



SE KATHIMERINI INSIDE: Greece's leading newspaper | English Edition



LEONARDO DICAPRIO WHY HE TAKES ON THOSE **RISKY, UNUSUAL ROLES**

PAGE 10 | CULTURE

International Herald Tribune

FRIDAY, NOVEMBER 4, 2011

THE GLOBAL EDITION OF THE NEW YORK TIMES

Syrian forces kill 12, a day Greek leader cancels referendum after deal to halt violence

BEIRUT

Plan for talks brokered by Arab League faces trouble from the outset

BY ANTHONY SHADID

Syrian forces killed at least 12 people in restive city of Homs on Thursday, a usy after the Arab League brokered a plan to halt violence and convene talks between the government and the opposition in two weeks

Though neither the government nor the disparate Syrian opposition seemed willing to condemn the deal in its infancy, the bloodshed and recriminations seemed to augur a difficult path ahead for a government that has relied almost exclusively on violence to crush the uprising and an opposition that has yet to forcefully exert itself.

"We were hoping the violence might stop after the authorities agreed to the initiative, but the scene is still unbearable," said Mohammed Saleh, a resident of Homs. "The bloodshed hasn't stopped, and the army and security forces haven't left the streets."

A city in central Syria near the Lebanese border. Homs has become one of the most violent locales in the country, with a spate of seemingly sectarian killings this week and, on Thursday, a continuing crackdown by Syrian troops on some of the neighborhoods that have proven the most defiant in the eightmonth uprising.

Opposition activists said that Syrian forces had killed at least 12 in several neighborhoods there and that gunfire had been heard through the morning. Other residents reported a buildup of armed forces in a city that is home to a contingent of army defectors who have taken up arms.

Other protests were reported in Dara'a, the southern town where the uprising began, as well as the restive suburbs of Damascus and the northwestern province of Idlib, where armed



Prime Minister George A. Papandreou addressing lawmakers Thursday in Athens. After three days of maneuvering, he was clinging to power ahead of a confidence vote on Friday.

6%

ATHENS

Papandreou vows to keep post and cites opposition backing for rescue plan

BY RACHEL DONADIO AND NIKI KITSANTONIS

After a tumultuous day of political gamesmanship, Prime Minister George A. Papandreou on Thursday called off his plan to hold a referendum on Greece's new loan deal with the European Union and vowed to soldier on at the head of the government despite growing pressure from within his own party to resign.

In an address to his party's central committee, Mr. Papandreou said Thursday evening that there was no need for a referendum now that the opposition party New Democracy had come out in support of the loan deal for the first time.

In what at first appeared to be a major political coup, Mr. Papandreou invited New Democracy leaders to become "conegotiators" with the European Union and suggested that he was open to talks on a unity government. But the Greek opposition leader, Antonis Samaras, strongly rejected the overtures, accusing Mr. Papandreou of "deception."

The back-and-forth between the two leaders suggested that Greece would be subject to more political turmoil in the days and weeks ahead as Mr. Papandreou seeks to cling to power and Mr. Samaras tries to force early elections.

Three days after he shocked other European leaders and plunged world markets into turmoil by announcing that he would put the newly agreed loan deal to a popular referendum, Mr. Papandreou backed off on Thursday, a day after meeting with German and French leaders at the Group of 20 summit meeting in Cannes.

"The question was never about the referendum but about whether or not we are prepared to approve the decisions on Oct. 26," he said, referring to the E.U. debt deal. "What is at stake is our position in the E.U.'

Shortly afterward, the Greek finance minister, Evangelos Venizelos, confirmed the cancellation of the referendum and added that the government would now seek approval of the loan package from a so-called full majority of 180 in Parliament, rather than the simple majority of 151 that has supported previous measures. Divisions within Mr. Papandreou's government flared into the open on Thursday when Mr. Venizelos and his deputy broke ranks with the prime minister to oppose the referendum, saying that it could jeopardize Greek membership in the euro zone. In Cannes, President Nicolas Sarkozy expressed relief that Mr. Papandreou had taken "responsibility" in dropping the referendum, saying that the pressure that France and Germany exerted on the Greek prime minister the night before **GREECE, PAGE 4**

isnes have occurred between the Syr ian Army and defectors. Activists said security forces, at times shooting in the air, forcefully broke up some of the protests.

The precise circumstances of the deaths in Homs were unclear, but residents there said little had changed in the 24 hours since Syria agreed to the Arab League's plan for the government to remove all tanks and armored vehicles from the streets of restive cities and towns, to halt violence aimed at protesters and to release political prisoners, estimated at about 70,000 by the Arab League. Once those steps were taken, the league said it would then initiate dialogue with the opposition at its

Iquarters in Cairo, setting that for two weeks hence.

The plan set no timetable beyond that for Syria to withdraw its forces.

Any optimism over the plan was subdued. The United States and Britain say they still believe President Bashar al-Assad should heed the demands of protesters and step down, and the European Union called on Syria to "provide SYRIA, PAGE 7

Cuba to open property market, New E.C.B. chief warns and usher in a wave of change

MEXICO CITY

BY DAMIEN CAVE

Cuba announced a new property law Thursday that will allow citizens and permanent residents to buy and sell real estate, the most significant market overhaul yet approved by the government of Raul Castro, and one that will very likely reshape Cuba's cities and its conceptions of class.

The new rules, which affect residential property only, will go into effect on Nov. 10, according to the country's state-run newspaper. The official article said more information would be forthcoming, but the bundle of released details confirmed that the new law was a major break from decades of Socialist housing policy.

It states that moving will no longer be subject to government approval; that owners will be able to have two homes, a

residence and a vacation home; and that purchases, sales, donations and trades will be recognized even in cases of "divorce, death or permanent departure from the country.'

The last item, depending on the fine print, could lead to a wave of sales and migration as Cubans unload property and use the proceeds to flee. But experts and Cuban residents, who have anticipating the law for months, say its implications are likely to be much more farreaching. In a country defined by limited change for more than 50 years, the law will probably usher in a wave of benefits and risks

On one hand, billions of dollars in property assets that have been essentially unvalued or undervalued and locked in place would be available for sale

Economists on the island favoring free-market changes have said that the CUBA, PAGE 16



WORLD NEWS

Internal rifts The Republican Party sought to recover its balance after disclosures of sexual harassment allegations against Herman Cain, above. PAGE 6

U.S. report cites cyberspying

A U.S. report accused China and Russia of stealing information over the Internet as a matter of national policy. PAGE 6

Nicaragua's paradoxical leader President Daniel Ortega, who has found support on the left and the right, looks likely to win Sunday's election. PAGE 4

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BUSINESS BNP acknowledges Greek loss

BNP Paribas announced a sharp decline in profit Thursday and said it was writing off 60 percent of the value of all the Greek debt it holds, a belated acknowledgment that the loans are largely unrecoverable. Third-quarter profit fell 72 percent from a year earlier, to €541 million. PAGE 15

Russia's path to W.T.O. opened

Envoys from Moscow and Georgia were scheduled to meet to confirm an agreement on trade monitoring between the two that would clear the way for Russia to become a member of the World Trade Organization. Georgia had previously blocked the deal. PAGE 16

A diversion from scandal

News Corp. has used its quarterly earnings report to highlight the success of its cable television and film units while trying to redirect the attention of investors away from a phone-hacking scandal at the company's British newspaper unit. PAGE 17

of recession as rate is cut

FRANKFURT

cession.

E.C.B., PAGE 16

BY JACK EWING

The new president of the European Cen-

tral Bank, Mario Draghi, quickly re-

sponded to the latest crisis in the sover-

eign debt saga Thursday, overseeing a

cut in the euro zone's benchmark in-

terest rate while warning of a "mild" re-

Two days after assuming office in the

midst of one of the most dramatic

phases in the history of the euro zone,

Mr. Draghi signaled that he might be

more willing than his predecessor, Jean-

Claude Trichet, to tolerate inflation in

the name of economic growth. The bank

cut the benchmark rate to 1.25 percent

from 1.5 percent, a move aimed at put-

ting more money into the European

economy by making it easier to borrow.

BENCHMARK INTEREST RATES Bank of England bank rate



VIEWS

The chill on Tahrir Square

The elections Egyptians fought for are coming, yet the mood in Cairo is dark, writes Tim Sebastian. Marwan Muasher argues that the Islamist threat is overblown. PAGE 8

H.D.S. Greenway

The late King Hussein of Jordan had his trials, but his son, King Abdullah II, may have an even tougher time weathering the Arab Spring. PAGE 9

COMING THIS WEEKEND

Martin Scorsese in 3-D

Martin Scorsese, the director of "Taxi Driver," "Goodfellas" and "Gangs of New York," has tried a radically different genre with "Hugo," a children's film. Mr. Scorsese discusses the story of a 12-year-old orphan named Hugo who lives inside the walls of a 1930s Paris train station. It's also a film in which Mr. Scorsese, for the first time, worked in 3-D, of which he has been a fan since the days of "It Came from Outer Space."

STOCK INDEXES THURSDAY

The Dow 2:30pm	12,031.15	+1.65%
▲ FTSE 100 close	5,545.64	+1.12%
- Nikkei 225	8,640.42	closed

▲ Light sweet crude \$94.38 +\$2.20 AS GREECE FLAILS, ITALY IS WOBBLING Italy's bloated debt load makes the slightest increase in borrowing rates painful and dangerous. PAGE 15

OBAMA TAKES ROLE OF G-20 BYSTANDER As the Greek drama dominated the Cannes summit, the U.S. urged Europe to solve its own problems. PAGE 4





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			PREVIOUS
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▲ Pound	£1=	\$1.6040	\$1.5950
▲ Yen	\$1=	¥77.960	¥78.040
▲ S. Franc	\$1=	SF0.8790	SF0.8840
Full currency r	ates Page	- 10	

WORLD NEWS EUROPE AMERICAS



The Greek finance minister, Evangelos Venizelos, left, and the opposition leader, Antonis Samaras, in Parliament on Thursday. Mr. Samaras accused the prime minister of "deception."

Greek leader cancels plan for referendum

GREECE, FROM PAGE 1

had "helped clarify minds" in Greece. Mr. Sarkozy said that European leaders wanted Greece to stay in the euro zone, but he warned that the country would have to play by the rules govern-

ing euro membership, as well as the terms its European partners set for a multibillion-euro bailout of the country. Keeping the euro zone together, he added, is the No.1 priority 'The euro is the beating heart of

Europe and Europe is at the heart of French policy," Mr. Sarkozy said. "We can't allow the euro to break up. If the euro explodes, so does Europe."

In Athens, Mr. Papandreou must first survive a vote of confidence scheduled for Friday, the outcome of which is far from assured

Addressing lawmakers on Thursday evening, Mr. Samaras accused the prime minister of using tactics to cling to power

'I told him to resign and for us to go to elections," Mr. Samaras said. "He's lying, he's blackmailing, maneuvering inI had already supported on October 27," Mr. Samaras said.

The decision to drop the referendum came after Mr. Samaras switched course and decided to back the loan deal, which would prod private creditors to accept a 50 percent write-down of their debt, cutting Greece's private and public-sector debt burden by about 30 percent over all. But Greece would also have to maintain a strict austerity regime to qualify for further support from the more creditworthy countries of the euro zone and the International Monetary Fund.

Earlier, Mr. Samaras was seen to have scored political points by opposing the deal and previous bailouts.

Despite the political chaos, there was an element of déjà vu to Thursday's political crisis. In a showdown in June, Mr. Samaras rejected Mr. Papandreou's offers to form a coalition government with Mr. Papandreou at the helm. The

two may be at the same impasse now. "This negotiation will succeed or it will fail on the basis of personal antagonism," said George Kirtsos, a political

Speculation was rife all day Thursday that Mr. Papandreou would abandon the referendum plan if the opposition would back the European deal. Before going into a brief emergency cabinet meeting, Mr. Papandreou suggested that he was prepared to walk away from the referendum proposal, saying that it "would not have been necessary if there had been consensus with the opposition.

At first, Mr. Papandreou was said to have offered to resign before the confidence vote on Friday. By late afternoon, however, the Greek news media reported that during the cabinet meeting, he not only was refusing to resign but also was in fact calling off the referendum

"What is at stake is our position in the E.U."

plan. He only did so later in the day. Mr. Papandreou had said the referendum was aimed at broadening consensus, which meant forcing the opposi-

struggled to satisfy seemingly irreconcilable constituencies: the Greek electorate, which is coping with unprecepressure, and Greece's dented government-backed lenders, who are insisting on tough austerity measures in exchange for aid, pushing Greek democracy to the edge.

Mr. Papandreou played his cards close to vest. When he met with other European leaders in Cannes on Wednesday, he insisted that Greece would go ahead with the referendum plan. which had thrown the entire debt deal into chaos, causing turbulence in world markets.

Amid the swirl of events, there were indications on Thursday that E.U. leaders were braced for a potential Greek exit from the euro, adding to the bloc's pressure on the authorities in Athens. In case Greece do leave, "we are con-

sidering the issue of how we can ensure that no harm comes to our people in Germany, in Luxembourg, elsewhere in the euro zone," Jean-Claude Juncker, Luxembourg's prime minister, who also heads the euro zone finance ministers' group, told the German television channel ZDF on Thursday.

A bystander's role at G-20 for Obama

CANNES

Amid Greek turmoil, U.S. insists Europe must solve its own problems

BY HELENE COOPER

President Barack Obama plunged Thursday into the fast-moving European financial crisis, arriving in this iconic Riviera seaside town to exhort European leaders to get their financial house in order.

But while the president hustled from meeting to meeting at the Group of 20 summit meeting, he was in many ways thrust into the rare position of bystander, as the unfolding drama over whether the Greek government would or would not fall - it did not - and whether Greece would or would not back last week's European debt deal - it will, for now at least - dominated conversations in the hallways and conference rooms here

The grand Espace Riviera is more accustomed to red-carpet arrivals by movie stars for the Cannes Film Festival; on Thursday it was transformed instead into ground zero for blue-suited bureaucrats grappling with a potential global financial crisis and the contagion that it threatened.

Instead of Angelina Jolie posing in front of the paparazzi it was Chancellor Angela Merkel of Germany holding a frozen smile as she greeted Mr. Obama before the cameras.

There was little preening before the hundreds of assembled reporters gathered from all over the world. President Nicolas Sarkozy of France quickly swept Mr. Obama into a meeting to discuss how to try to stop the unfolding Greek drama from turning into a tragedy - for global markets at least. During the meeting, Mr. Obama called the European financial crisis the most important task for world leaders gathered at the G-20 summit meeting.

Publicly, Mr. Obama largely stuck to his administration's official message that Europe's leaders must "flesh out details" about the plan they announced last week to deal with the debt crisis in the euro zone countries.

And American officials, including Treasury Secretary Timothy Geithner, were privately huddled with their European counterparts trying to hash out an agreement that will, at the very least, stop the disintegration under way in Greece from spreading to Italy and Spain, a contagion which could further stymie America's own anemic economic recovery

American officials exhorted their European counterparts to use Europe's own resources to try to solve the crisis, instead of going hat in hand to China for bailout help.

crisis could provide insight on steps Europe should take. He said that the United States remained influential in advising its allies on how to deal with the problem, even if the United States is in no position to provide monetary support.

"The United States, obviously, has a great deal of influence, because of who we are and the role we play in the glot economy, and globally in general," Mr. Carney said in a press briefing on Wednesday. "I would not discount the significance of the experience that we have in terms of its usefulness to the Europeans.'

The Obama administration is not crazy about any increase in the resources of the International Monetary Fund going to Europe. This would further mute American influence as the additional resources would likely not come from the United States, but rather from Asia — read China.

"The I.M.F. has a substantial amount of resources to deal with a range of challenges in Europe and around the world," said Benjamin Rhodes, the deputy national security adviser for strategic communications.

Michael Froman, the deputy national security adviser for international economic affairs, said the turmoil in Gre and uncertainty over how exa

Europe plans to get its debt agreement plan into place "underscores the need to move rapidly toward the full elaboration and implementation of the plan."

Specifically, Mr. Froman said that the United States wanted to make sure that Europe had "a firewall that is sufficiently robust and effective, ensuring the crisis does not spread from one country to another."

Mr. Froman said the United States was also trying to make sure that its ad-



Angela Merkel and Barack Obama at the G-20 summit meeting in Cannes on Thursday.

vice included advice on growth, both in Greece and throughout the euro zone.

Part of the distress among an angry Greek population has stemmed from a belief that the European debt agreement focuses more on austerity and paying back the banks than on growth, a balance which could lead to higher unemployment rates in Greece as the government cuts public-sector jobs to pay its creditors while few private-sector jobs emerge to offset. "I think right now the highest priority in Greece is stabilizing the situation,' Mr. Froman said. "But the program that Greece has is also about reforming its system and engaging in structural reforms so that it could become more competitive and therefore grow as part of the euro area."

side Greece and beyond, all in order to hold on to his position." He called for elections within six

weeks and a transitional government.

Before Mr. Samaras and his lawmakers walked out of Parliament, he accused the prime minister of having backed off his referendum plan only after European leaders "reproached him" in Cannes on Wednesday.

"He is trying to convince us that he brought everything crashing down just to secure backing for an agreement that

analyst and the owner of City Press, an Athens newspaper. "Since Samaras says part of the deal has to be that Papandreou will stand down, and Papandreou has not yet accepted it, it's a kind of political poker. You don't know how it will end."

He added: "Something has begun to change in the political system. New Democracy used to say no to an agreement reached at the summit; Papandreou used to say no to a transitional government."

tion to back the loan deal. Analysts said he might have been happy to drop the idea once that goal was accomplished on Thursday.

After the cabinet meeting ended, Mr. Papandreou spoke with Mr. Samaras by telephone

Even if he survives the coming hours or days in office, the prime minister is widely seen as having expended nearly all his political capital. Ever since Greece asked for a bailout from the European Union in April 2010, he has

'We cannot permanently ride a roller coaster on Greece," he said, according to The Associated Press. "We have to know where things are going, and the Greeks have to tell us where they would like things to go.'

Liz Alderman contributed reporting from Cannes and Dimitris Bounias from Athens.

Obama administration officials pointed to the steps which the United States took to try to tackle its own financial crisis over the past three years.

"Look, we went through this ourselves," one Obama administration official said on Thursday, speaking on grounds of anonymity. "They have the capacity to handle this within Europe." Jay Carney, the White House press secretary, said that the 2008 Wall Street



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Nicaragua's paradoxical leader seen headed for victory

MANAGUA, NICARAGUA

BY JAVIER C. HERNÁNDEZ

Ivan Romero, 37, has many colorful ways of describing President Daniel Ortega: mosquito, crook, tyrant, propagandist. Yet on Sunday, when Nicaragua holds national elections, Mr. Romero will mark his ballot not for the opposition, but for five more years of Mr. Ortega.

"I'm voting for his ideas, not for him," said Mr. Romero, a waiter. "I will cover my nose and do it.'

In this country of six million, Mr. Ortega, 65, has flourished as a paradox, a heavy-handed commander who is widely criticized for skirting the democratic process but is known on the streets as the people's president. He has found support from powerful players on all sides, lionized by the left for his focus on the poor and revered by some on the right - including those who once condemned him - for his hands-off approach to business.

He has had less success wooing foreigners. The election is expected to be a major test of Mr. Ortega's relations with Western powers, namely the United States, which is still fuming about his efforts to reinterpret the constitution to permit his re-election. Tens of millions in aid to Nicaragua from the United States and the European Union could be in jeopardy if the elections are not free from fraud, analysts contend.

Mr. Ortega, a hero of Nicaragua's revolutionary war more than three decades ago, has sought to dispel the many depictions of him as power-hungry.

In the capital, his smile beams from billboards that declare "love, peace and life!" Christmas tree displays stay lit in public plazas throughout the year, a subtle reminder that while the world reels from recession, Mr. Ortega has kept Nicaragua's economy humming. This democratic process is going in

a good direction," Mr. Ortega's wife and chief spokeswoman, Rosario Murillo, told local reporters recently. "That is a reality you feel everywhere. There is a mood of celebration.'

"Without a doubt," she added, "he will continue being president.'

It is a sign of his sturdy grip that so many seem poised to stand by the president and his party, the Sandinista National Liberation Front. Mr. Ortega claimed 48 percent of the vote in a recent CID Gallup poll, 18 points ahead of his closest rival, Fabio Gadea, a 79-yearold radio personality.

Mr. Ortega has broadened his base of supporters through his success rejuvenating Nicaragua's economy, most visibly through a partnership with Hugo Chávez, the president of Venezuela. The alliance has brought about \$400 million each year in subsidized oil to the \$6 billion Nicaraguan economy. While it is unclear exactly how the

money is spent, Mr. Ortega regularly announces new policies aimed at the working class, including fuel subsidies for taxi drivers and land titles for lowerincome families

"He's like a piñata," said Carlos Reyes, 53, a farmer in northern Nicaragua who said he had received two cows and a truckload of fertilizer from the government. "The money keeps coming."

He has also won allies in the private sector, a constituency that has long been suspicious of Sandinista candidates and of Mr. Ortega in particular. During his previous stint as Nicaragua's president, from 1985 to 1990, Mr. Ortega's policies helped usher in a period of rampant inflation and economic anxiety.

Two decades later, to the surprise of even some in his own party, he has abandoned socialist economic doctrine for a moderate, free-market approach. Under his leadership, tourism and exports have boomed, and labor relations



President Daniel Ortega of Nicaragua has found support from players on all sides.

are tranquil.

In a sign of Mr. Ortega's close relationship with business, the Superior Council of Private Enterprise, a national coalition of business chambers, did not endorse a presidential contender this year. In previous elections it often sided with non-Sandinista candidates.

Though the economy will be front and center on Sunday, Mr. Ortega's history of ignoring complaints about the electoral process, particularly after national and international watchdogs alleged widespread fraud by the Sandinistas in the 2008 municipal elections, has left his critics on a hair-trigger.

And many still resent Mr. Ortega's political maneuvering to permit his reelection. The Nicaraguan constitution bans leaders from serving consecutive terms and caps their total service at two terms. But Nicaragua's Supreme Court, which Mr. Ortega controls, ruled in 2009 that the limits were a violation of human rights.

The United States cut about \$62 million in aid over concerns about past elections but has otherwise largely let Mr. Ortega be, wary of provoking anti-American sentiment.

"He goes to the precipice bu doesn't jump off," explained Robert J. Callahan, who stepped down as the American ambassador to Nicaragua in July. "He does just enough to allow the community of democracies to justify staying and attempting to work with him.'

Mr. Ortega's rivals in the presidential race have seized on his unilateralist approach, warning that he may move to an extreme if he is re-elected and gains a majority in the national assembly.

But in a crowded field, his opponents have struggled to win a significant bloc of voters, and many lack steady financing. They have focused their energies on recruiting young people, given that more than half of Nicaragua's population is under 30.

Mr. Gadea, the radio personality, who used his platform to back the contra cause in the 1980s, has built the most fervent following. During a recent carr paign stop in Matagalpa, a hilly agricu tural community in the north, thousands of his supporters marched through the streets downtown, some stopping to tear down Sandinista flags.

"We are going to elect an honorable president, an honorable government so that this country gets rid of the scar of corruption," Mr. Gadea told the crowd. For many Nicaraguans, the problems remain the same. Poverty is rampant much of the population lives on just a few dollars each day, according to recent estimates - and unemployment remains high. Education levels are anemic, and violence from the region-wide drug war is beginning to tear at the country's edges.

But many say that in Mr. Ortega, they have found some stability, even if he is not perfect.

'My family can sleep peacefully at night," said Mr. Romero, the waiter. "What else is there to worry about?"