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What Do Nicaraguans Think of President Ortega's Interoceanic Canal?

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Executive Summary.

The government of President Daniel Ortega is pursuing an ambitious plan to build an Interoceanic Canal. The project has generated controversy and protest, but what do the people of Nicaragua think? This *Insights* report shows that the construction of the canal has captured the attention of a significant portion of the Nicaraguan population. Among Nicaraguans, economic preoccupations and the hope for job creation have prevailed over concerns about matters of democratic procedure. At the same time, environmental concerns are salient among canal critics. Further, the canal cannot be constructed without expropriating a significant number of properties and, therefore, the fact that public opinion tilts decisively against the general theme of expropriation matters for the ease with which the national government will be able to execute a canal project.

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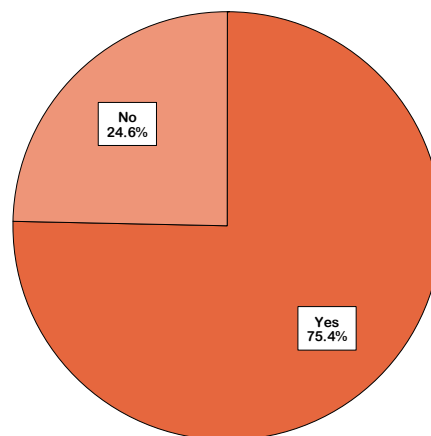
Upon his reelection in 2011 with a two-thirds supermajority in the *Asamblea Nacional*, President Ortega began to seriously pursue an interoceanic canal. Some of the project's allure lies in allowing the government to reassert Nicaraguan sovereignty and to fulfill an historic aspiration that many in Nicaragua have felt for at least a century, if not more.¹ The rationale given by the government and its representatives in the *Asamblea* has centered on the economic benefits that the canal could bring to the country.

Preparations have been underway in the *Asamblea Nacional* to implement a presidential initiative to build the canal since 2012. That year, Law 800 was approved, authorizing a Gran Canal Commission, to supervise the canal construction and operation. A year later, a new law (Law 840) was authorized allowing a contract to build a canal. On the very same day that Law 840 was promulgated, a concession to build a canal was extended to a recently-incorporated Chinese firm (previously unknown in Nicaragua), generating much controversy in the country.

Many features of the process of awarding the concession have been criticized in the Nicaraguan media. These include the lack of public consultation, in particular with indigenous peoples of the *Costa Caribe*. Concerns have also been raised about the lack of competition prior to the concession; the duration of the agreement; lack of feasibility studies; and the potentially negative environmental consequences of the canal, among others. Discontent over the canal has brewed into public protest on over 38 occasions, including a series of protests met with violence by state agents on Dec. 23-24, 2014.

¹ However, critics of the canal have turned that argument on its head, arguing that the terms of a 50 year concession (renewable for another 50 years) granted to HKND, a Chinese firm which has never previously built a canal, has ceded Nicaraguan sovereignty, rather than regained it. See note 15 below.

Figure 1. Percentage of Nicaraguans Who Have Heard about the Interoceanic Canal



Have you heard about the agreement to build an Interoceanic Canal in Nicaragua?

Source: © AmericasBarometer, LAPOP, 2014; Nic14_429

How widespread is awareness of the canal and what do Nicaraguans think about this ambitious and controversial initiative? This *Insights* report, which is based on a longer chapter in the forthcoming report on Nicaragua's 2014 LAPOP survey (Coleman forthcoming), provides answers to these questions. The latest AmericasBarometer Nicaragua national survey³ was conducted in February and March, 2014, and included a series of questions about the canal. The results show that, in early 2014, over three in four Nicaraguans (75.4%) were aware of the intended canal project⁴ (Figure 1). This percentage is considerably higher than the level of awareness (30%) of the Constitutional reform that the government was advancing at the same time.

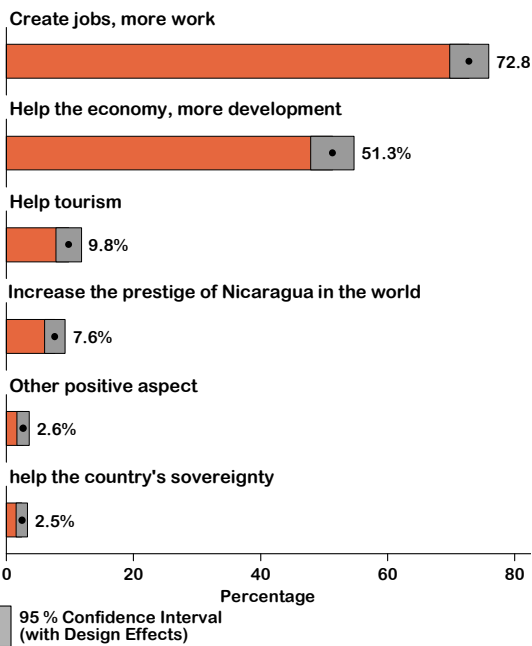
² Prior issues in the *Insights* Series can be found at: <http://www.vanderbilt.edu/lapop/insights.php>.

The data on which they are based can be found at <http://www.vanderbilt.edu/lapop/survey-data.php>.

³ Funding for the 2014 survey mainly came from the United States Agency for International Development (USAID). This *Insights* report is solely produced by LAPOP and the opinions expressed are those of the author and do not necessarily reflect the point of view of USAID or any other supporting agency.

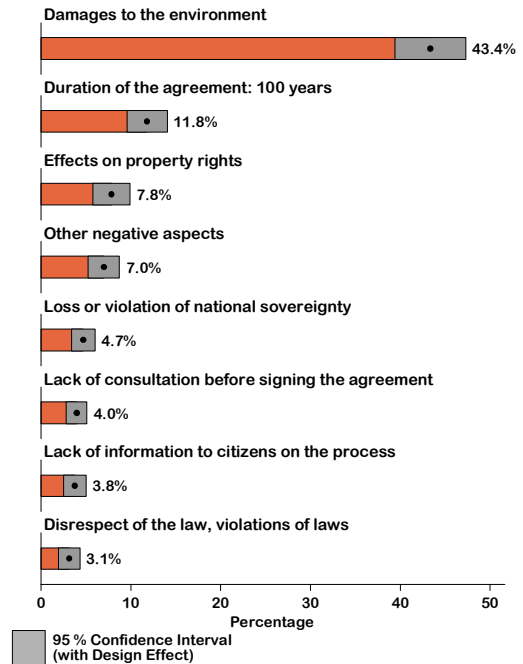
⁴ NICIOC2. Have you heard about the agreement to build an interoceanic canal in Nicaragua? (1) Yes, (2) No

Figure 2. Positive Aspects of the Interoceanic Canal



Source: © AmericasBarometer by LAPOP, 2014; v.NIC14_042

Figure 3. Negative Aspects of the Interoceanic Canal



Source: © AmericasBarometer by LAPOP, 2014; v.NIC14_0429

Since the beginning, and protests aside, public opinion has appeared more positive than negative, reflecting popular hopes for a favorable impact of employment and economic growth. On the negative side, a key public concern has been potentially harmful environmental effects. To assess the public's opinions, the 2014 AmericasBarometer Nicaragua survey included a set of questions asking respondents to identify positive (if any) and negative (if any) aspects of the canal.⁵

⁵ The questions are the following: NICIOC4. In your opinion, which are the positive aspects of the Construction of the Interoceanic Canal? (1) No positive aspect; (2) Create jobs, provide more work; (3) Help the economy, more development, more investment; (4) Help the country's sovereignty; (5) Increase the prestige of Nicaragua in the world; (6) Help tourism; (7) Some other positive aspect. NICIOC5. In your opinion, which are the negative aspects of the Construction of the Interoceanic Canal?: (1) No negative aspects; (2) The duration of the agreement: 100 Years; (3) Lack of consultation before signing the agreement; (4) Lack of information to citizens on the progress of the canal; (5) Damage to the environment; (6) Effects on property rights,

As shown in Figure 2, the three most frequently mentioned positive impressions about the canal all pertain to the economy. Nearly three in four Nicaraguans (72.8%) express a belief that employment creation will be a result of the canal project, while over half (51.3%) expect that the canal will help the economy. In a more distant third place among the benefits is the belief that the canal will help tourism in Nicaragua, mentioned by 9.8% of respondents. Figure 3 shows that the concern voiced most often about the canal relates to its potential environmental impact. Over four in ten Nicaraguans (43.4%) indicate a concern about the potential environmental consequences of the canal project. In a distant second place among negative mentions at 11.1% is the duration of the accord, i.e., 50 years renewable for another 50 years. Third among the negative mentions is the effect on property rights (7.8%).

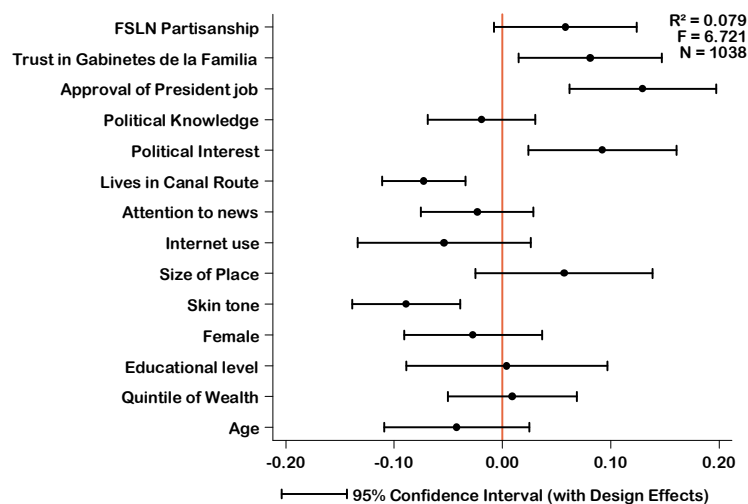
indigenous communities, eviction; (7) Loss or violation of national sovereignty; (8) Disrespect of the law, violations of laws; (9) Some other negative aspect.

Who Supports the Construction of the Canal?

We next explore who supports the construction of the canal. The dependent variable, support for the canal, takes values between 0 and 100 points.⁶ Among the possible determinants, we consider: (i) education, as we expect educated people to be less inclined to believe governmental claims about economic benefits (and also to pay attention to different news sources), (ii) skin tone, since those of darker skin tone may feel excluded, given past treatment, and may be dubious about the canal, (iii) wealth, given that poor people might be more desirous of believing claims about job creation, (iv) size of community, to examine the possibility that residents of larger communities might be more inclined to see transportation and tourism jobs being created, (v) age, as we expect that young people may be particularly desirous of employment opportunities and would be tempted by the job-generation arguments of the government, (vi) gender, (vii) canal route, where those closest to a presumed canal route back in February-March might be more supportive of job-creating projects, (viii) political interest, since those most interested in politics are more likely to have picked up on the canal issue in early 2014, (ix) attention to the news, (x) use of the Internet, since the Internet, like attention to the news, might

⁶ To create the dependent variable, a scale was created to reflect the spectrum from positive (nicio4) to negative (nicio5) consequences of the canal. When the multiple positive and negative choices were combined into a single scale of attitudes about the canal, the scale ranges from a value of 0 representing the predominance of negative reactions to the canal idea and no positive options being chosen to a value of 100 representing the prevalence of positive reactions and having chosen *only* positive options. A value of 50 would indicate a balance between positive and negative mentions. For an individual, that value of 50 might imply one positive and one negative selection from the available lists, or perhaps three positive and three negative choices. Values above 50 indicate a preponderance of positive choices over negative choices, and a value below 50 indicate the reverse, i.e., that negative options were chosen more frequently than positive options.

Figure 4. Determinants of Support for the Canal



Source: © AmericasBarometer by LAPOP, 2014; v.NIC14_0429

provide alternative channels of getting information, (xi) political knowledge⁷, as we expect that those high in political knowledge might be exposed to more criticism about the project and be less supportive as a result, (xii) approval of President Ortega's performance in office, (xiii) confidence in the *Gabinetes de la Familia*, given the close ties of the *Gabinetes* to the FSLN and to the Ortega-Murillo administration, perspectives favorable to the Canal may be picked up – even if indirectly, and (xiv) FSLN partisanship, on the assumption that the party either promotes the canal project or gives cues about “what one is supposed to believe” as a Sandinist.

Figure 4 shows the results from the multivariate linear regression. Confidence in the *Gabinetes de la Familia*, and support for President Ortega's performance in office are significant predictors of support for the canal.

⁷ Political knowledge is the cumulative number of correct answers to four questions: GI1 What is the name of the current president of the United States? [Barack Obama]; GIX4. In which continent is Nigeria? [Africa]; GI4. How long is the presidential term of office in Nicaragua? [5 years]; GI7. How many representatives does the national assembly have? [90-92, the number can vary, depending on defeated presidential and vice-presidential candidates accepting seats, so three answers were deemed “correct”].

Political interest is also a significant predictor of support for the canal.⁸ Another variable that predicts attitudes towards the canal is skin tone: the darker a person's skin tone, the less enthusiastic the respondent is about the canal project. Additionally, it turns out that the closer one lives to the most likely route (as seen in early 2014), the *less* likely one is to support the canal project. These results may well speak to the lack of prior consultation with indigenous communities, with Afro-Caribbean communities and with others potentially affected by the canal.⁹

The Salience of Environmental Concerns within the Interoceanic Canal Debate

It is a constant debate in all developing countries whether the political agenda should prioritize the environment over economic growth. This question has been at the center of the debate around Nicaragua's interoceanic canal project.

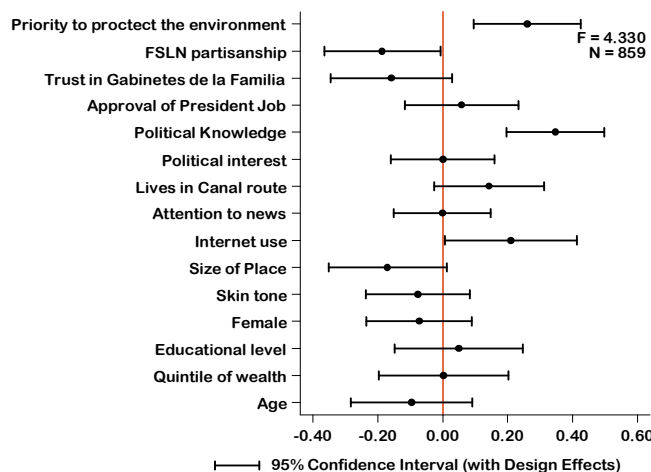
In the 2014 LAPOP Nicaragua country study, Coleman (forthcoming) reports that a plurality of Nicaraguans prioritize the environment over economic development.¹⁰ Responses on this issue help to put into context the growing interest in environmental issues in Nicaragua. Taken in the abstract, without drawing attention to governmental claims of massive job creation, 40% of Nicaraguans think they would

⁸ In early 2014, political interest was a positive correlate of FSLN partisanship.

⁹ Similar results obtain, when examining the determinants of who happens to believe (or doesn't believe) that the canal will generate jobs.

¹⁰ While not specifically designed as a question for the Nicaragua survey, the 2014 AmericasBarometer includes a more generic question about tradeoffs between protecting the environment and economic growth: ENV1. In your opinion, what should be given higher priority: to protect the environment, or promote economic growth? (1) Protect the environment, (2) Promoting economic growth, (3) Both.

Figure 5. Predictors of the Belief that an Interoceanic Canal Might Threaten the Environment



Source: © AmericasBarometer by LAPOP, 2014; v. NIC14_0429

prefer environmental protection to economic development, and another 38.7% indicate that both should be emphasized equally.

Who, though, believes that the canal is likely to represent a threat to the environment? Figure 5 presents the results of a multivariate analysis intended to answer this question. The regression output in that figure reveals that three variables are significant predictors of concern about the environmental consequences of the canal (Figure 5): political knowledge, belief that the environment should be protected over economic development, and *not* being a sympathizer of the FSLN. The more politically knowledgeable the respondent is, the more likely he or she is to mention the environment as a negative concern about the canal. Political knowledge appears to be the strongest determinant of concern about environmental consequences. At the same time, the abstract belief that the environment should be prioritized over economic growth is also a significant predictor, in the same direction, albeit less strongly so. That is, those that favor environmental protection over economic development are more likely to express concern about the potentially negative environmental effects of the canal. A third, significant predictor in a negative direction is being a

sympathizer (past, present or future) of the FSLN, which is associated with a lower probability of being concerned about the environmental consequences of the canal. FSLN sympathizers tend to be less concerned than other Nicaraguans about the potentially negative environmental consequences of the canal. It is noteworthy that more frequent use of the Internet is associated with greater concern about the environmental consequences of the canal, although at a level that is not quite significant (at conventional levels) in the multivariate analysis ($p = .054$).

Public Opinion on Expropriation and the Canal

A canal from the Caribbean to the Pacific Ocean cannot be constructed without expropriating a significant number of properties. Therefore, public opinion on the general theme of expropriation matters greatly for the ease with which the national government will be able to execute a canal project.¹¹

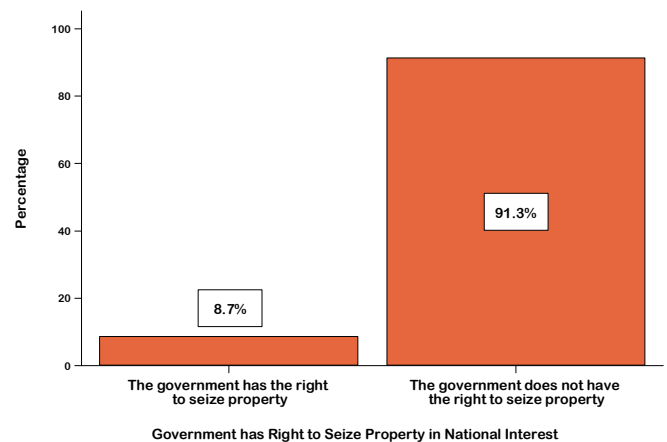
After the announcement of a canal route in early July of 2014, the issue began to appear real and to occasion public comment.¹² Concern about the issue eventually escalated to extensive protests at a regional level in the fall and to demonstrations on a national level by December.¹³ Those protests reached a crisis point on December 23, the day after Wang Jing, the head of HKND, and Vice President Omar Halleslevens held an inauguration ceremony for construction associated with the canal. The police arrested between 30 and 50 citizens in El

¹¹ The question included in the 2014 AmericasBarometer is: PR5. Do you believe that the Nicaraguan government has the right to seize private property from a person on behalf of the "national interest," even if that person does not agree with it, or do you believe that the government does not have that right? (1) The government has the right to seize private property; (2) The government does not have that right.

¹² See (Vásquez 2014).

¹³ (Miranda Oburto 2014b)

Figure 6. Attitudes towards expropriation



Source: © AmericasBarometer, LAPOP

Tule in Southern Nicaragua. Physical force was applied to various protestors, as evidenced in media coverage.¹⁴ Aminta Granera, the Commissioner of the National Police, reported that fifteen police were wounded, and that the police station in El Tule had been sacked and burned, the second allegation being later disproven by the media¹⁵. No deaths were reported as a result of this conflict, but citizen concern over potential expropriations had reached a boiling point (Salazar and Cerda 2014), stoked by a strong nationalist reaction to the fact the canal was being built by a Chinese businessman and that national autonomy had been sacrificed by the government.¹⁶ Protests over the canal have continued into 2015.

So what do Nicaraguans think about expropriation by the government in the name of national interest? Figure 6 shows that the Nicaraguan public is not convinced that the government has a right to expropriate property, even in the name of the national interest, if owners do not agree. In fact, over nine in ten (91.3%) disagree with

¹⁴ López 2014; Olivares 2014; Romero and Rothschild 2014

¹⁵ Enríquez 2014b; Eliézer Salazar 2014

¹⁶ Illustrative of the concern is that Wang Jing felt compelled on December 22, 2014 to assert that he is not a representative of the government of China (Enríquez 2014a).

expropriations. While at the time of the AmericasBarometer survey in early 2014, support for the canal project was only about one point different on a 100 point scale¹⁷ between those opposing expropriations and those willing to accept them, expropriations had not yet started. Hence, over time, as the threat of expropriations became more serious, those opposing expropriations may come to exhibit substantially less enthusiasm about the Gran Canal. Indeed, as indicated above, some eight months after the LAPOP survey, protests against possible expropriations were becoming common (Navarro 2014; Membreno 2014).

Conclusions

The construction of the canal has captured the attention of Nicaraguans and generated various opinions about the pros and cons of such a project. Among the Nicaraguan population in early 2014, economic preoccupations, and the hope for job creation, were prevailing over concerns about matters of democratic procedure and transparency.

Opinions diverge along political lines. Those who trust the *Gabinetes de Familia* and those who support President Ortega are more likely to support the construction of the canal. On the contrary, those with darker skin tone and those residing in the areas closest to the canal route exhibit less support for the construction of the canal.

Environmental concerns loom large in the minds of those opposing the canal. The analysis presented here shows that Nicaraguans who fear negative consequences for the environment as a result of a canal have more political knowledge and generally tend to favor the environment on economic growth.

A striking result of this analysis is the general resistance that Nicaraguans exhibit towards the concept of expropriation in the name of

national interest. Nine out of ten citizens are fully against the expropriations of private properties. Canal construction could face even greater public resistance when expropriations actually begin. Protests through early 2015 have been based on the fear of expropriations, not yet on specific decisions. Of course, it may be that the government will offer compensation sufficient to forestall intense public resistance assuming that expropriations do begin in 2015.

In the end, many factors will come into play as Nicaraguan public opinion over the canal proposal continues to evolve. Will a canal be built at all? How many jobs will it generate? Who will get those jobs, Nicaraguans or others? Who will lose livelihoods as a result of the canal, and who will gain livelihoods? What will be the impact on Lake Cochibolca, Nicaragua's vast fresh water reserve, and on flora and fauna? How many properties will be expropriated at what social cost? Will commitments to indigenous communities be observed and respected?

Few of these issues had come into focus for the general public at the time of the 2014 AmericasBarometer survey. In early 2014, the public was very hopeful about job creation and the economic impact of the canal, but that there was also nascent concern about the potentially negative environmental consequences of the canal. By the time of this writing, those hopes for economic benefits had not dissipated greatly in the general public but concerns had either persisted or grown in certain quarters. Environmentalists have continued to oppose the canal. Protests about expropriations have escalated in areas likely to be affected by construction. And President Ortega has continued to insist that the canal would alleviate poverty at no real risk to Lake Cochibolca or the environment, although toward the end of 2014 his posture had become that no real risk will occur because "the lake is already contaminated" – a posture questioned by local water and environmental authorities (Miranda Aburto 2014b; Álvarez, Álvarez and Hernández 2014).

¹⁷ Such a small difference is not statistically significant.

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