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Drug booms and busts: poverty and prosperity in a Nicaraguan narco-barrio

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ABSTRACT
The income generated by the drug economy can often be substantial for the different parties involved, even at the lowest rung of this illicit trade. Yet the drugs trade is also a notoriously volatile activity, meaning that drug-related prosperity is highly prone to boom-and-bust cycles. Drawing on ongoing longitudinal ethnographic research in urban Nicaragua, this article explores the consequences of the cyclical nature of the drugs trade, tracing its unequal patterns of capital accumulation, as well as what happened to those who benefited from the drug economy when it became more exclusive and then subsequently moved on elsewhere.

Introduction
In contrast to findings in many other parts of the world, and most notably the US, scholars have long noted how the income generated by drug economies in Latin America can often be substantial for many of the different parties involved, including at the local level, and even at the lowest rung of this illicit activity. Perhaps not surprisingly, several studies have consequently highlighted the significant developmental impact that the drugs trade has had in local communities in Brazil, Mexico, or Central America, among others. At the same time, however, the narcotics trade is also a notoriously volatile and contingent business, as production processes, the individuals and organisations involved, distribution routes, channels, and modus operandi, as well as sales and consumption patterns, change frequently, for reasons ranging from individual dealer attrition to competition between drug trafficking organisations, to law enforcement operations, to global economic downturns, to climatic events such as el Niño, to shifts in urban fashion, to the changes in transport timetables, to the introduction of particular forms of urban planning, among other factors.

While the effects of such changes can obviously be diverse, a generally under-considered aspect of the narcotics trade concerns what happens to those who benefited materially from the local drug economy once it has moved on elsewhere, become more exclusive, or been eradicated. Much of the existing literature tends to simply note that drug dealers and...
traffickers are often killed or incarcerated due to their involvement in the drugs trade, both of which undoubtedly have negative impacts on their economic futures. However, many drug dealers also simply end up changing, reducing, or ceasing their involvement in the drug economy, and developing alternative occupational trajectories. Understanding how and why such choices are made, what constraints are endured, how options emerge, and why they are or are not taken up, is critical to getting to grips with the underlying nature of the narcotics trade.

Drawing on ongoing longitudinal ethnographic research in the poor Managua neighbourhood barrio Luis Fanor Hernández begun in 1996, this article will first characterise the evolution of a local cocaine-based drug economy from its emergence in 1999 through to its significant decline by 2016, mapping out the reasons for its rise and fall, the nature of its transformation over time, the primary actors involved, as well as its socio-economic consequences. The second part of the paper then focuses on what might be termed the post-‘down-turn’ lives of individuals who were involved as dealers in the drugs trade at different points in time, and whose trajectories respectively illustrate three typical pathways of former drug dealers: ‘downsizing’, ‘destitution’, and ‘diversification’. Taken together, these provide a sense of the range of options open to former dealers in Nicaragua after drug ‘booms’ and ‘busts’, and exemplify how and why choices are made or imposed on individuals, as well as how drugs affect the lived experience of downward mobility.

The barrio Luis Fanor Hernández drug economy

Although drugs were by no means unknown in barrio Luis Fanor Hernández prior to 1999, cocaine was extremely rare, and those who consumed drugs mainly smoked marijuana, sniffed glue, or drank boiled floripón (a hallucinogenic flower native to Nicaragua). The neighbourhood cocaine trade developed initially in an informal, ad hoc manner, around a single individual known as el Indio Viejo (the Old Indian), who had been a member of the first post-war local gang in the early 1990s. After leaving the gang, he had started growing marijuana with his brother in a no-man’s land near the barrio, selling the crop mainly to a regular clientele of local gang members, but also to a small number of individuals from outside the neighbourhood. Although he himself had lived in barrio Luis Fanor Hernández all his life, el Indio Viejo’s family was originally from the Caribbean coast of Nicaragua, and in 1999 a fisherman cousin from Bluefields, knowing of his involvement in the marijuana business, sent him a bale of cocaine – or ‘langosta blanca’ (‘white lobster’) – that he had picked up at sea – presumably thrown overboard by drug traffickers as they sought to avoid arrest after being intercepted by the US or Nicaraguan Navy – and asked him to sell it for him. Through one of his non-neighbourhood clients, el Indio Viejo sold the cocaine to a drug dealer in another neighbourhood, and in doing so realised that the profit margins on cocaine were much higher than those on marijuana.

He consequently immediately set about actively organising his Caribbean networks of family and friends to send him any bales of cocaine they might find, initially offering to sell them on commission but rapidly simply buying them directly. He quickly found out, however, that he had to sell most of the cocaine in the form of crack – known in Nicaragua as ‘la piedra’, or ‘the stone’ – due to local market conditions. Crack is made by boiling cocaine (cocaine hydrochloride) and sodium bicarbonate in water, and is much less expensive than cocaine, being obviously diluted and far less pure, to the extent that it is widely known as ‘the poor man’s cocaine’, meaning that it was affordable in the generally impoverished context of
Luis Fanor Hernández. Making crack is, however, quite labour intensive, and *el Indio Viejo* decided to recruit collaborators in order to share the workload, and the *barrio* Luis Fanor Hernández drug economy became a three-tiered pyramid as a result. At the apex was *el Indio Viejo* – also known as the ‘narco’ – who brought the cocaine into the neighbourhood and mainly wholesaled it, principally – but not exclusively – to half a dozen ‘púsheres’ in the neighbourhood. *Púsheres* ‘cooked’ the cocaine they bought from the *narco* into crack which they then sold from their houses – ‘expendios’ – to a regular clientele which included ‘muleros’, the bottom rung of the drug-dealing pyramid. *Muleros* sold crack in small doses to all comers on *barrio* street corners, generally in the form of ‘paquetes’ containing two ‘fixes’, known as ‘tuquitos’.

In total, then, by 2002 the *barrio* Luis Fanor Hernández drug economy directly involved 29 individuals: one *narco*, nine *púsheres*, and 19 *muleros*. The *narco*, *púsheres*, and *muleros* were all from the *barrio*, and were moreover all gang members or ex-gang members. The *narco* and *púsheres*, however, also often hired non-gang members – generally members of their household – to help them out, but a large number of *barrio* inhabitants were also indirectly involved in the drug economy by acting as ‘*bodegueros*’, stashing drugs in their houses for the *narco* or for *púsheres* in exchange of payment, generally between US$15 and $70, depending on the quantity and the length of time it had to be stored. This constituted a substantial sum of money in a context where the median wage was around US$100, but paled in comparison to the sums earned by those more directly involved in the drugs trade. As I have described in more detail elsewhere,8 in 2002 *muleros* in *barrio* Luis Fanor Hernández made US$350–600 per month from their drug dealing, while *púsheres* made between US$1050 and US$2400 per month. I have no direct information about the *narco*’s income, although this was clearly much higher. He owned two houses in *barrio* Luis Fanor Hernández – one of which had two stories, something that was relatively rare and a sign of conspicuous affluence in earthquake-prone Managua – two motorbikes, and a fleet of 10 cars, eight of which were taxis.

As many studies have highlighted, drug dealing is as much about status-generation as it is about income,9 and all those involved in the *barrio* Luis Fanor Hernández drugs trade also engaged in various forms of ‘conspicuous consumption’ including wearing ostentatious jewellery, buying brand-name clothes, drinking imported alcohol, or shopping in supermarkets rather than the local market. Most striking, perhaps, was the infrastructural manifestation of this behaviour, as drug dealers materially transformed their homes from the drab wooden shacks that were the characteristic neighbourhood dwellings into ostentatious, gaudily painted brick houses with extravagant fittings – in one case, crystal chandeliers! – and filled with exotic furniture such as full-length Louis XIV rococo mirrors and hand-made hardwood chairs and sofas, as well as luxurious home appliances such as widescreen televisions, mega-wattage sound systems, and Nintendo game consoles. At the same time, however, the financial benefits of the drugs trade also trickled beyond the ‘narco-bourgeoisie’ of those directly involved, as these shared their bounty with extended family, to the extent that about 40% of households in *barrio* Luis Fanor Hernández were visibly better off as a result of drug dealing compared to surrounding non-drug dealing neighbourhoods.

The political economy of the narcotics trade in *barrio* Luis Fanor Hernández began to change from 2003 onwards, however, as *el Indio Viejo* sought to professionalise his operations. On the one hand, this was due to most of the current gang members he’d recruited to be street dealers – and who also provided a ready-made security apparatus for the drug
having become crack addicts and therefore being increasingly unreliable. On the other hand, the ad hoc nature of his supply meant that it was not always regular, something that obviously impacted negatively on dealing. Through his Caribbean coast networks, he consequently developed links with a Colombian drug cartel – the Norte del Valle cartel, according to two pusheres whom I interviewed in 2007 – that was regularly moving drugs from Colombia to Nicaragua, in order to ensure a more regular, less contingent supply of cocaine, and also began to be more selective in his choice of associates as a result. By 2005, el Indio Viejo was leading a rather shadowy, tight-knit group that was locally referred to as the cartelito, or ‘little cartel’, and was highly feared, partly because it was something of an unknown quantity, since it involved individuals from outside the neighbourhood, although barrio Luis Fanor Hernández remained their main dealing territory.

Although el Indio Viejo continued to supply some local pusheres – who effectively became members of the cartelito – he cut others off, and actively discouraged the latter from attempting to pursue any drug dealing activities by dramatically killing a pusher after he attempted to secure an alternative source of cocaine for himself. During this period members of the cartelito also increasingly clashed with the local barrio Luis Fanor Hernández gang, muscling them out of the street drug trade by generally intimidating them and sometimes shooting randomly at any gang members they saw hanging around in the streets. After a few months of enduring such acts, the barrio Luis Fanor Hernández gang decided to retaliate and attacked el Indio Viejo’s house one evening in mid-2006, which led to a shootout between the gang and members of the cartelito, during which a gang member called Charola was badly wounded. The other gang members fled, leaving him behind, and a member of the cartelito called Mayuyu went up to Charola and killed him, shooting him in the head, execution-style, ‘as a warning to the others’, as he put it during an interview a few years later.

Following this event, the barrio Luis Fanor Hernández gang effectively ceased to exist and local drug dealing was fully and exclusively controlled by the cartelito. The number of people involved from barrio Luis Fanor Hernández was clearly smaller than previously, and the material benefits of the trade consequently no longer trickled down into the non-drug dealing population as much, despite 2006–2007 clearly being the high point of drug dealing in the neighbourhood in terms of volume. From late 2007 onwards, however, the barrio Luis Fanor Hernández cartelito began to reduce its involvement in local drug-dealing activities and refocused on drug-trafficking – ie moving drugs across Nicaragua – instead. The initial impulse for this was el Indio Viejo being arrested and deciding this was linked to the visibility of his drug dealing (although in actual fact it seems to have been bad luck – he was arrested by transport police officers who detained him due to a traffic violation but subsequently discovered significant amounts of drugs in his car). At the same time, though, el Indio Viejo had begun to realise that the profit margins of drug trafficking were much higher than those associated with drug dealing, and so whilst in prison, he institutionalised his existing Colombian cartel links, brokering an agreement to become their exclusive ‘man in Nicaragua’ – so to speak – and the barrio Luis Fanor Hernández cartelito began to take charge of transporting regular shipments of cocaine from the Caribbean coast of the country to the Honduran border.

This further reduced the number of people benefiting from the drugs trade in barrio Luis Fanor Hernández as the cartelito’s operations became increasingly spread across the country, and there was less need for local bodegueros and other indirect workers. Members were rarely seen, however, even after el Indio Viejo was released from prison in 2010, although
Luis Fanor Hernández was the theatre of frequent acts of unpredictable and extreme violence, largely related to the increasing monopolisation of the narcotics trade in Nicaragua that took place during this period, whereby rival cartelitos fought each other for control over drug trafficking routes and shipment rights. Although at the height of its success, the barrio Luis Fanor Hernández cartelito by all accounts became one of the four most important native drug trafficking organisations in Nicaragua, in 2011 el Indio Viejo was arrested again along with most other members of the cartelito, reportedly at the behest of a rival cartelito which had developed close links to certain members of the Nicaraguan government. Although what remained of the barrio Luis Fanor Hernández cartelito subsequently re-organised in a much-reduced manner around el Indio Viejo's former number two, another ex-gang member from the first post-war generation known as ‘Pac-Man’ (due to his voracious appetite), they constituted little more than a loose group of local dealers sharing the benefits of economies of scale, and by 2014 had effectively dissipated as an organised concern.

Between 2014 and 2016, four individuals continued to operate in barrio Luis Fanor Hernández as low-level street dealers, buying their drugs from bigger dealers in other neighbourhoods. One of these was Pac-Man’s daughter, another was a former pusher from the early 2000s who had subsequently integrated the cartelito, and the other two had been muleros in the early 2000s. All principally sold crack, although it should be noted that the neighbourhood drug market had by then shrunk substantially compared to the past. This was partly related to the fact that when the barrio Luis Fanor Hernández cartelito moved from dealing to trafficking in the late 2000s, they not only reduced the local supply of crack dramatically, but also cracked down (so to speak) on local addicts in order to avoid drawing police attention to the neighbourhood. By November 2016, marijuana had in fact supplanted crack cocaine as the main drug being sold in barrio Luis Fanor Hernández, and there were only two local dealers left – one of the former muleros died, while Pac-Man’s daughter left the neighbourhood – although a growing number of local delinquent youths were dealing in an ‘amateur’ manner – that is to say, they sold sporadically on an occasional basis, generally motivated by immediate financial desires, although it should be noted that these tended to remain modest (needing to buy a new pair of shoes or a formal shirt for a birthday party, for example).

**After the drugs boom**

Many individuals in barrio Luis Fanor Hernández have clearly benefitted materially from the drugs trade over the course of the past two decades, whether directly, as dealers, or indirectly, employed as helpers or bodegueros, or as extended family members benefiting from the largesse of drug dealers. The particular trajectory of the barrio Luis Fanor Hernández drugs trade, however, clearly begs the question of what happens after a drug ‘boom’, once the drugs trade has changed or moved on. Or, put another way, what happens when things go ‘bust’? I am particularly interested here in the consequences for the barrio Luis Fanor Hernández drug dealers who in the early and mid-2000s constituted what could plausibly be considered a nascent local ‘narco-bourgeoisie’, (primitively) accumulating unprecedented wealth within a local context historically associated with extreme poverty. How do they cope with their central means of livelihood disappearing? Although those who benefitted indirectly from the drug economy have also frequently experienced a significant downturn in their material circumstances, in most cases this was clearly not as dramatic as for those
who were directly involved, partly because the former’s participation often did not constitute their sole or even primary economic activity.

The question of what happens to unemployed drug dealers is not considered very much in the existing literature on the drugs trade, but Sudhir Venkatesh’s study of ‘the underground economy of the urban poor’ in 1990s Chicago, and Randol Contreras’ study of the South Bronx drugs trade during the 1990s and 2000s, constitute two partial exceptions. The former describes how the demise of the crack economy in the Chicago neighbourhood of Maquis Park in the early 1990s led to the local drug gang turning to extortion of local businesses in order to replace its crack-related income, while the latter describes how the end of the so-called ‘Crack Era’ led to a group of previously successful drug dealers becoming ‘stickup kids’, moving from selling drugs to violently robbing drug dealers instead. Both of these patterns of behaviour are clearly quite contingent and context specific, and nothing analogous has come to the fore in barrio Luis Fanor Hernández. Although a couple of former local drug dealers have become violent delinquents since ceasing to be involved in the drugs trade, and (sometimes) prey on the local neighbourhood community, they do so on an individual basis rather than as a part of a group, while the professionalisation and exclusive monopolisation of the contemporary drugs trade in Nicaragua means that there is little chance of small-time delinquents successfully targeting drug dealers today.

At the same time, however, of the 29 individuals involved in drug dealing in barrio Luis Fanor Hernández in early 2002, 11 were locally economically active (whether formally or informally), six were incarcerated, five had died, four had emigrated, and three were unemployed, as of November 2016. This suggests that a range of options beyond the two described by Venkatesh and Contreras were open to former drug dealers in the neighbourhood. If we ignore death and incarceration, the single most common trajectory was for former drug dealers to simply take up new occupations that more often than not had little to do with drug dealing, whether in Nicaragua or elsewhere. Chucki, for example, ceased dealing after the conflagration with the cartelito in 2006 that resulted in Charola’s death, and started working as a car mechanic in barrio Luis Fanor Hernández instead. Similarly, Mondul – who was Charola’s cousin – left the neighbourhood for Costa Rica, where he has since combined seasonal work as a rural coffee picker with construction work in San José. Neither the number of economically active former drug dealers nor their occupations were particularly exceptional compared to non-drug dealers, but the particular history of former drug dealers meant that their post-dealing occupational trajectories can potentially be distinguished as corresponding to three typical pathways: ‘downsizing’, ‘destitution’, and ‘diversification’. Of the three, ‘destitution’ was the most common, followed by ‘diversification’, and then ‘downsizing’, although it should be noted that these different pathways to a certain extent overlap and combine.

**Downsizing**

‘Downsizing’ only applied to the handful of individuals who had previously participated in the barrio Luis Fanor Hernández drug economy and who continued to deal drugs, but on a much smaller scale, and therefore making much less. El Gordo Sucio, for example, had been one of the neighbourhood’s most successful muleros in 2002, regularly making a profit of about US$600 per month, but in 2014 he was making no more than about $100 per month. This significant revenue shrinkage was first and foremost due to a decline in the volume of
drugs that he sold, but another important reason was that *el Gordo Sucio* had become a serious crack addict; indeed, he told me during an interview in 2014 that this was the principal reason he had taken up drug dealing again after the fall of the *cartelito*, in order to ensure that he always had access to crack, and he admitted to frequently smoking his stocks rather than selling them.

The ramifications of downsizing were not only financial but also symbolic. During the early years of the *barrio* Luis Fanor Hernández drug economy, when it was organised pyramidally, the distinction between *púsheres* – who sold from their homes – and *muleros* – who sold on the streets – went beyond their separate roles in the crack production and sales process, and also involved their having different social statuses. *Púsheres* looked down on *muleros*, something that was reinforced by the fact that there was no mobility between distinct levels of the drug pyramid, ie a *mulero* could not aspire to becoming a *púsher*, and there was obviously no question of a *púsher* aspiring to replace the *narco*. Two of the individuals who continued to deal drugs post 2014 had both been *púsheres* previously, and they clearly perceived their low-level street dealing as a humiliating social demotion, as *el Negro* explained during an interview in 2014, responding to my questions about whether the rumours I’d heard that he had taken up drug dealing again were true or not:

*el Negro*: ‘*Sí, sí*, I’m still dealing drugs, but not like before, you know …’

Dennis Rodgers: ‘What do you mean? Like you’re independent now that *el Indio Viejo* is in prison and there’s no longer a *cartelito*?’

*eN*: ‘*Pues, eso sí*, but no, it’s more than that …’

DR: ‘You mean like you’re not making as much money as before? Because you’re selling less drugs? Or because it’s more difficult to source drugs?’

*eN*: ‘*Sí, eso también* [Yes, that too], but it’s not that, Dennis … I mean, you remember how I used to sell before, yes?’

DR: ‘Sure, you explained everything to me in several interviews over the years, I can’t remember exactly how much you were making when, but you gave me a pretty good idea each time, which was very useful for my work.’

*eN*: ‘*Dale*, but I’m not talking about that … You remember how I had my own *expendio*, I sold from my house, *sí*? Well, now I’m selling on street corners, hanging around, waiting for people to pass by, like a dirty *mulero* … Before my clients came to me, to my home – I was a *púsher!*’

**Destitution**

While ‘downsizing’ meant a reduction in revenue, it nevertheless still involved earning a viable income. A little later during the course of the same interview mentioned above, *el Negro* made a throwaway comment that ‘*no me gusta vender así* [I don’t like to sell this way], but at least it means that I can afford to maintain my house and I don’t have to sell all the nice things I bought when things were better’. When I asked him what he meant by this, *el Negro* commented that many former dealers in *barrio* Luis Fanor Hernández were now destitute. To a certain extent, this was due to the general lack of employment opportunities for poor, uneducated young men within Managua’s broader labour market, as several former drug dealers were unemployed, and most of the locally economically active ones were in
fact underemployed or earned very low incomes. At the same time, though, their destitution was also a function of the particular spending habits that they had developed when drug dealing, as many attempted to maintain public patterns of ‘conspicuous consumption’ in the face of unemployment, underemployment, or low income streams by the unsustainable means of pawning off the luxury furniture, electronic appliances, white goods, motorbikes, etc they had bought when dealing drugs. This, added to the lack of maintenance to their previously immaculately and gaudily painted houses, meant that many former drug dealers lived in conditions of ‘faded grandeur’, rattling about in crumbling, empty houses, dreaming nostalgically of the past, as became clear in 2012 when I visited Jasmil, a former púsher from the early and mid-2000s. He had been one of the first drug dealers to convert his wood shack into a brick house, which he would proudly have repainted a different colour every year, and it was a shock to see it washed out and the paint peeling.

‘Oye, Jasmil, que onda [What’s up]? I haven’t seen you for ages! But what the fuck has happened to your house, why haven’t you re-painted it?’ I exclaimed.

‘Ya no tengo para eso ahora, maje [I don’t have any money for that now, mate], he answered balefully, before going on to explain: ‘I don’t have a job anymore, there’s no more drug dealing here, so how am I supposed to earn enough to live, let alone paint my house?’

DR: ‘Yeah, I’m sorry, maje, shit happens … But at least it’s still nice inside, no?’

Jasmil: ‘There’s nothing inside, I’ve had to sell everything.’

DR: ‘What? You mean all your furniture and stuff? But why?’

J: ‘Pues, how else am I supposed to survive? There’s no more drug dealing, I’ve told you … No hay nada [There’s nothing] …’

This mix of material and psychological consequences to the demise of the drugs trade in barrio Luis Fanor Hernández is not necessarily surprising. Certainly, it bears comparison to James Ferguson’s famous study of economic decay and downward mobility among Zambian Copperbelt mineworkers, where he also points out that, in many ways, it is worse to have enjoyed economic prosperity and to have thought of oneself as being at the centre of progress and modernity before being cast aside, than to have always been poor and excluded.18 Indeed, this was very much the tenor of my last conversation with el Gordo Sucio in 2014, when he even went so far as to bitterly wish that he had never got involved in drug dealing, something that is all the more poignant in view of the fact that he died of an overdose in February 2016. Having said this, as I have described elsewhere,19 local neighbourhood inhabitants – both drug dealers and non-drug dealers – frequently displayed patterns of ‘instant gratification’ in their socio-economic behaviour,20 and I suspect that most of the former barrio Luis Fanor Hernández drug dealers would probably disagree with both Ferguson and el Gordo Sucio, even though they were no longer able to maintain their previous living standards. Certainly, this was the general tenor of the conversation I had with a former púsher called Espinaca in November 2016, for example, who responded to my queries about his destitution with a rather philosophical ‘Cuando hay, hay, y se tiene que disfrutar, y cuando no hay, no hay, y se tiene que aguantar …’ [When you have money, you’ve got to enjoy it, and when you don’t, you’ve just got to make do …].
Diversification

Espinaca’s discourse very much echoes that of Topi, a ‘stickup kid’ whom Contreras discusses in his study of South Bronx drug dealers who turned to robbery after the collapse of the local crack economy, describing him as a ‘high lifer’, living ‘a roller-coaster ride of material and drug consumption, spending money as though it had no end’ after a successful robbery.21 He contrasts ‘high lifers’ with ‘venturers’, who ‘invest robbery earnings in legal pursuits,’22 citing the example of Tukee, who invested in a pet store. Such diversification could also be observed in barrio Luis Fanor Hernández, although it only involved a very small number of former drug dealers. Some of these, such as Bismarck, had diversified while the neighbourhood drug economy was in full swing, while others, such as Kalia, developed a new economic activity after the end of the drugs boom. In both cases, however, their diversification was based on the strategic reinvestment of their narcotics trade profits. Kalia, who was a former mulero from the early 2000s, bought a plot of land and built a house in a new urban settlement in another part of Managua, moving there with his wife and daughters in 2012, and setting up a successful fritanga (outdoor fry-up). Although clearly a major step-down in terms of his revenue, in an interview in 2014 he professed to being much happier, and was in fact thinking of opening another fritanga in another part of this new neighbourhood, musing rather drolly that ‘I could be el poderoso de las fritangas, like a narco, but for food!’

But perhaps the most striking exemplification of diversification in barrio Luis Fanor Hernández was a former púsher called Bismarck, who ceased dealing drugs in early 2007, partly at my urgings, and partly due to a growing sense of familial responsibility following fatherhood. As he explained during the following exchange in late 2007, where I questioned him about his new activities:23

DR: ‘So, what are you doing now if you’re not dealing drugs?’

Bismarck: ‘I’ve got these new businesses which I’ve set up with the money I made from selling drugs – I’ve diversified, Dennis!’

DR: ‘Uh-huh, and to what?’

B: ‘Well, like a year ago I bought a ranchón [night club], but the stupid place didn’t make any money, so I sold it a few days ago to some sucker who thinks he can make it work. Good luck to him, I say!’

DR: ‘How much did you get for it?’

B: ‘US$40,000’

DR: ‘Hey, that’s a good sum of money! What are you going to do with it?’

B: ‘I don’t know yet, I’m thinking that I might buy a pulperia [corner store], here in the barrio, at least I know how this place works, and what people want. With that amount of money, I could buy one that already exists in a good location, with nobody else around it. Or I might expand my shop at the Huembes market instead. I haven’t decided yet:’

DR: ‘You have a shop at the Huembes? What does it sell? Is it a proper shop or is it a stall?’

B: ‘No, no, it’s a proper shop, and it sells secondhand clothes.’
DR: ‘Wow, that’s something different! … So how did you go about setting up your shop? Have you bought it or do you rent it? And why did you set it up in the Huembes?’

B: ‘Well, the Huembes market is a good place to have a shop because it’s nearby, you save on transport costs, and I know the place well, because I used to hang around there all the time when I was in the gang. So what I did was that I went to the market authorities and told them that I wanted to buy a shop, and they offered me this one, which was in a good location, and so I said yes.’

[...]

DR: ‘So this is all legal and official?’

B: ‘Yes, it’s all authorised by COMMEMA [the Corporación Municipal de los Mercados de Managua, or Municipal Managua Markets Corporation]. I have a property title, and authorisation to sell, and I pay a monthly business tax of 200 córdobas\(^{24}\) to COMMEMA. I’ve also just finished remodelling it, to make it look modern and all. I spent 5000 córdobas,\(^{25}\) and it looks really good now, like a real store in one of the commercial malls. It’s got to have the right onda, you know, otherwise it won’t work, people won’t come …’

[...]

DR: ‘It sounds like you’ve got it all worked out!’

B: ‘Yes, and God willing, if this works, I’ll be able to expand, and this way my kids will have a whole chain of stores to help them survive in the future, once I’m gone.’

DR: ‘Well, I suspect that you’re not likely to die for some time, Bismarck, especially now that you’ve got out of drug dealing. Selling secondhand clothes is a much less dangerous occupation!’

B: ‘Heh, heh! That it is, Dennis, that it is …’

The shop at the Huembes was the first item of a burgeoning property portfolio that Bismarck set about constituting after leaving the drugs trade behind. Part of the impulse for this strategy was a conversation that we’d had in 2003 when he responded to my nagging urgings to stop drug dealing and take up a less dangerous occupation by saying that he’d be willing to take a cut in his not inconsiderable earnings so long as he could secure a regular revenue, and then asked me what I thought he should invest his money in. I responded that the only type of investment I knew that yielded a positive rate of return over the long term was property. Bismarck later told me that he had taken this piece of advice to heart, although after a disagreement with the COMMEMA in 2009, Bismarck decided to focus exclusively on buying property in barrio Luis Fanor Hernández. He sold his shop at the Huembes market in 2010 and bought a pulpería (cornerstore) in the neighbourhood, where he also set up a motorcycle mechanic’s workshop, and bought three adjacent houses which he joined together and converted into rental accommodation, renting out rooms on an individual basis, and two years later he bought another couple of houses which he also rented out, to two families.

As I have described elsewhere, the means through which he purchased his properties were often quite dubious, and he frequently secured his tenants’ rent through violent means.\(^{26}\) Bismarck’s ‘slum lordship’, however, ensured that he had a monthly revenue of around US$600, equivalent to a little more than 50% of what he’d earned per month when drug dealing, and in interviews in 2012 and 2014 he professed himself happy with this, emphasising over and over that he was much less at risk of being killed or imprisoned. On my last visit to Nicaragua in November 2016, however, I was surprised to observe that
Bismarck’s property empire had fallen apart. Firstly, his pulpería went bust, for reasons that were not completely clear to me. Secondly, his rental accommodation suffered an arson attack, most likely by disgruntled tenants seeking revenge for being humiliated by Bismarck. Then his motorcycle workshop was closed by the police, ostensibly because it had been set up on communal land (which was true), but in fact because Bismarck decided to stop paying them bribes to leave him alone – the arrangement was a leftover from his drug-dealing days – as a cost-saving measure following the loss of revenue resulting from the arson attack. This, however, prompted the families renting the two individual houses he had bought to stop paying their rent. Feeling that Bismarck no longer had police protection, the two families – which were linked by marriage – banded together to effectively ‘expropriate’ the houses, and after being badly beaten up when he tried to intimidate them, Bismarck now considers the houses ‘lost’. Since the middle of 2016, he has worked as a personal chauffeur for the director of a Taiwanese clothing company operating in one of Managua’s Free Trade Zones, earning US$180 a month, about 15% of what he earned a month as a drug dealer.

Conclusion

This article has explored what might be termed the local ‘boom-and-bust’ cycle of drug economies. It is well established that the global narcotics trade is a highly volatile business, but less considered is the way this macro instability is mirrored at the micro level, as local drug economies inevitably mutate and evolve over time, to the extent that they are always contingent and time-bound in nature. Certainly, the example of the barrio Luis Fanor Hernández drug economy highlights how while drugs can generate significant material benefits at the local level, these are generally unevenly distributed, something that moreover also applies afterwards, insofar as the long-term effects of being centrally involved in the drugs trade are by no means guaranteed. These issues are sometimes explored from a macro and aggregate perspective, but the question of what happens to the individuals involved in a drug economy after it ceases to exist is rarely considered. Although death and imprisonment clearly often accompany such processes, they generally only affect a minority of those affected by the drugs trade, and most former drug dealers turn to alternative economic activities. While some manage to capitalise on the exceptional capital accumulation opportunity offered by drug dealing, others do not, however, and it is critical that we understand why this might be the case.

The question, then, is what happens to the majority who effectively find themselves out of a job – or, put another way, what do unemployed drug dealers do? How do they cope with the disappearance of an activity that provided them with contextually extraordinary levels of wealth? Does involvement in drug-related capital accumulation, even if only for a while, provide a comparative advantage to individuals after they have ceased dealing? Or do they face a situation like the one described by James Ferguson in his study of former mineworkers in the Zambian Copperbelt, where downward economic mobility had profoundly demoralising effects in the form of a widespread sense of ‘abjection’? The latter situation was certainly observable in barrio Luis Fanor Hernández, with many former drug dealers frequently waxing nostalgically about the past in interviews, and expressing feelings of loss and sometimes even humiliation about their new status, although others had no regrets, and philosophically accepted the contingent nature of their drug-dealing wealth. Such discourses were, however, associated variably with the three different possible
pathways for former drug dealers’ post-dealing occupational trajectories in barrio Luis Fanor Hernández that I have laid out in this article, namely ‘downsizing’, ‘destitution’, and ‘diversification’.

The first effectively represented a desperate attempt to continue dealing drugs, albeit inevitably on a reduced scale because the neighbourhood was no longer a central geographical node of the drugs trade. In the long run this downsizing is clearly unsustainable, and moreover has diminishing returns, something that generated an undercurrent of anxiety among those engaged in this activity. The second pathway, destitution, was the lot of most drug dealers in barrio Luis Fanor Hernández. This was partly due to broader contextual factors, insofar as the Nicaraguan labour market offers few opportunities to uneducated young men, but there was also a clear symbolic dimension to this condition, insofar as many drug dealers accelerate their impoverishment by persisting with forms of conspicuous consumption after they have lost the means to sustain these. This highlights the important symbolic elements surrounding the drugs trade, and which often drive some of its internal logic as well. It is interesting to note that although conceptually destitution might be considered particularly humiliating for former drug dealers, the levels of anxiety and feelings of humiliation were clearly not as high as those associated with downsizing, perhaps because the fact of ‘faded grandeur’ that applied infrastructurally to many former drug dealers’ homes still offered a sense of symbolic hierarchy, but also due to the widespread indulgence in forms of instant gratification which meant that there existed a general sense in barrio Luis Fanor Hernández of ‘easy come, easy go’ in relation to wealth, and past success was often mythologised and provided enduring kudos.

The final pathway is that of diversification, which in many ways was the most unusual. This only concerned a small group of former drug dealers in barrio Luis Fanor Hernández, for reasons that most likely relate to idiosyncratic personality traits, although in the case of Bismarck, having an external agent – me – provide him with investment advice may also have played a role. What is interesting about the two examples of diversification that I discuss is that both Kalia and Bismarck explicitly drew on skills acquired while drug dealing to successfully carry out their new activities. This raises the issue of whether having been a drug dealer provides individuals with any transferrable advantages after they have ceased dealing. At first glance, the fact that Kalia and Bismarck belong to a minority group of former dealers suggests that this is not the case, but it might well be that their drug-dealing past is what allowed them to successfully diversify, in the same way that having been a gang member often provides individuals in barrio Luis Fanor Hernández with a ‘violence dividend’ that pays off for certain occupational trajectories – but not others – after leaving the gang. Certainly, it is striking that the overwhelming majority of economically active former gang members in barrio Luis Fanor Hernández seem to be earning significantly higher incomes compared to their employed non-ex-gang member peers in the neighbourhood. This was not as clearly the case for former drug dealers in general, but certain individual former drug dealers such as Bismarck were among the richest individuals in the neighbourhood, although his subsequent impoverishment highlights how this was a very volatile position.

In general terms, then, while there is little doubt that the drugs trade can generate significant material benefits at the local level, these are often quite contingent. This applies not only while drug dealing takes place, but also afterwards, insofar as the long-term effects of being centrally involved in the drugs trade are by no means guaranteed. While some individuals manage to capitalise on the exceptional capital accumulation opportunity offered
by drug dealing, others do not, and even those that do are by no means guaranteed to continue enjoying the fruits of their investments over the *longue durée*. The research presented in this article suggests that different trajectories occur for idiosyncratic reasons linked to individual personality or contingent externalities, but this picture may also be the result of the inevitably contextually specific nature of my case study. At the same time, however, even if this is the case, the research presented in this article also raises a number of broader issues about the drugs trade, including for example concerning the way that micro-level specificities can condition the development and articulation of macro-level processes rather than simply reflect the latter; how different types of drug-related activities generate very different forms of spatial, economic, symbolic, and political configurations; and, more generally, showcases the fundamentally embedded nature of the narcotics business, which rather than just being considered from a singular health or security angle clearly needs to be considered holistically in order to be properly understood in all its dimensions, whether positive or negative.

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**Notes**

3. Arias, *Drugs and Democracy in Rio de Janeiro*; McDonald, “Narcoeconomy and Small-Town Mexico”; and Rodgers, “Managua.”
5. This name is a pseudonym, as are the names of all the individuals mentioned in this article.
6. Due to its proximity to the Colombian island of San Andrés, Nicaragua is geographically a natural trans-shipment point for drugs moving from South to North America. It was under-
exploited as such until the turn of the century because of the patchy nature of its transport infrastructure, including in particular the lack of connection between the Caribbean and Pacific coasts of the country. In late 1998, however, Nicaragua was devastated by Hurricane Mitch, suffering major infrastructure damage and resource drainage. This negatively affected the (already limited) capabilities of local law enforcement institutions, thereby facilitating the importation of drugs; and at the same time, post-Mitch reconstruction efforts focused largely on rebuilding transport links, including building a road between the Caribbean and Pacific coasts, and generally improving the whole network, which had a knock-on effect of increasing the volume of traffic and making moving drug shipments easier. A sizeable proportion of the Western hemisphere’s South–North drugs trade has consequently been transiting through Nicaragua since the early 2000s.

10. Rodgers, “When Vigilantes Turn Bad.”
11. The latter subsequently consolidated monopoly control over the country’s narcotics trade, to the extent that we can plausibly talk of Nicaragua now being a ‘narco-state’ – see Rodgers and Rocha, “Myth of Nicaraguan Exceptionalism.”
16. The deaths occurred primarily because of the reconfiguration of the drug economy in barrio Luis Fanor Hernández rather than its demise, and dying can thus be seen as a cause rather than an outcome of ceasing to deal drugs. The same was also true of imprisonment, as the example of Mungo highlights well. He was a former *mulero* from the early 2000s who due to his personal links to *el Indio Viejo* was exceptionally allowed to take up drug dealing in 2009 when the *cartelito* refocused on trafficking, despite not being a member of the *cartelito*. Mungo was, however, arrested in 2010, and his prison experiences led him to put an end to his drug dealing, albeit for reasons that had little to do with drug dealing per se and more the traumatic experience of being incarcerated (see Rodgers, “I’ve Seen Things”).
17. At the same time, *el Negro*’s sense of humiliation clearly also stemmed from the fact that – due to his close personal friendship with *el Indio Viejo* – he had been one of the few original neighbourhood *púsheres* to integrate the *cartelito* once it became dominant, and then became one of two ‘authorised’ local dealers in barrio Luis Fanor Hernández once the *cartelito* had turned to trafficking rather than dealing, and he was easily the longest-standing of all the local drug dealers there have been in the neighbourhood.
19. Rodgers, “Each to Their Own.”
20. Lewis, *La Vida*.
22. Ibid.
23. The following is an abridged extract from an exchange presented in fuller form in Rodgers, “Critique of Urban Violence,” 99–102.
25. Approximately US$250 at the time.
30. Rodgers, “After the Gang.”
**Bibliography**


