with their indefinite stay in power.

Therefore, the negative impact on society and the world is greater the longer they stay.

The longer they rule, the lower the income their people earn, yet the higher is their dependence on foreign aid and on family remittances because the wealth they raise only benefits their inner circle. They continue borrowing money, but their public expenditure does not favor the population; in fact, unemployment is higher and public expenditure in education is lower among those longer standing dictatorships.

Authoritarian rulers are not good to their citizens.

TABLE 5: PERFORMANCE INDICATORS AMONG DICTATORSHIPS OVER LENGTH OF TIME

INDICATOR	UNDER 7 YEARS	OVER 8 YEARS
Per Capita GDP	\$10,816.54	\$8,096.82
Official Development Assistance as share of GDP	5%	5%
Remittances as share of GDP	4%	6%
External Borrowing as share of GDP	4%	5%
Official Development Assistance in per capita terms	44.43	75.87
External Borrowing per capita	204.68	202.77
Family remittances per capita	75.37	143.11
Migration as share of population	6%	9%
ODA	\$1,291,784,512	\$1,387,691,917
Migration	1,368,308	2,253,164
Unemployment (total, national est.) (%)	3.32	8.86
Government expenditure on education (% of government expenditure)	18	13
Unemployment with advanced education (% of total labor force with advanced education)	9	12

The inflection point that has made these dictators prevail

This authoritarian wave has gradually emerged and succeeds when three political turning points meet. These turning points coincide with entangling alliances with non-elected forces or de [facto powers](#) (organized crime, privileged elites, family clans, leaders without having received any electoral authority) that interplay with the autocrat in the making.

In analyzing 45 or more dictatorships worldwide we find three major moments that reflect the timing in which political leaders concentrate power and ally themselves with de facto powers, entering a road toward a progressive authoritarian route.

First, is the moment in which the leader takes advantage of his leadership status, whether due to popularity or authority, to legitimize his use of violence in alliance with security forces when social protest ensues over a politically difficult problem.

Second, is the case in which the leader brings his family in positions of public authority, appointing them to ministerial positions, state agencies, or positions of political trust.

The third manifestation of antidemocratic progression occurs when the leader distracts public opinion in the face of criticism from civil society by attacking the media and independent journalism, until eventually going against society.

None of these three moments occur in sequence, sometimes all three occur simultaneously. But all three are the prelude to the concentration of power.

These turning moments are not the object of popular protest because citizens are suffocated by so many burdens and obligations, and leaders seize the opportunity to expand their political authority by taking over all branches of power and allying with parallel forces.

The experiences of Nicaragua and Venezuela are illustrative, but the same trends are observed in other countries, including El Salvador and Honduras, Belarus, Egypt, and Bangladesh to name a few.

The concentration of power and state capture

These de facto powers are taking advantage of the inflection points and growing alongside the autocrat, who accumulates more strength, first, by eliminating institutional check and balances, then criminalizing civil society to restrict freedom of expression and movement and using of state capture to enrich their clan.

The consolidation of these factual powers occurs in a tenuous, gradual, and epistemic manner; they spread throughout every socio-political segment, expanding so much that political resistance becomes more dangerous, difficult. The main problem is that the relationship between the autocrat and the power that be, becomes intertwined and codependent, a situation that further deepens the radicalization and criminalization of state capture.

This is an almost total capture of state institutions to benefit the clan or circle of power and its parallel allies.

Depending on the degree of concentration of power and state capture, political resistance becomes more difficult, dangerous, and uncertain because the problem is no longer strictly electoral, but rather a structural challenge that requires of dismantling the scaffolding by which these powers are supported, by demoralizing it, pressuring it externally, and signaling to dissenting forces to step aside or ally with democratic interlocutors. Thus, although the sources of resistance may be the same, the level of involvement is higher depending on autocratic radicalization.

There are at least four countries in Latin America and the Caribbean where the level of state capture is a reality, occurring in different stages and modalities, but with key actors assuming greater political preponderance on the national stage. In each of these countries, the leaders have taken advantage of populist rhetoric, polarizing revanchist attacks, and have been governing among their family circle, appointing relatives to strategic government positions, and surrounding themselves with figures linked to organized crime activities or as operators of the state capture.

Its political and economic power is gradually displacing other actors in the country's national environment and closing spaces for competitiveness.

TABLE 6: SELECT CARIBBEAN COUNTRIES BY SELECT ENERGY INDICATORS

Source: Author based on data from the World Bank and Our World In Data

	NICARAGUA	VENEZUELA	HONDURAS	EL SALVADOR
Family Clan	Daniel Ortega-Rosario Murillo	Nicolas Maduro-Cilia Flores, Delcy Rodríguez vicepresidenta	Manuel Zelaya-Xiomara Castro	Nayib Bukele; Gabriela Rodríguez
Family in Government	Laureano Ortega, JC O;	Nicolas Maduro; Adam Chavez	Héctor Manuel Zelaya, (<i>Carlos Zelaya; Manuel Zelaya Rosales</i>)	Karim, Ibrajim Bukele; Xavier Zablah Bukele
Economic player	Chico Lopez;	Tareck Zaidan El Aissami Maddah, petróleo, Saab, Jorge Rodríguez,		Yusef Bukele
Repressive Apparatus	Horacio Rocha	Iris Varela, penitenciaría		Mauricio Arriaza Chicas
Operador crimen organizado	Fidel Moreno; Gustavo Porras	Diosdado Cabello, congreso, operador		
The Military	Julio Cesar Avilés, mas seis entes públicos	Padrino López, defensa, y 11 ministerios;	Elías Melgar	René Merino Monroy
Foreign Affairs	Valdrak Jaentschke	Yván Gil Pinto	Eduardo Reina	Alexandra Hill
Other allies	Tirso Celedón		Rixi Moncada	
Concentration of Power	Total	Total	Partial	Total
Health of opposition	Weak, in exile	Organized	Weak, fragmented	Weak, fragmented
Per capita Indebtedness (average \$200)	\$400	\$700	\$250	\$530
Migration (% of population 3%)	20%	25%	15%	30%
Judicial Security (ranking from 215 paises)	141	208	83	59

Toward a Fresh Start Against Dictators

What to do in the face of this hybrid model of de facto-authoritarian power? Remaining silent and pretending that nothing happens in a dictatorship, and even believing that human rights violations only affect militants and activists who challenge the regime, is not only wrong but

an incomplete understanding of the features of democratic transitions.

Becoming more aware of these patterns can prevent complacency in the nascent stages of dictatorships when the “strong hand” messaging is associated with good government, or when the problem of corruption is trivialized because “everyone steals, at least this one build something.” Bukele’s recent ‘lessons’ against gangs are examples that the exchange between the [sovereignty of](#)

[constitutional rights](#) for the social order does not leave positive returns.

The Ortega Murillo regime is a more forceful example of how [destructive dictatorships](#) are when these despots take flight with the rights that they restrict in the population. There is always a turning point, and it begins when the leader preaches coercion in popular language.

Today, political mobilization to contain these regimes falls into the hands of a transnational democratic movement with roots intertwined inside and outside the structures of democratic resistance.

The expectation that stressed state led international mobilization efforts in the face of internal repression is not functional since we live in a moment where we are experiencing parallel and transnational ties.

There is a 'formal' world composed of governments (public officials professionally trained for bureaucratic work of international rules and procedures), civil society, businesses that serve its citizens in social or economic services; and at the same time, there is a world of organized crime and de facto powers that for 30 years have coexisted with, and perverted, the formal structures of the democratic rule of law.

Those in the formal world do not have or know how to pressure, or deal with, the others, the factual and criminalized ones. Partly because they do not know them well, they are unaware of their main characters and ways of operation - until members of the police, businessmen and military are co-opted by these parallel powers.

And these are growing in strength, although not in number, but they have capital and financial assets, interests and networks rooted transnationally.

This transnational condition requires neutralizing it with an *intermestic* democratic front, starting with a strategy that points with more certainty to the weak points of these.

The democratic transnational alliance requires recruiting 'old' forces that knew how to deal with the dictatorial monsters of the eighties and seventies, because we are dealing with a generation of people who have no experience with the cold war despots that stalk the region today. Between the formal bureaucratic generation and the monsters of the cold war there are few players in between who know how to end this wave of dictatorships. The transnational approach could remedy this challenge.

INSIGHTS AND RECOMMENDATIONS FOR A FRESH FOREIGN POLICY THAT DEAL WITH DICTATORS: NICARAGUA AS A PRIMER

Considering that dictatorial rule is shaped by a concentration of power that increasingly criminalizes society and is accompanied with kleptocratic behavior, this briefing offers some insights and recommendations on how to tackle these vehicles of the democratic backsliding.

This briefing offers seven cues for international joint efforts to promote democracy and weaken dictatorial rule in countries, such as Nicaragua. First, is important to consider that a multi-level coordinated effort among democratic actors and partners is primordial to confront these dictatorships. Moreover, this effort needs to rely on various sources of pressure and apply them simultaneously in order to enhance the policy impact on these regimes.

The mobilization for democracy is no longer just with foreign governments but to work in alliance with transnational democratic civic groups.

The geopolitics of the Cold War today are not bipolar, and there are more tenuous and preponderant global interests that make it difficult for United States pressure to be successful. The assumption that everything is in the hands of the USA is no longer valid.

Transnational corporations and civil society groups, among others, have played a predominant role in politics, and their engagement is vital. The Chinese presence across dictatorships, like in Venezuela and Nicaragua, has created expectations about the possibility of authoritarian or non-democratic continuity with this regime's support.

A democracy promotion and approach against autocrats has three key angles: internal demoralization, neutralization of regime cadres, and external pressure. These angles are to be accompanied transversally revolving around the weakening of the material sources that sustain de autocrats and the powers that be.

Overall, it is important to shift to alternative forms of pressure, organized in a coordinated manner—that includes sanctions, scrutiny of external financing, penalties for

violations of trade agreements and other international treaties, international boycott campaigns, use of soft power and alliances with diasporas. Below, we offer insights into an approach to autocracies in the region.

These efforts must matter to the US because the spread of these dictatorships is affecting the security and stability, migration being one consequence, but also because the US credibility before these dictators has diminished. These regimes have attached a low probability of external pressure because they assume that to the US or the world these dictatorships do not represent a high security and economic risk.

Policy Recommendations Toward a Fresh Start Against Dictators

- 1. Form a taskforce against authoritarian regimes and designate an interagency coordinator**
- 2. Refine key pressure: sanctions, penalties and scrutinize IFIs**
- 3. Engage and entrap powers that be**
- 4. Warn China: not the state but the behavior it rewards**
- 5. Utilize soft power against disinformation**
- 6. Empower, strengthen the opposition, and give hope to people**
- 7. Diaspora, development and diplomacy: alliances, remittances; voice**

1. Form a taskforce against authoritarians:

A true international mobilization for democracy depends on a transnational coalition, led by international civil society, businesses, international organizations and states. At a minimum, is important to set up a global or regional taskforce on democracy and authoritarian expansion.

One that delves into the magnitude of the damage, forecasts the continued effect, and identifies solutions, including those from lessons learned.

The taskforce should serve as a space where players cooperate and collaborate with US government players, particularly through an inter-agency coordinated effort. Their role should be to explore timelines, agendas for mobilization and policy making, as well as coordination of strategies and efforts to mobilize pressure in a coalition of transnational democratic forces. That is, the 3Cs for Democracy: Coordination, Combination and Coalition.

2. Refine key pressure points

There are several lessons and strategies of international pressure that continue to work and need systematic and continued efforts. International sanctions, monitoring and pressuring international financial institutions to audit lending to non-democratic states, apply existing legal frameworks to penalize transgressors, are at a minimum, three areas of external pressure that need improving.

Sanctions

International sanctions are widely accepted as a method of accountability in the absence of the rule of law⁴ towards those who violate human rights, commit international financial crimes, and circumvent being subject to the country's judicial system. The international community as a collective group, or as states, has established a wide range of options within what is called the "policy toolbox" of diplomatic and political pressures. These pressures include individual and sectoral sanctions that close bank accounts or financial operations of entities, commercial sanctions that include penalties and fines, changes or reimposition of tariffs, and boycotts or economic embargoes. There are also other types of economic sanctions regarding the non-authorization of business licenses in companies that allow businesses abroad to trade with a country.

In other words, pressure options are not limited to just one, and their effectiveness increases when they are accompanied by other forms of pressure (bilateral, multilateral diplomacy, among others). Their fundamental purpose is to execute precision and proportion according to the type of abuse, not to dispose a dictatorial regime. Its consequence is to neutralize the violator, and sometimes, to weaken the system.

The rationale for issuing sanctions to individuals and entities stem from transgressions to democracy and human rights— like the ones that have eliminated pluralism, legal security, criminalized democracy, and governed the state through the monopoly of force and not the rule of law.

Scrutinizing IFI lending

Most dictatorships tend to borrow more and capture more of the world's debt than democracies. This reality reflects the lack of scrutiny and financial utilitarianism of the institutions. Often, this lack of scrutiny is due to lender discretions that lead to questionable decisions within the IFI's regulatory framework because the institutional checks and balances within international financial organizations, may be weaker than the political clientelism brought by the politically appointed directors. The result is a credit clearance approval without having gone through the scrutiny of loan approval procedures.

Furthermore, this seal does not carry guarantee of actual compliance with the contractual clauses, so the consequences when a country uses funds to oxygenate its repressive apparatus are counter to the purpose of the loan and the country and the citizens who pay for those loans with their taxes. These institutions often carry a utilitarian treatment of approving loans under terms that guarantee services and amortizations for the benefit of the institution. Nicaragua, for example, is paying two-thirds of its debt service to CABEL although it represents 50% of the country's total debt. The problem of the situation in Nicaragua also has its similarities in Honduras and El Salvador.

International financial institutions must consider a stronger commitment to linking financing with and a holistic approach to development. CABEL's contributions to meeting Central America's needs have come in large sums, yet compliance to loan commitments and contractual clauses have yet to be met. Further scrutiny and transparency are a priority.

Penalties under Legal Frameworks

The world community of states is bounded by a wide range of regulatory environments that tie their commitments to complying with human rights or democracy. Dictatorships should be a direct target to penalties when compliance with agreements are not met. Take the Central American Free Trade Agreement and Nicaragua, which has violated the treaty in many ways. Moreover, this treaty is now 20

years old and reflects ideas and efforts that now need reviewing. Most of trade today (over 70%) from the region is shaped by textile manufacturing (importing and exporting) handled by less than a thousand businesses in all of Central America. Moreover, many trade violations have occurred but enforcement has been shy.

Nicaragua is but one example of these situations when it comes to its trade commitments. At the very least, the Nicaraguan dictatorship has [violated Chapter 16 and 17 of the CAFTA-DR agreement](#), as well as several provisions of the European Union Trade Association Treaty. The imposition of commercial penalties for violations will ensure accountability and promote adherence to provisions previously agreed to by the Nicaraguan government.

Nicaragua has also broken the requirements of their trade association with the European Union. A full 6.5 percent of total trade for Nicaragua is with the European Union and its legal commitment under the trade association includes commitments on political dialogue (such as Articles 12, 14 and 19 of Part II of the treaty) and democracy, human rights, and good governance (particularly Articles 29 and 30 of Part III of the treaty).⁵ Resorting to article 355 of the treaty is therefore merited.

Finally, the legal pathway through bringing dictators to justice is another viable option. Ortega, Maduro, and so many other dictators are subject to international law under different legal frameworks, including the Convention Against Torture, the Inter-American Human Rights Court. Ortega has been made responsible for crimes against humanity and Argentina is already pursuing the case under the case of universal jurisdiction in cases of crimes against humanity [in countries where due process of law is absent](#). Other countries need to follow the evidence and apply the legal instruments at hand to exact the right punishment to these autocrats.

3. Engage and entrap powers that be: architects and engineers of state capture

The powers that be are not anonymous players, or individuals who live in the dark caves of the underground criminal world. Rather these are well known individuals with formal ties to businesses, governments and other organizations, who also maintain a criminal footprint and navigate the formal and legal spaces within the informal and criminal ones and vice versa.

These individuals bring together an ecosystem of transactions between the two worlds to facilitate the

purpose of each activity. These are the intermediaries of the [kleptocratic families, the businesses that facilitate government contracts](#) that benefit public officials, the government officials that offer political and economic favors, among others. These are the architects and engineers of state capture.

Democratic forces need to bring these names to the fore, confront their practices, no matter who they are or how they conceal them. It is what they conceal the source of corruption but also the reason why wealth goes to repressive forces. Many authorities need those names and evidence in order to entrap these 'factic' powers, and those in civic resistance are familiar with them and can get closer.

Both democratic forces and government authorities can motivate and incentivize whistle blowing against accomplices of dictators, but also offer exit strategies to prevent continued state capture and criminalizing democracy. Private sector businesses, including transnational corporations are key players that are affected in their judicial insecurity due to bribes or extortion, but also can be vigilant about who is extorting or seeking bribes.

4. Look at China and other foreign powers

The Chinese influence is overwhelming and strongest among dictatorships, so is Russia. China's strength, however, has provided a cushion for autocrats on a global scale to consider to continue their permanence in power, their radicalization behavior. The problem per se is not only China, but the incentives it provides to these autocracies. As Applebaum points out, this is not a war with China, but "a war against autocratic behaviors, wherever they are found".⁶

Despite trade gains, China has been losing its reputation with the world in so far as it rewards autocratic behavior through loans or construction projects. Democracies need to communicate with China to limit its engagement with these regimes, after all, they may be importing more with China but are not going to be the main trading partners in the long term because the longer they last the less capacity to import they show.

Similarly, as Russia seeks to [influence and control Nicaraguan](#) territory, the threat of regional security is real, whether because of the military and police presence or because it has established a well set intelligence gathering footprint. Combined, these regimes are promoting an

authoritarian regime tolerance that given the existing contagion from the concentration of power among various regimes, it can entrench deep roots through these foreign powers.

The US and other democratic actors must prevent China and Russia from entering and manipulating regional organizations, such as the Central American Integration System (SICA). Nicaragua has put pressure to get these countries formally inside the region and their presence would further damage the already diminished influence of this regional body.

5. Utilize soft power tools across non-democratic spaces

The use of soft power as a tool to promote democracy and counter disinformation is the right approach when it comes to fight dictatorial rule. The various dictatorships have engaged disinformation and censorship efforts in their respective nations. In Nicaragua for example, the regime has closed ranks on expression by eliminating all independent media, while utilizing their own official channels to propagate bias and fear. More importantly, the regime has strengthened its ability to communicate and intimidate by investing Russian and Chinese material media support in the form of trolls, false messaging or intelligence gathering through technological devices that invade citizen's internet and media privacy.

Independent journalism, pluralist social media, freedom of religion, Western democratic popular culture continue to promote, nourish and defend the values and balance between individual and collective freedoms and responsibility. These are powerful tools that counter fake news, censorship and disinformation across dictatorial territories. Democratic forces are to rely more efforts to share the tools of soft power with local democratic allies and strengthen transnational alliances to form a street language of democratic resistance.

Finally, diplomatic engagement among likeminded allies to enhance democratic solidarity among Latin American countries from various fronts is another tool of soft power. Outside of the framework of the Organization of American States, which has been neutralized by nondemocratic actors, countries like the members of the Alliance for Development in Democracy, the Group of Friends of Nicaragua, the former Latin American president's platforms, among others, are pivots and podiums to increase attention to how democracies do better than dictatorships.

6. Outsource democracy promotion from within: Empower and strengthen the opposition

Calling on a transnational civic democratic movement involves empowering people, giving them hope. International players must strengthen their ties with civic movements, in exile and in seclusion, by providing them with resources to hold political resistance against autocrats, recognition before the rest of the world and the autocrats, and a voice in the international scenario. This support should be proportionate to the type of regime.

One central area of transnational democratic support is political resistance; it ties the international efforts to mobilize democracy with the authentic leaders of political change. In these closed societies, where street protests and other forms of public civil disobedience are not possible, passive political resistance can take on other forms in strategic ways that weaken the political capital of dictators. Tadeusz Buksinski ⁷ stresses that there are three forms of resistance among totalitarian regimes: "covert passive resistance;" "nonviolent protest;" and armed struggle. These three forms operate on the basis that the protest against the regime occurs within the individual's moral and ideological space.

In addition, Buntman ⁸, who analyzed political prisoner resistance among Robben Island prisoners in South Africa, identified two forms of political resistance, which are somewhat related to Buksinski's: 'categorical' (overt); and 'strategic' (covert) political resistance. The latter is identified as tactical in nature, that considers long term approaches operating covertly in different forms. Another key aspect identified by Buntman is the creative role of those in resistance, in order to transform spaces of repression and confinement into spaces of resistance and liberation.

Using the moral approach as a pressure mechanism weakens regimes. Applebaum contends correctly that autocrats take information and ideas seriously. And they do so, because they need to control public opinion. Moralizing the corrupting nature of a regime is an expression of resistance that results in reputational damage to the system in such a way that the ruling power has a hard time believing itself a functional entity. Categorical forms of resistance, once popularized but not trivialized, also guarantee some protection against acts of violence—at least until the regime's paranoia decides to act.

The moral and ideological plane is a vital scope of resistance because dictators regularly mirror themselves in the silence resulting from fear (which they interpret as acceptance and accommodation) or the follower clientele's approval, also interpreted as loyalty. However, they are also receptive to 'moral noise,' reflected in popular ridicule, loss of reputation, show of contradictory behavior, for example, to which they are also sensitive. Dictators complement the use of force by feeding a benign image of themselves. If this image is lost among their subordinates, resentment sets in, the dictator's political compass ceases to function, and the dictator becomes demotivated. Discourses, narratives, or hearsay that are visible in the day-to-day routines of the person in the street carry significant weight. This political resistance weakens the dictator's moral authority and demoralizes him or her.

These efforts involve significant material support, of which foreign assistance has fallen short. Foreign aid to Central America for example, added to more than US\$1.2 billion, and support to Nicaragua, the least democratic and most totalitarian country so far in the Western Hemisphere received less than 5% in material support.

Therefore, assisting the opposition is also a matter of proportionality and technical support that can help demoralize the regime, anticipate political developments and mobilize a more organized and prepared opposition leadership.

TABLE 7: FOREIGN ASSISTANCE TO CENTRAL AMERICA, 2021-2023

Source: USAID.

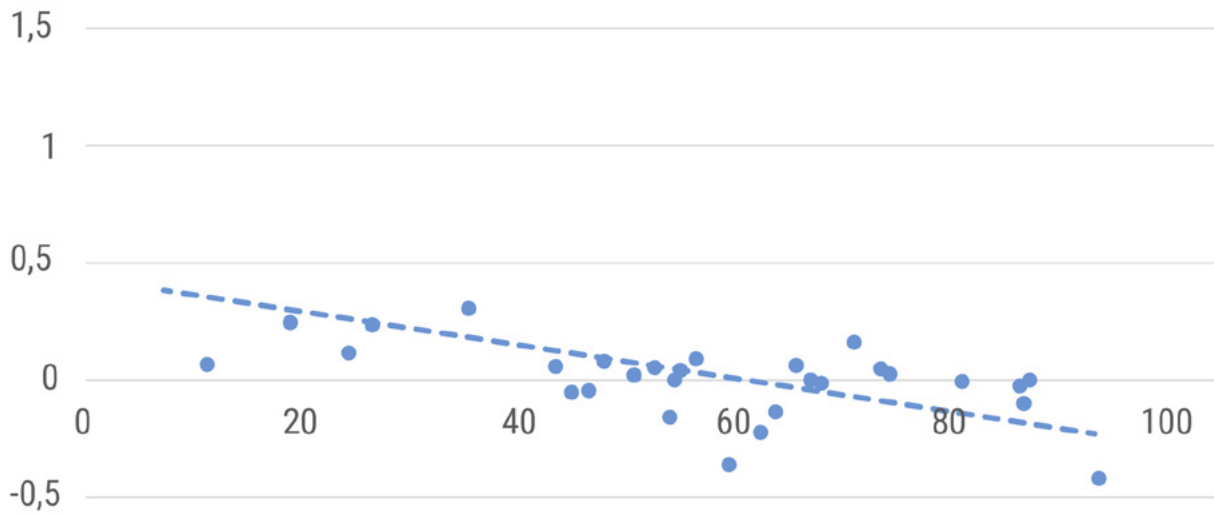
\$ IN THOUSANDS FOR ALL ITEMS	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ACTUAL
CENTRAL AMERICA	329,070	454,500	441,050
El Salvador	97,592	115,000	99,700
Guatemala	107,850	133,500	134,900
Honduras	94,575	133,000	143,700
Nicaragua	13,500	17,000	16,700
USAID Central America Regional	13,013	43,000	38,400
USAID LAC Regional	2,540	10,000	4,650
Mexico	0	3,000	3,000

7. Diaspora, Development and Diplomacy: alliances, remittances; voice

It is important to realize that the so called 'border crisis' is not only about migration to the border, but is a [foreign policy problem](#). The fact is that the nationalities that

arrive at the US-Mexico border are coming from politically difficult countries, mostly autocracies. These migrants are diasporas in the making with an desire to see and act on political change in their [homelands a reality](#).

GRAPHIC 1: DECLINING INVESTOR CONFIDENCE (RATIO BETWEEN PRIVATE INVESTMENT AND PRIVATE CONSUMPTION) AND MIGRATION, Q1-2018 TO Q4-2023 (,000)



A foreign policy strategy against autocracies entails an alliance with diasporas to foster democracy and development back home. Diasporas understand the political problems, the root causes of migration, and the importance of democracies like the United States in shaping a political process that transits toward democracy. These diasporas are political activists in scale because they are constantly following the homeland’s political events, have strong opinion against those regimes, and communicate regularly with their relatives back home.

The diaspora is an ally rather than an outsider to the democratic cause and a solution to continued migration, too.

Moreover, these nationalities are sending money to their relatives - doing what the authoritarian regimes do not want to do: taking care of the people.

First, democracies can ally with diasporas who send remittances so that the latter prepare their families about their home country’s economy, so that they learn to plan their expenses, increase savings, maximize electronic payments in order to reduce consumption: across these dictatorships, every dollar consumed from remittances draws 10-15% revenue for the state. Giving remittance recipients the tools to improve the management of their money will increase their stock of savings and push forward to future investments when stability and democracy arrive.

TABLE 8: REMITTANCE DEPENDENCE AMONG FRAGILE STATES IN LATIN AMERICA AND THE CARIBBEAN, 2023

Source: IAD, [Future Flows](#).

COUNTRY	%
Bolivia	3.5
Cuba	26.0
Ecuador	4.1
El Salvador	24.5
Guatemala	20.0
Haiti	13.0
Honduras	28.0
Nicaragua	29.1
Peru	1.5
Venezuela	6.0
Global average	0.6

Second, diasporas can be valuable megaphones to communicate families about the effect of corruption, extortion, abuse of authority in the form of clientelist, economic or political favors on the population. It is important that diasporas serve as vehicles of political communication to better inform their relatives of the consequences of dictatorial rule against the cloud of disinformation and censorship.

Third, one concrete way to make the diaspora a democratic partner is by them participating in investing materially in political change.

The most remittance dependent countries today come from politically difficult countries, and the severity of their regimes has longstanding impacts on social conditions, including migration. This is a trend that has surfaced circa 2014 with the increased global state fragility. The result is that remittances' role has shifted in many countries, from an instrument of development into an instrument of economic resilience, hence reducing their development impact.

TABLE 9: STATE FRAGILITY AND REMITTANCE DEPENDENCE

Source: Fragile State Index, and World Bank Development Indicators

LEVEL OF STATE FRAGILITY	REMITTANCES AS SHARE OF GDP
Alert to Very High Alert	6.9%
Warning to Elevated Warning to High Warning	8.34%
Very Sustainable to Stable	1.66%

Toward a Region without Autocrats—A mode of Democratic Reset

The coming years are likely to be difficult for many countries, and Latin America and the Caribbean in particular. Concentration of power among many regimes can eventually end democratic rule in the short term or even entrench authoritarian rule in the long term in countries like Nicaragua. The epidemic authoritarian wave can only be reversed through coordination, combined tools and coalitions of the willing. Using Nicaragua as a primer for action is a central approach that will send the right message to other democratic forces struggling to prevent these inflection points from happening.

A1: CHARACTERISTICS OF DICTATORIAL REGIMES

CHARACTERISTICS OF DICTATORIAL REGIMES	ARAB GCC (5)		CHINA		DICTATORSHIP (45)		OTHER REGIME TYPE (149)	
	Mean	(%)	Mean	(%)	Mean	(%)	Mean	(%)
Year	2019		2013		2006		.	.
Years in power	16		11		14		.	.
Dictator/Ruler Age	69	11.70%	70	2.00%	66	86.30%	.	
Governance Indicators (World Bank, Scale -3.5 to +3.5)								
Voice and Accountability	-1.17		-1.61		-1.34		0.44	
Political Stability and Absence of Violence/ Terrorism	0.45		-0.44		-1.02		0.27	
Government Effectiveness	0.85		0.50		-1.00		0.24	
Regulatory Quality	0.80		-0.42		-1.13		0.29	
Rule of Law	0.65		-0.04		-1.13		0.29	
Control of Corruption	0.61		0.02		-1.05		0.27	
Democracy Indicators (The Economist, scale 0-10)								
Electoral Process and Pluralism	0.4		0		1.01		7.4	
Functioning of Government	3.76		3.57		1.94		5.7	
Political Participation	2.89		3.33		3.31		6.21	
Political Culture	4.75		3.13		4.19		5.67	
Civil Liberties	2.59		0.59		1.99		6.78	
Economic Indicators (World Bank)								
FDI	9,667,575,693	3.40%	180,166,881,345	10.60%	(142,823,257)	-0.30%	10,687,359,476	86.30%
Exports	207,328,509,738	2.20%	3,717,887,818,650	12.90%	43,707,530,343	4.90%	184,787,675,123	80.10%
Remittances	271,698,919	0.20%	26,105,771,684	3.40%	3,183,127,649	14.50%	4,475,330,773	82.00%
Debt	.	.	428,041,229,780	32.80%	6,564,396,528	19.10%	7,748,151,387	48.10%
ODA	.	.	(\$282,320,007)	-0.20%	\$1,382,177,780	56.00%	\$1,101,554,572	63.10%
FDI Dependence	3%		1%		0%		2%	
Exports dependence	61%		21%		29%		37%	
Remittances dependence	0%		0%		2%		1%	
Debt dependence			2%		4%		2%	
ODA Dependence			2%		4%		2%	

CHARACTERISTICS OF DICTATORIAL REGIMES	ARAB GCC (5)		CHINA		DICTATORSHIP (45)		OTHER REGIME TYPE (149)	
Trade dependence with the US, China and Russia								
USA Import Partner Share (%)	6.24	1.80%	6.74	0.30%	5.1	10.20%	12.53	87.70%
USA Exports Partner share (%)	2.79	0.80%	17.16	0.80%	7.74	14.10%	12.31	84.30%
China Import Partner Share (%)	12.95	3.00%	.	.	16.88	27.10%	12.24	69.90%
China Exports Partner share (%)	7.61	3.00%	.	.	10.29	26.70%	7.94	70.30%
Russia Import Partner Share (%)	3.24	3.30%	2.94	0.50%	6.6	45.00%	2.21	51.20%
Economic Complexity Index (-2.4 to +2.4)	0.06		1.1		-0.62		0.14	
Social Indicators								
Unemployment (total, national est.)	3	1.80%	.	.	8	15.80%	6	82.40%
Prison population rate x100000	141	2.30%	119	0.30%	188	21.10%	181	76.30%
Migration	109,483	0.30%	10,461,170	4.00%	1,911,912	33.60%	1,028,252	62.10%
PCGDP	\$44,029		\$12,720		\$3,915		\$22,538	
Educational attainment, at least Bachelor's or equivalent, population 25+, total (%) (cumulative)	26.46		.		12.62		22	
Government expenditure on education, total (% of government expenditure)	11.92		10.85		12		13.15	
Unemployment with advanced education (% of total labor force with advanced education)	4.35		.		14		6.66	
Out-of-pocket expenditure (% of current health expenditure)	10.51		34.39		42.13		25.85	
Current health expenditure per capita (current US\$)	1403.4		670.51		173.06		1752.9	
Current health expenditure (% of GDP)	4.17		5.38		5.98		7.9	

A1: CHARACTERISTICS OF DICTATORIAL REGIMES

INDICATOR	UNDER 7 YEARS	OVER 8 YEARS
Official Development Assistance as share of GDP	5%	5%
Remittances as share of GDP	4%	6%
External Borrowing as share of GDP	4%	5%
Official Development Assistance in per capita terms	44.43	75.87
External Borrowing per capita	204.68	202.77
Family remittances per capita	75.37	143.11
Migration as share of population	6%	9%
ODA	\$1,291,784,512	\$1,387,691,917
Migration	1,368,308	2,253,164
Per Capita GDP	\$10,816.54	\$8,096.82
Unemployment (total, national est.) (%)	3.32	8.86
Prison pop rate x 100000	177	184
Educational attainment, at least Bachelor's or equivalent, population 25+, total (%) (cumulative)	16	16
Government expenditure on education, total (% of government expenditure)	18	13
Labor force with basic education (% of total working-age population with basic education)	69	43
Unemployment with advanced education (% of total labor force with advanced education)	9	12
Out-of-pocket expenditure (% of current health expenditure)	38	38
Domestic general government health expenditure (% of GDP)	2	2
Current health expenditure per capita (current US\$)	389	324
Current health expenditure (% of GDP)	6	6
USA Import Partner Share (%)	5	6
USA Exports to country	8	7
China Import Partner Share (%)	17	15
Exports to China	14	7
Russia Import Partner Share (%)	6	6
Remittances	1,103,391,476	5,359,513,452
Debt	4,161,293,995	28,694,524,093
ECI	-0.81	-0.27
Age	60	72
Voice and Accountability	-1.30	-1.35
Political Stability and Absence of Violence/Terrorism	-0.95	-0.75
Government Effectiveness	-0.90	-0.64
Regulatory Quality	-0.94	-0.85
Rule of Law	-0.99	-0.83
Control of Corruption	-0.88	-0.81
Governance score	-0.98	-0.89
Overall Score	2.45	2.57
Electoral Process and Pluralism	0.98	0.89
Functioning of Government	1.74	2.51
Political Participation	3.31	3.23
Political Culture	4.21	4.24
Civil Liberties	2.03	2.02

A3: DICTATORIAL GOVERNMENTS AND ELECTIONS

COUNTRY	NAME	YEARS IN POWER	ELECTION YEAR
Congo, Dem. Rep.	Félix Tshisekedi	5	2023
Iraq	Abdul Latif Rashid	2	2024
Algeria	Abdelmadjid Tebboune	5	9/2024
Venezuela, RB	Nicolas Maduro	11	2024
Russian Federation	Vladimir Putin	12	2024
South Sudan	Salva Kiir Mayardit	13	2024
Vietnam	Nguyễn Phú Trọng	13	2024
Bangladesh	Hasina	15	2024
Azerbaijan	Ilham Aliyev	21	9/2024
Rwanda	Paul Kagame	24	2024
Jordan	Abdullah II bin Hussein	25	9/2024
Congo, Rep.	Denis Sassou Nguesso	27	2024
Uzbekistan	Shavkat Mirziyoyev	8	10/2024
Iran, Islamic Rep.	Ali Khamenei	35	2024
Gabon	Brice Clotaire Oligui Nguema	1	2025
Qatar	Mohammed bin Abdulrahman bin Jassim Al Thani	1	2025
Myanmar	Min Aung Hlaing	3	2025
Burundi	Pierre Nkurunziza	4	2025
Ethiopia	Abiy Ahmed	6	2025
Egypt, Arab Rep.	Abdel Fattah al-Sisi	10	2025
Belarus	Aleksandr Lukashenko	30	2025
Uganda	Yoweri Kaguta Museveni	38	2025
Tajikistan	Emomalii Rahmon	30	2025
Lao PDR	Thongloun Sisoulith	3	2026
Kyrgyz Republic	Sadyr Japarov	3	2026
Nicaragua	Daniel Ortega Saavedra	17	2026
Sudan	Abdel Fattah Abdelrahman Burhan	3	No date clear
Cameroon	Paul Biya	42	No date clear
Yemen, Rep.	Rashad al-Alimi	2	NO elections
Afghanistan	Hibatullah Akhundzada	3	NO elections
Cuba	Miguel Díaz-Canel	3	NO elections
Oman	Haitham bin Tariq	4	NO elections
Western Sahara	Brahim Ghali	8	NO elections
Saudi Arabia	Salman bin Abdulaziz Al Saud	9	NO elections
Korea, Dem. Rep.	Kim Jong-un	12	NO elections
Eritrea	Isaias Afwerki	31	NO elections
Eswatini	Mswati III	38	NO elections
Brunei Darussalam	Haji Waddaulah	57	NO elections

COUNTRY	NAME	YEARS IN POWER	ELECTION YEAR
Cambodia	Hun Manet	1	Elections held in 2022 or 2023
Chad	Mahamat Déby	2	
Somalia	Hassan Sheikh Mohamud	2	
United Arab Emirates	Mohamed bin Zayed Al Nahyan	2	
Turkmenistan	Serdar Berdimuhamedow	2	
Libya	Mohamed al-Menfi	3	
Kazakhstan	Kassym-Jomart Tokayev	5	
Angola	Joao Lourenco	7	
Central African Republic	Faustin Archange Touadera	8	
Türkiye	Recep Tayyip Erdoğan	10	
Bahrain	King Hamad bin Isa Al Khalifa	22	
Syrian Arab Republic	Bashar al-Assad	24	
Djibouti	Ismail Omar Guelleh	25	
Equatorial Guinea	Obiang Nguema Mbasogo	45	
China	Xi Jinping	11	

A4: THE CASE OF SANCTIONS IN NICARAGUA

The scope of the sanctions has focused on individual impact and, to a lesser extent, on sectors where there is clear complicity with the regime. Its impact has had the expected effect: penalizing offenders, those who are corrupt, and the entities complicit in these aberrations. The use of international sanctions has become widespread as an alternative accountability method.

In the case of Nicaragua, sanctions and pressure are actions that surround sources of sustainability for the regime: violent forces (police and army), the media (censors, propagandists, opportunists), economic forces (clientelist actors within the state, businessmen complicit in the regime), and institutional sectors (ministers and other administrators of the system). Until now there have been more than 68 sanctions by the United States.⁹ 12 sanctions were directed towards institutions and 50 towards individuals, which do not include 13 more on the so-called “Engel List.” For its part, The European Union has sanctioned 31 people, including Bayardo Arce, advisor to the presidency of the Republic and Brenda Rocha and Cairo Amador of the Supreme Electoral Council, who have not been sanctioned by the United States. The EU has also sanctioned three institutions. Canada has sanctioned 35 individuals, and unlike the US, it has also sanctioned Bayardo Arce. The United Kingdom has sanctioned 14 individuals, all sanctioned by the United States.

Switzerland has sanctioned 14 individuals, including Bayardo Arce.¹⁰

All of these sanctioned individuals make up the group linked to the circle of power that operates administratively to support the repressive system.

What are the Impacts of Sanctions in Nicaragua?

When discussing impacts, it is important to be specific and concrete as it relates to measuring the effect of this penalty. Certain factors and indicators exist, such as the scope of sanctions in relation to the number of violators, the level of authority that the sanctioned person has in the regime, the effect on the scope of operation (reputational, social, and national), and the dimension affected (personal, economic, and political assets).

In practical terms, sanctions have covered a third of those within the circle of power. At least 200 ‘operators’ have been counted, 50 percent of whom have a high political position within the dynastic family, while the other half are officials, subsidiaries, or influential figures. These ‘operators’ carry out orders to repress, confiscate, and close social institutions. Those close to the circle of power do not include those who execute crimes, such as paramilitary officers.

In this sense, the effectiveness of sanctions is incomplete, given the 'universe' of perpetrators that includes at least 200 officials. The immediate impact on everyone has been reputational. The implementation of this penalty on those who are sanctioned – no matter how much they boast of feeling like patriots being honored by the sanction – adds fuel to the discontent and unpopularity that people feel toward the dictators. Every time a sanction is issued, people ask why only two or three were sanctioned, when more should have been punished.

The impact of sanctions on affected individuals and entities in Nicaragua shows that they have had a direct effect on those sanctioned – not the people. Given that their economic scope was small (because corruption has been limited to receiving smurfing favors: a house, another property, about five businesses with combined capital with a maximum value of US\$10 million in assets, cash less than US\$1 million). The national impact of sanctions has been limited, both in employment and in businesses for third parties.

These individuals received sanctions based on activities that violated human rights, and included people such as Rosario Murillo, who issued orders to mobilize against students and demonstrations to the head of the National Police in charge of carrying out the arrests of hundreds of innocent people. Sanctions were not placed arbitrarily, but in response to unlawful actions carried out by the regime such as electoral fraud, for example. In the cases of second or third tier 'operators,' whose political capital can be affected whenever their authority is not transferable, the effect is precise towards the individual and with little spillover or contagion to others or third parties.

In some cases, the impact on the offender has not been what was expected. More than individual sanctions are needed on account of the magnitude of the transgression, the protection that the individual enjoys, and his or her political capital. For example, the authority of the sanctioned individual can be transferred horizontally or vertically from one position to the management of another ministry or government agency, as is the case of Iván Acosta. In other cases, the person sanctioned is weakened and eventually purged; in others, they lose their power, as is the case of Sonia Castro. Another example is that of the Institute of Social Security and Human Development (ISSDHU) of the Police, which, after being sanctioned, passed into the hands of the Presidency of the Republic. Vertical transfers are common, passing from the president or director to the second or third in command (BCN, MHCP, National Assembly).

The impact of sanctions on the 12 institutions has been large and varies according to the type of entity affected. Even so, concerning the national or systemic effect (for example, causing unemployment, a drop in production, shortages), the impact is limited due to a horizontal mobilization of resources to the informal sector – as has been done with the cash liquidity of Bancorp funds. The only entity that has been less affected by sanctions has been the National Police, which did not interrupt its functions and transferred its financial operations to another entity.

However, the private entities most affected are those businesses with less capacity to transfer their operations, as is the case of Zanzibar and even companies like DNP. These entities are looking for how to survive in a market parallel to and outside of the realm of the global economy. Sanctions against Bancorp reduced the regime's formal access to financial liquidity and caused it to go into debt to supply the financial resources necessary to maintain the regime's economic and clientelist favors. Likewise, the sanction on ENIMINAS reduced its room for maneuver and affected the reputational relationship of international mining companies in the hiring of artisanal miners.

Do these Sanctions Affect People?

These sanctions have not affected Nicaraguans, but rather their transgressors. The economy has shown a lethargy associated with the mismanagement of the system, consistent with the exclusive and extortionist economic model, not because of the sanctions.

However, there are those who argue against sanctions who have the notion that they affect the people. Their argument lacks empirical weight and economic precision to demonstrate that other types of sanctions or penalties would affect the people.

Their opinions are moralistic or opportunistic (in the case of the regime) as to whether a sanction affects the people and reflect real fear of retaliation from the dictatorship. They are also based on a zero-sum perspective, either sanctions overthrow a regime, or sanctions are not successful because they did not overthrow a dictatorship. This is not the case, which makes it important to review the effect on the conduct of those sanctioned and the entities in all areas, from the personal to the territorial.

It is important because, in the face of this radicalization, there are justified environments where the sanctions regime is necessary to hold the regime accountable. Such

environments include: the Financial Analysis Unit; the Ministry of the Interior (in charge of legal cancellations of more than four thousand non-governmental entities); the National Council of Universities (responsible for the confiscation of 27 academic entities and the expropriation of others); the Ministry of Labor (in charge of facilitating violations of workers' labor rights); the pseudo-private, propagandist and media union of the regime; the Nicaraguan Army; and members of the police. Finally, agents of the port authority and the authority itself have been active accomplices in facilitating migration to the United States, from Haiti and Cuba in particular, via charter flights to Managua.

Holding each of these entities accountable is legitimate and does not have the direct or indirect goal, nor the consequence, of affecting the people. Rather, sanctions are precise and proportionate with respect to the transgressor. The Financial Analysis Unit has been in charge of carrying out the regime's expropriations of businessmen, silently in many cases, and of legally protecting those who are sanctioned.

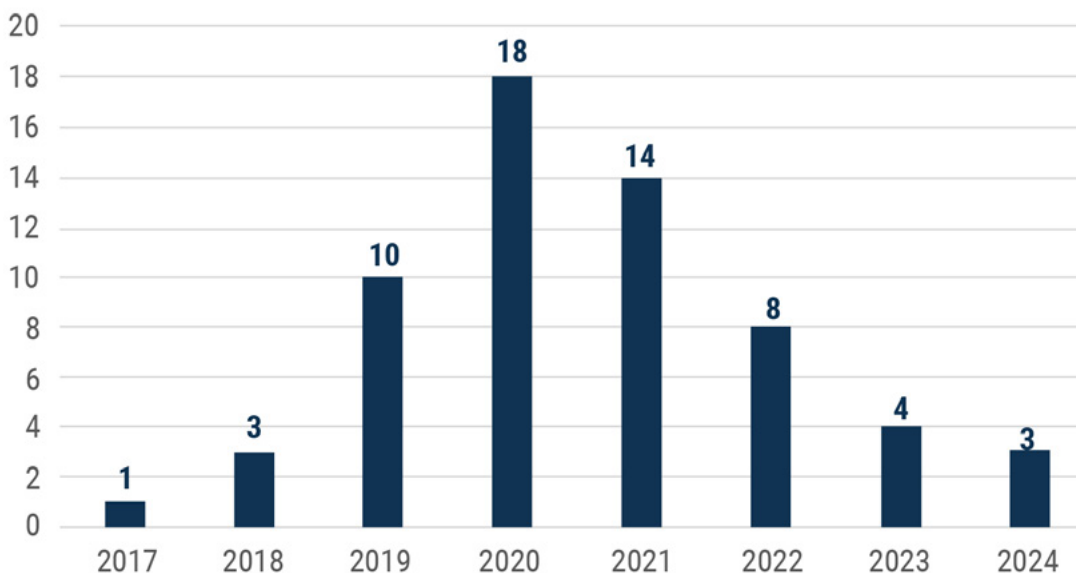
Police officers also continue to operate with impunity and their transgressions require a reckoning. The people of Nicaragua are helpless in the face of a cruel and unjust dictatorship. These penalties do that, they redress, not unemployed, and neither cause poverty nor famine. Ortega and Murillo have already done so. The people are living with incomes from five years ago and there are almost a million people who have had to leave due to fear, repression, or economic deprivation.

Many speak of sanctioning the army given the evidence that its hierarchy facilitated human rights violations in 2018 and has also participated in abuses against farmers in rural areas where the army maintains a territorial presence. It is important to keep in mind that the army reflects not only the Sandinista political establishment, but also the national and territorial identity. Holding them accountable would aim to balance an entity that stains the blue and white flag with blood with its rifles and bullets, and that claims to defend territorial sovereignty. The Army has taken direct control of the state's most strategic positions, including Construction, Mining, Airport Authority, Port Authority, as well as the Revenue office, and includes retired and active military officers who are proactively engaged in the enrichment of the circle of power and cadres.

Finally, the media pillar is not a state institutional entity, but is a repressive body that has used lies, misinformation, censorship, and insults as a vehicle to keep its people in fear.

Sanctions alone, however, are not enough to change the balance of power away from the autocratic and violent dictatorship of Ortega and Murillo. It is important to possess all possible tools for applying pressure and employ them in a coordinated and sustained manner. The international community is convinced of this route, as well as the need to rely on the legitimacy of a democratic opposition bloc that demonstrates the validity and necessity of international pressure. Otherwise, sanctions fall short.

GRAPHIC 2: ANNUAL US SANCTIONS AGAINST TRANSGRESSORS IN NICARAGUA



Against moral hazard of sanctions and migration

Migration is a [foreign policy problem](#). While Ortega has taken advantage of migration as a weapon of attack against the democratic spirit and international law, the United States has avoided antagonizing its relationship with this state. One of the reasons that has been given is that using sanctions as a policy generates an adverse economic impact on the population, which could translate into emigration.

The reality is entirely the opposite.

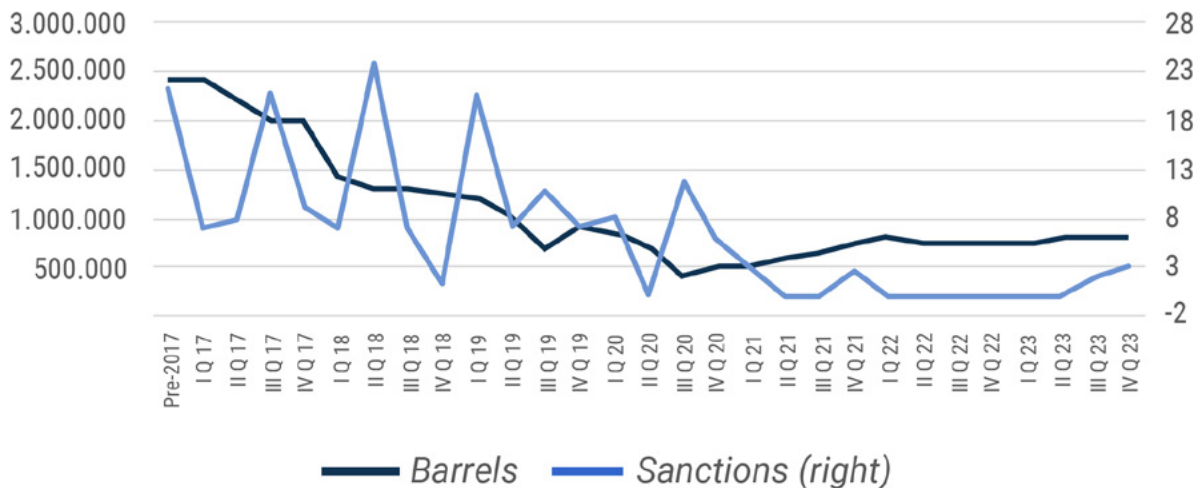
Although the opinion that international sanctions has had an effect on oil production in Venezuela is commonly

accepted, the data contrasts with reality. The drop in Venezuelan oil exports precedes sanctions against the country and is more aligned with the realities following the economic disaster that Hugo Chávez created in 2014.

What the so-called sanctions relief in 2023 allowed is the legitimization of Maduro’s attempt to hold elections under noncompetitive conditions with a weakened opposition. Indirectly, the United States is playing into Maduro’s hands. Even if the reason for the relief is strictly in the economic interest of the United States, Venezuela will not be able to increase its oil exports in the short-term, even more so when Guyana’s oil output is already competing with Venezuela. While sanctions have declined, more migration has occurred.

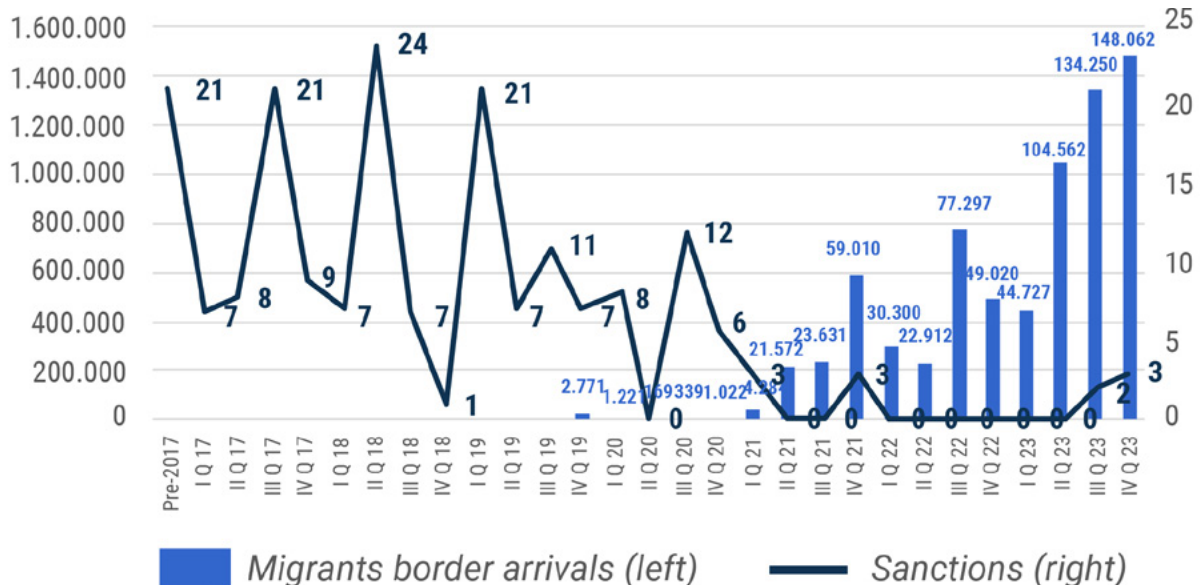
GRAPHIC 3: US SANCTIONS AND OIL PRODUCTION IN VENEZUELA

Source: [US Treasury](#) and Oil production data from [Trading economics](#)



GRAPHIC 4: SANCTIONS AND VENEZUELAN MIGRATION TO THE US

Source: US Treasury and DHS Nationwide Encounters

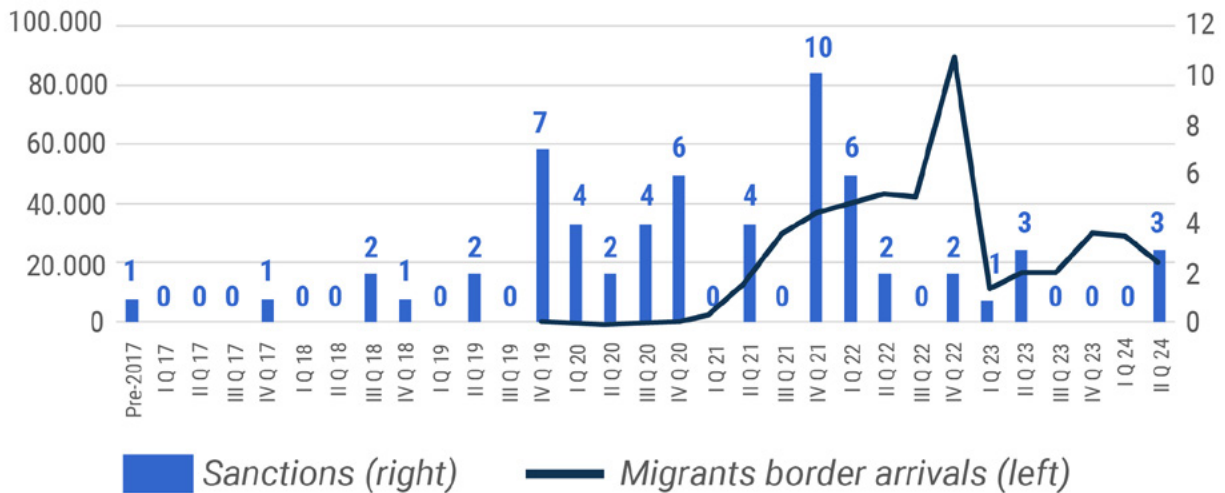


The same reality is observed with Nicaragua. Sanctions on the transgressors of Nicaraguan citizen rights have had the effect of minimizing the transgressor’s margin of operation and in reducing the number of the regime’s international operators. Contrary to Ortega’s arguments,

the absence of sanctions is occurring at a point when there is more repression and emigration. Instead, migration has increased as a result of political factors, investor confidence, and judicial insecurity.

GRAPHIC 5: US SANCTIONS AND NICARAGUAN MIGRATION TO THE US

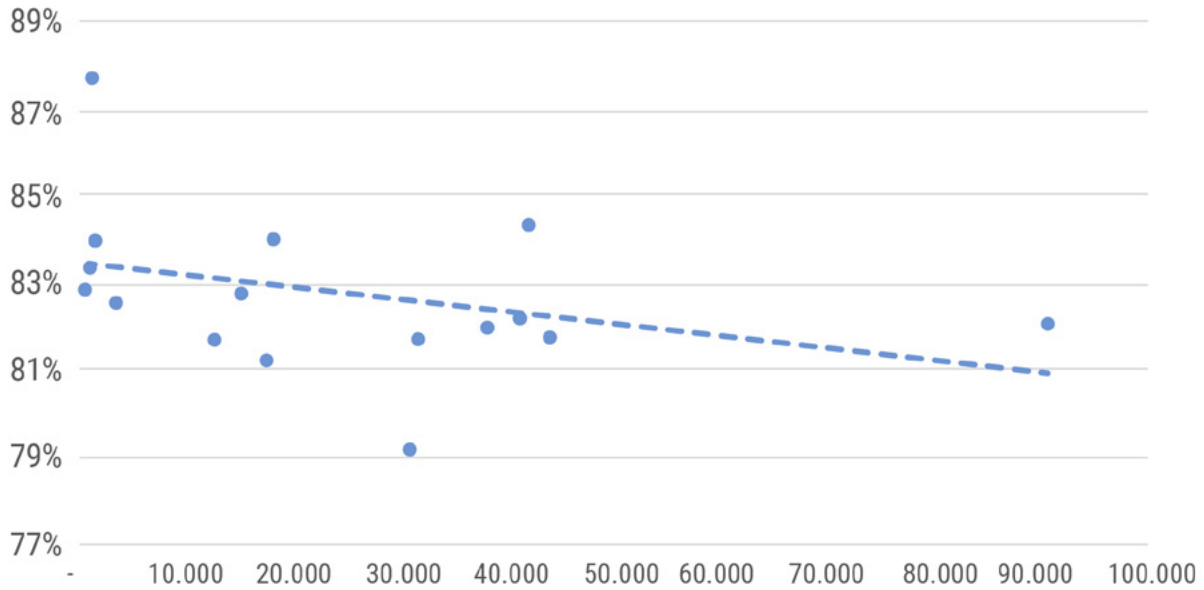
Source: US Treasury and DHS Nationwide Encounters



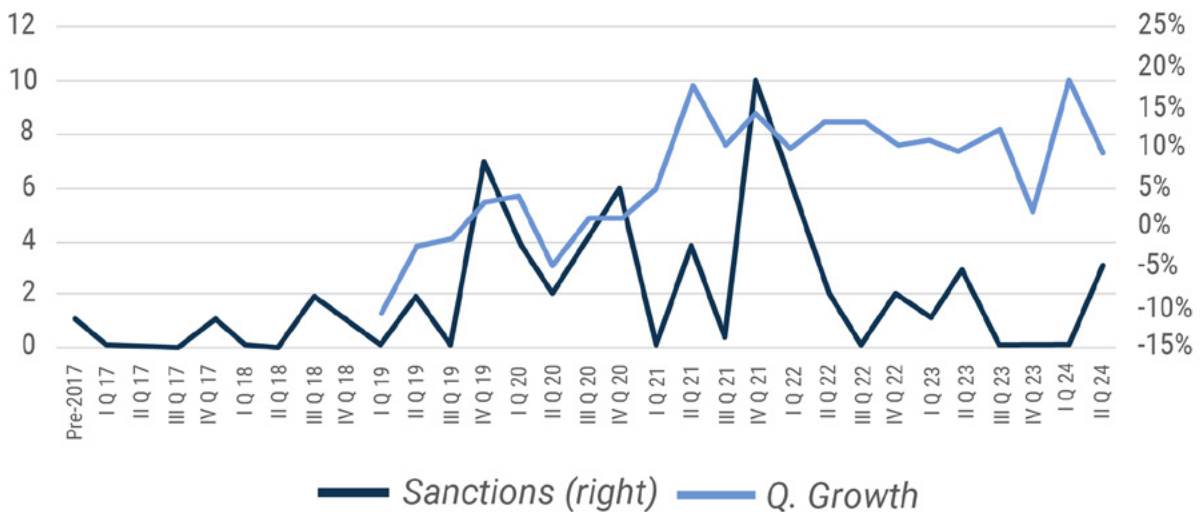
The political calculation of the United States has been to err on the side of moral risk as opposed to accompanying

sanctions with a foreign policy consistent with the impact of these countries on the national interest and democracy priorities of the United States

GRAPHIC 6: DECLINING INVESTOR CONFIDENCE (RATIO BETWEEN PRIVATE INVESTMENT AND PRIVATE CONSUMPTION) AND MIGRATION, Q1-2018 TO Q4-2023



GRAPHIC 7: SANCTIONS ON NICARAGUA AND QUARTERLY GROWTH



Notes

1. Sanger, David E. *New Cold Wars: China's Rise, Russia's Invasion, and America's Struggle to Defend the West*, 2024, Crown Publishing.
2. The Economist. *Democracy Index: conflict and polarisation drive a new low for global democracy*. 2024
3. Applebaum, Anne. *Autocracy, Inc.: The Dictators Who Want to Rule the World*. 2024, Doubleday, New York.
4. United Nations (UN) and Office of Foreign Assets Control (OFAC): <https://www.un.org/securitycouncil/sanctions/information> <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>
5. "Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other" EUR-Lex, 2012-2023. [https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22012A1215\(01\)](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22012A1215(01))
6. In Applebaum, Anne. *Autocracy, Inc.: The Dictators Who Want to Run the World* (p. 159). Knopf Doubleday Publishing Group. Kindle Edition.
7. Buksinski, Tadeusz. *The Moral Aspect of Political Protest under the Totalitarian System*. 1998.
8. Buntman, Fran L. *Categorical and Strategic Resistance and the Making of Political Prisoner Identity in Apartheid's Robben Island Prison*, *Social Identities*, 4:3, 417-441
9. Caso aparte son los 23 jueces y fiscales que fueron sancionados a través de la "Lista Engel" pero no se incluyen porque no aparecen en la lista de sancionados de la OFAC.
10. <https://www.france24.com/es/minuto-a-minuto/20211011-lae-renueva-por-un-a%C3%B1o-las-sanciones-a-funcionarios-de-nicaragua>



thedialogue.org

**Inter-American Dialogue
1155 15th Street NW, Suite 800
Washington, DC 20005
Tel: +1 202-822-9002
thedialogue.org/remittances**