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**URBAN SEGREGATION FROM BELOW:  
DRUGS, CONSUMPTION, AND  
PRIMITIVE ACCUMULATION IN  
MANAGUA, NICARAGUA**

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### Urban segregation from below: Drugs, Consumption, and Primitive Accumulation in Managua, Nicaragua

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#### Introduction

This paper explores the emergence of new forms of urban segregation in contemporary Managua, Nicaragua. Although the country has historically always been characterised by high levels of socio-economic inequality – with the notable exception of the *Sandinista* revolutionary period (1979-90), when disparities declined markedly – the past decade in particular has seen the development of new processes of exclusion and differentiation, especially in urban areas. In many ways, these are part of a broader regional trend; as several recent studies have noted, many other Latin American cities are undergoing similar mutations. The seminal investigation in this regard is undoubtedly Teresa Caldeira's *City of Walls*, which traces the way in which rising crime and insecurity have changed the cityscape of São Paulo, Brazil, transforming it from a space of open circulation to a fragmented archipelago of isolated “fortified enclaves”.<sup>1</sup> This new urban morphology is most visible in the proliferation of self-sufficient gated communities and closed condominiums for the affluent, which have significantly altered the character of urban space as those on the ‘inside’ of the enclaves no longer relate to notions of spatial cohabitation with those on the ‘outside’, but rather to an ideal of separation from them.<sup>2</sup>

In urban Nicaragua, the phenomenon has arguably gone further than simply enclaves. As I have detailed elsewhere, urban segregation has in fact developed through a process of ‘disembedding’ rather than fragmentation.<sup>3</sup> Partly because of the small size of the Managua elite, what has emerged instead of gated communities and closed condominiums is a ‘fortified network’, which has been constituted through the selective and purposeful construction of high speed roads connecting the spaces of the elites within the city: their homes, offices, clubs, bars, restaurants, shopping malls, and the international airport. The poor are excluded from these locations by private security, but also from the connecting roads, which are cruised at breakneck speeds by expensive 4x4 cars, and have no traffic lights but only roundabouts, meaning that those in cars avoid having to stop – and risk being carjacked – but those on foot risk their lives when they try to cross a road. The general picture, in other words, is one whereby a whole ‘layer’ of Managua’s urban fabric has been ‘ripped out’ of the fabric of the

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<sup>1</sup> Teresa Caldeira, *City of Walls: Crime, Segregation and Citizenship in Sao Paulo*, Berkeley: University of California Press, 2000.

<sup>2</sup> Similar processes have been observed in Buenos Aires (M. Svampa, *Los que ganaron: La vida en los countries y barrios privados*, Buenos Aires: Editorial Biblos, 2001), Mexico City (K. Fischer *et al.*, ‘Transformación económica, políticas y producción de la segregación social en Chile y México’, *Scripta Nova*, VII(146[127]) (2003), at [http://www.ub.es/geocrit/sn/sn-146\(127\).htm](http://www.ub.es/geocrit/sn/sn-146(127).htm)), Lima and Quito (A. Borsdorf, ‘Barrios cerrados en Santiago de Chile, Quito y Lima: Tendencias de la segregación socio-espacial en capitales andinas’, in L. F. Cabrales Barajas (ed.), *Latinoamérica: Países abiertos, ciudades cerradas*, Guadalajara: UNESCO & Universidad de Guadalajara, 2002), and Santiago de Chile (F. Sabatini & F. Arenas, ‘Entre el Estado y el mercado: Resonancias geográficas y sustentabilidad social en Santiago de Chile’, *EURE*, 26:79 (2000), pp.95-113; R. Salcedo & A. Torres, ‘Gated communities in Santiago: Wall or frontier?’, *International Journal of Urban and Regional Research*, 28:1 (2004), pp.27-44), among others.

<sup>3</sup> D. Rodgers, ‘Disembedding the City: Crime, Insecurity, and Spatial Organisation in Managua, Nicaragua’, *Environment and Urbanization*, 16:2 (2004a), pp.113-124.

metropolis for the exclusive use of the city elites, thereby profoundly altering the cityscape and the relations between social groups within it.

Such processes of segregation and exclusion are largely being driven by the affluent urban elites, both in Nicaragua and elsewhere in Latin America. This is obvious in the nature of the urban transformations themselves, but also becomes apparent when one “follow[s] the money”, as the Watergate mole ‘Deep Throat’ – a.k.a. Mark Felt – famously advised. Managua’s transformation coincided with the accession to power of Arnaldo Alemán, whose presidency between 1997 and 2001 came to epitomise the new oligarchy that emerged in Nicaragua from the ruins of the *Sandinista* revolution and the post-conflict peace process,<sup>4</sup> and to whose benefit the city’s mutations are clearly directed. The vast majority of the infrastructural changes to Managua’s cityscape were in fact financed from the Office of the Presidency – rather than the Managua municipality, which actually saw its budget significantly reduced – and were moreover among the few of Alemán’s actions that were uncontested by the *Sandinista* opposition, the upper ranks of which have themselves become part of the new oligarchy. Overall, several hundreds of millions of US dollars were spent on what can arguably be said to constitute an orchestrated top-down process of urban transformation that is primarily to the advantage of the city elites and not the impoverished majority of the population.

While this top-down perspective is clearly critically important to consider, it also arguably constitutes something of a case of ‘elite-centrism’. I use the term ‘elite-centrism’ not because I think that contemporary analyses of urban segregation in Latin American cities favour elites – few of them do – but rather to point to the fact that such processes are generally always seen as flowing ‘from above’, and almost exclusively explored in relation to the fortified enclaves or networks of the elites. These, however, have an inevitable flipside in the form of concomitant ‘zones of exclusion’, where the vast majority of the excluded live and frequently eke out a living on limited resources. The dynamics of this “planet of slums” – to use Mike Davis’ evocative expression<sup>5</sup> – are just as important to consider, as they are characterised by bottom-up processes that are also leading to critical urban mutations, including in particular the development of forms of what might be labelled “urban segregation from below”. This chapter presents a case study of such processes in a poor Managua neighbourhood called *barrio Luis Fanor Hernández*,<sup>6</sup> drawing on ethnographic field research carried out in 1996-1997 and 2002-2003.<sup>7</sup> In particular, it explores how the emergence of a local drug economy in the late 1990s led to a process of profound socio-economic differentiation in the neighbourhood, fostering a range of different types of cultural and material exclusion. The paper describes these in detail and relates them to wider structural factors and processes, including a political economy of Nicaragua’s general economic predicament.

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<sup>4</sup> See J. L. Rocha, ‘Microsalarios y megasalarios: Megadesigualdad y microdesarrollo’, *Envío*, 240 (March 2002), pp.17-27.

<sup>5</sup> See M. Davis, ‘Planet of slums: Urban involution and the informal proletariat’, *New Left Review*, 26 (March-April 2004), pp.5-24.

<sup>6</sup> A pseudonym, as are all the names of people mentioned in this chapter. Certain factual details have also been changed in order to protect the anonymity of the neighbourhood.

<sup>7</sup> The first period of fieldwork was carried out between July 1996 and July 1997 within the context of a social anthropology PhD programme at the University of Cambridge (D. Rodgers, *Living in the Shadow of Death: Violence, Pandillas, and Social Disintegration in Contemporary Urban Nicaragua*, unpublished Ph.D. dissertation, Department of Social Anthropology, University of Cambridge, UK, 2000). The second period was conducted in February-March 2002 as part of the London School of Economics Crisis States Programme, which also sponsored a further visit in December 2002-January 2003.

### **Barrio Luis Fanor Hernández: Past and Present**

*Barrio Luis Fanor Hernández* is a low-income neighbourhood located in South-East Managua. It was founded in the early 1960s by squatters on what was then fallow farmland on the outskirts of Managua, and rapidly became informally known as *La Sobrevivencia*, due to the fact that it was reputedly one of the poorest neighbourhoods in the city where “people were always hungry and nobody did anything other than survive”, according to a long-time resident called *Don Manuel*. Following the *Sandinista* revolution in 1979, the neighbourhood benefited from the new regime’s urban reconstruction programme and was completely rebuilt in 1980-81. Under the supervision of government personnel, and with materials donated by the Cuban government, local inhabitants collectively built basic housing for themselves, as well as roads, paths, drains, and public spaces.<sup>8</sup> This reconstruction programme called for follow-up maintenance by the state, however, and this never materialised, partly because public resources became increasingly diverted towards financing the costly civil war that affected the country from the mid-1980s onwards. The neighbourhood infrastructure rapidly began to decay, and by the time I first visited *barrio Luis Fanor Hernández* in 1996, the majority of houses were falling apart, and the neighbourhood infrastructure was highly deteriorated. Public spaces had been converted into rubbish dumps, cracks and potholes blemished roads and paths, and drains were blocked and no longer working.<sup>9</sup>

This infrastructural decay was mirrored socio-economically. Although the neighbourhood was never well off by any stretch of the imagination during the 1980s, even after being reconstructed, the revolutionary regime ensured that at the very least nobody went hungry, through the general distribution of basic food rations to poor households. Following regime change in 1990, many *barrio* inhabitants felt that their living conditions declined, and indeed, by the mid-1990s, the situation had become so bad that many *barrio* residents were saying: “we’ve come full circle back to the time of *La Sobrevivencia*”. Certainly, according to a survey that I carried out in *barrio Luis Fanor Hernández* in November 1996, the neighbourhood unemployment rate was over 45 per cent, with a further 25 per cent of those economically active underemployed.<sup>10</sup> There was little local economic enterprise in the neighbourhood apart from theft and delinquency, and there were moreover few opportunities outside the *barrio* either, especially for a labour force that tended to be unskilled. Most of those who worked did so in the informal sector, and the median monthly income was around 700 *córdobas* (about US\$85 at the time) – although many earned less. Not surprisingly, perhaps, the strains on the social fabric were such that it was no exaggeration to talk about a veritable ‘atomisation’ of social life.<sup>11</sup> In spite of this social fragmentation, however, there was nevertheless a certain socio-economic uniformity to the *barrio*, with very few individuals or households being visibly better off than the rest.

I expected little to have changed when I returned to *barrio Luis Fanor Hernández* in 2002 – considering that Nicaragua’s macro-economic situation had not improved – and it therefore

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<sup>8</sup> On the *Sandinista* government’s urban reconstruction programme, see P. Drewe ‘Integrated upgrading of marginal areas in Managua’, *Cities*, 3:4 (1986), pp.333-349; and I. Vance ‘More than bricks and mortar: women’s participation in self-help housing in Managua, Nicaragua’, in C. Moser and L. Peake (eds), *Women, Human Settlements and Housing*, London: Tavistock Publications, 1985.

<sup>9</sup> In many ways, this situation was arguably worse than had the neighbourhood not been rebuilt, as cracked paths and drains made of concrete are more difficult to repair than dirt roads and hand-dug drainage ditches.

<sup>10</sup> The *barrio* had a population of approximately 3,000 inhabitants and was made up of 369 households. My survey sample was made up of 403 individuals in 50 households.

<sup>11</sup> See also Nitlapán-Envío team, ‘The crisis is bordering on the intolerable’, *Envío in English*, 167 (June 1995), pp.3-13; J.-C. Núñez, *De la Ciudad al Barrio: Redes y Tejidos Urbanos en Guatemala, El Salvador y Nicaragua*, Ciudad de Guatemala: Universidad Rafael Landívar/PROFASR, 1996.

came as a great surprise when one of the first things I observed on entering the neighbourhood were clear signs of significant economic improvement. Most obviously, much of what had been a relatively uniform neighbourhood of ramshackle, mainly wooden houses had been very visibly ameliorated, with many houses now made of brick and concrete, as well as having been expanded. Moreover, I counted over a dozen cars in the *barrio* streets as I walked into the neighbourhood – and subsequently recorded that there were a total of 72 cars in the *barrio* – most of which evidently belonged to the households in front of which they were parked. This was in striking contrast to five years previously when there had been just five car-owners in the neighbourhood. Finally, as I greeted old friends and acquaintances, it was immediately obvious that a significant number were dressed in better quality clothes than before, and many wore ostentatious gold jewellery, designer sunglasses, and some even had mobile telephones (and this in a neighbourhood where only a dozen households had had landlines in the mid-1990s).

Although this was not what I had come to research – I had returned primarily to conduct a follow-up study to my previous investigations on gang violence in the neighbourhood<sup>12</sup> – I straight away set about trying to find out what was fuelling this process of economic improvement. One immediately obvious fact was that the betterment was not universal. Many houses in the neighbourhood remained unchanged compared to five years previously, and moreover neither roads nor drains had been improved, public spaces continued to be rubbish dumps, and public lighting was still non-existent. As such, the source of the economic improvement was likely private rather than public. It was also a process that seemed to affect different parts of *barrio* Luis Fanor Hernández differently – there seemed to be more economic improvement in the “*arriba*” (Western) side of the neighbourhood than in the “*abajo*” (Eastern) side – and moreover also differently to surrounding neighbourhoods. Although there were signs of economic improvements in all of these, these were occurring on a lesser scale. This was particularly obvious from the perspective of housing: almost 60 percent of houses in *barrio* Luis Fanor Hernandez had improved compared to the mid-1990s, but only about 20 percent bore any signs of major upgrading in surrounding neighbourhoods.

### **Drugs, material wealth, and conspicuous consumption**

It quickly became apparent that there were actually three distinct processes contributing to the economic development and concomitant socio-economic differentiation visible in *barrio* Luis Fanor Hernández and surrounding neighbourhoods. Two of these seemed common to all, namely the increased sending of remittances by migrants abroad and the spread of credit facilities which allowed many with low incomes to buy cars and become taxi-owners.<sup>13</sup> The third was drug trafficking, and this occurred in a particular way in *barrio* Luis Fanor Hernández, to the extent that there is little doubt that it constituted the key factor for the almost 40 percent difference in its infrastructural enhancement compared to surrounding neighbourhoods. Although there was some drug dealing in the neighbourhoods around *barrio* Luis Fanor Hernández, this happened on a very small scale. Indeed, the small time drug dealers that operated in surrounding neighbourhoods would generally come and buy their wares in *barrio* Luis Fanor Hernández, which by all accounts had become one of Managua’s principal drug distributing neighbourhoods, where drugs were brought in from outside the city and from where they were disseminated within.

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<sup>12</sup> See Rodgers, 2000.

<sup>13</sup> See D. Rodgers, ‘La Globalización de un barrio ‘desde abajo’: Emigrantes, remesas, taxis, y drogas’, *Envío*, 264 (March 2004b), pp.23-30.

Drug dealing was by no means new to *barrio* Luis Fanor Hernández. In the mid-1990s, marijuana had been sold in the neighbourhood, albeit only on a small-scale by two individuals who grew it themselves. Their main clients had been the local youth gang. By 2002, however, this artisanal trade had been completely superseded by a cocaine-based drug economy which principally involved the sale of crack, better known in Nicaragua as '*la piedra*', or 'the stone'.<sup>14</sup> To a large extent this transformation is linked to broader international factors. Due to improved law enforcement efforts in the Caribbean, the late 1990s saw a diversification of drug trafficking routes from Colombia to North America, with flows along the Mexican-Central American corridor increasing dramatically. Due to its proximity to the Colombian Caribbean island of San Andrés, Nicaragua is geographically a natural trans-shipment point along this route, but had been previously under-exploited because its transport infrastructure was generally very poor and traffic through the country was slight, making it difficult to slip drug shipments through unnoticed. 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. Furthermore, post-Mitch reconstruction efforts focused largely on rebuilding transport links, and improved these substantially, which had the knock-on effect of increasing the volume of traffic, which in turn made moving drug shipments easier.

Drug trafficking in Central America tends to be a decentralised operation, with drug shipments being passed along a chain of relatively autonomous units, which all take a cut by making money distributing a share of the drugs locally. Cocaine consequently began to be traded in *barrio* Luis Fanor Hernández from the mid-1999 onwards, initially on a small-scale by just one individual but rapidly expanding into a three-tiered pyramidal drug economy by the first half of 2000. At the top of the pyramid was the '*narco*' – also known as '*el más grande*' ('the biggest') or '*el poderoso*' ('the powerful one') – who brought cocaine into the neighbourhood 'by the kilo', according to several of my informants.<sup>15</sup> The *narco* only wholesaled his goods, among others to the half a dozen '*púsheres*' in the neighbourhood. *Púsheres* re-sold the cocaine they bought from the *narco* in smaller quantities or else 'cooked' it into crack which they then sold from their houses – '*expedios*' – 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*' costing 10 *córdobas* (US\$0.70) each and contained two 'fixes', known as '*tuquitos*'.

In total, the *barrio* Luis Fanor Hernández drug pyramid directly involved 29 individuals: one *narco*, nine *púsheres*, and nineteen *muleros*. The *narco*, *púsheres*, and *muleros* all originated from the *barrio*, and interestingly, were all gang members or ex-gang members, or else linked to the latter. Sixteen of the nineteen *muleros* were members of the local youth gang – the '*pandilla*' – and the other three were ex-gang members. The *narco* was an ex-gang member from the early 1990s and all the *púsheres* were either ex-gang members from the mid-1990s or else partners of ex-gang members (all the *muleros* were males, as was the *narco*, but two of the *púsheres* were women). The *narco* and *púsheres* often hired people – 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

<sup>14</sup> Cocaine is usually distributed either cocaine hydrochloride powder or as chunky nuggets – known as 'crack' – that are a mix of cocaine and sodium bicarbonate boiled in water. Crack is much less expensive than cocaine powder, and is known as 'the poor man's cocaine'.

<sup>15</sup> The *narco* originally came from Bluefields, which is the principal first trans-shipment point on mainland Nicaragua for drugs coming from Colombia via the island of San Andrés. He still had family there, and his supply networks were based on these.

houses for the *narco* or for *púsheres* in exchange of payment (the *narco* or *púsheres* spread their stocks of drugs in different places in order to keep only easily disposable quantities in their homes in case of a Police raid – although this was an extremely rare occurrence, and corrupt policemen would often provide tip-offs – but in this way they also involved other households in the trade and minimised the risk of denunciation).

*Bodegueros* were generally paid between 200 and 1,000 *córdobas* (US\$15-70) to stash drugs, depending on the quantity and the length of time they had to be stored, which constituted a substantial sum of money in a context where the median wage was about 1,500 *córdobas* (US\$105). Those more directly involved in the drugs trade made much more, however. At the top of the pyramid, although the *narco*'s profits from drugs dealing were clearly very substantial, we are not talking about the multi-million sums associated with the drugs trade in the popular imagination. I have little specific information to offer about either the *narco* or the *púsheres*' profits, but it was obvious from their consumption patterns that both made a sizeable profit. The former clearly made much more than the latter, however. The *narco* could afford two houses in the neighbourhood – where he maintained a wife and a mistress, as well as half a dozen children, in affluent style – one in a neighbouring *barrio*, another one in a richer part of the city, and he had built a new house for his parents who were living in the neighbourhood. He moreover owned a fleet of eight taxis, as well as two more cars for his own personal use, and a couple of large motorcycles. Furthermore, the *narco* also regularly bestowed favours onto his immediate neighbours by distributing free food and lending them money interest-free or at a reduced rate compared to market prices.

The *púsheres* publicly flaunted their wealth by building gaudy, ostentatious houses frequently painted in bright colours – yellow, spearmint green, pink – which more often than not had extravagant fittings – in one case, crystal chandeliers (hanging from a corrugated iron roof) – and exotic furniture such as rococo full length mirrors, as well as luxurious home appliances such as wide screen televisions, mega-wattage sound systems, and Nintendo game consoles. Almost all owned at least one car, and some had two homes, one to live in and one to sell their drugs from. *Púsheres* also often wore obviously expensive brand-name clothes – Lacoste, Polo Ralph Lauren, Benetton – gold jewellery and luxury watches, and made a point of drinking costly drinks such as whisky instead of rum, smoked foreign brand cigarettes, and shopped in Managua's two supermarkets rather than in the markets, thereby differentiating themselves from the rest of the *barrio* population. Interestingly, the *narco* somewhat paradoxically cut a rather shabby figure in comparison to the *púsheres*. He generally dressed down, and rarely wore gold jewellery or other items of obvious luxury. He however frequently flaunted his wealth in other ways. While neither of his houses in the neighbourhood were as ostentatious as those of *púsheres*, both the one he built for his parents and the one he had in the neighbouring *barrio* were two-storey buildings – a rarity in *barrio* Luis Fanor Hernández and indeed in Managua more generally. Furthermore, the *narco* also would also regularly drive through the neighbourhood on one of his motorcycles, notoriously accosting passing women – whether single or not – and offering them substantial sums of money to sleep with him, thereby signalling his power and impunity within the strictures of *machismo* that frame so much of social life in contemporary Nicaragua.<sup>16</sup>

Although the *narco* and the *púsheres* obviously moved greater quantities of drugs, even at the lowest level of the drug dealing pyramid, the *muleros*, the rewards were potentially substantial. *Muleros* bought crack from *púsheres* in the form of *tucos*, nuggets about the size

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<sup>16</sup> See R. Montoya, 'House, street, collective: Revolutionary geographies and gender transformation in Nicaragua, 1979–99', *Latin American Research Review*, 38:2 (June 2003), pp.61-93.

of the first phalange of the thumb, for 500 *córdobas* (US\$36) each. They would then cut (*'picar'*) the *tucos* into *tuquitos* – each *tuquito* was about 2mm by 2mm in size, with a variable weight of 1/10 to 1/2 gram – which they would then wrap in aluminium foil, and put into *paquetes* of two. Each *paquete* was sold for a standard price of 10 *córdobas* (US\$0.70). On average, a *mulero* would sell 40-50 *paquetes* a day, with peaks of 80-100 *paquetes* on Fridays and Saturdays, and lows of 10-20 on Sundays.<sup>17</sup> Each *tuco* bought for 500 *córdobas* would yield between 160-190 *tuquitos*, depending on the *mulero's* cutting skills and also how much he kept for his own consumption. This in turn corresponded to 80-95 *paquetes*, which sold at 10 *córdobas* each meant that the profit on each 500 *córdobas* outlay was between 300-450 *córdobas* (US\$22-32), although 12 *córdobas* have to be discounted for a roll of aluminium foil, and a further 5 *córdobas* for the small plastic bags in which *muleros* put the *tuquitos*.

In other words, at the bottom of the drug-dealing pyramid, a *mulero* could make between 5,000-8,500 *córdobas* (US\$350-600) profit per month, equivalent to between three to five times the average Nicaraguan wage; as such, it can be contended that such low level drug dealing constituted one of the most profitable economic opportunities available to youth at the local level. Like the *púsheres*, albeit more modestly, the *muleros* generally sported good quality clothes – often global brand names such as Nike, for example – as well as gold chains, rings, and also walkmans and portable CD players. They would in addition spend considerable amounts of money on cigarettes and alcohol, although generally local brands only rather than foreign goods like the *púsheres*. At the same time, however, similarly to the *púsheres*, the *muleros* devoted substantial proportions of their wealth to improving the material conditions of their households, but also of those of their extended families in the *barrio*. In a neighbourhood that was over 40 years old, this meant that the trappings of drug-fuelled economic development extended far beyond just those directly involved in the trafficking, to the extent that from a nucleus of about 30 individuals up to 40 percent more households in *barrio* Luis Fanor Hernández were visibly better off than in non-drug dealing neighbourhoods. For those who did not fall in the 60 percent of neighbourhood households that were better off, however, life seemed to continue much as it had in the mid-1990s.

### Consumption, cultural exclusion, and predation

In a recent article describing how the illegal drugs trade affected and transformed the rural small-town community of Buenavista in central highlands Mexico, James McDonald argues that a drug economy can be:

a powerful source of cultural as well as economic change through the routinised forms of everyday cultural practice that lead to transformations of existing activity, organization, and identity.<sup>18</sup>

In particular, McDonald contends that the cultural routinisation of the drugs trade in Buenavista – as reflected in the proliferation of particular architectural forms (opulent housing), the presence of luxury commodities (expensive cars and designer clothes), and the adoption of non-tradition patterns of consumption (high stake betting at cockfights) – has

<sup>17</sup> A significant proportion of clients were local *barrio* inhabitants, but the vast majority came from outside the neighbourhood, and included both rich and poor Nicaraguans, as well as a trickle of foreigners. Most clients came after nightfall, although a substantial number came during the day, and there was a definite predominance of men over women.

<sup>18</sup> James McDonald, 'The narcoeconomy and small-town, rural Mexico', *Human Organization*, 64:2 (2005), p.120.

generated inequalities that go beyond simple quantitative differences in material wealth. Drawing on Appadurai,<sup>19</sup> he maintains that although consumption is obviously an important economic process, it is even more critical as a cultural practice through which people constitute and define themselves as social beings, and that – implicitly arguing that they constitute a class of ‘cultural entrepreneurs’ – the emergent drug dealing elite in Buenavista and their new patterns of consumption have become the primary source of symbolic inspiration for the construction of local identities in the community, thereby reshaping it “in subtle and not so subtle ways”.<sup>20</sup>

The obvious in these changes are the adoption of new consumer practices by local community members not involved in the drugs trade, more and more of whom seek to adopt the trappings of a drug trafficking lifestyle that is seen to epitomise the apex of social accomplishment, for example buying what they can in the way of designer clothes and sartorially imitating drug dealers. But what these signal at a less apparent underlying level are fundamental transformations of what can be termed – after Charles Taylor – the “local social imaginary”.<sup>21</sup> The new consumption patterns of the drug dealing elite alter notions of what it is to imagine and to be a member of the community, and this leads to what McDonald refers to as “slippage”.<sup>22</sup> The drug dealing elite and non-drug dealing members of the local community enter into acts and rituals of consumption differently, and find themselves as a result starkly distinguished from one another. Although both groups imagine their identities through the same forms of consumption, only the former can actually afford them, meaning that the latter are constantly reminded of what they lack, and end up feeling an acute sense of relative deprivation, or put another way, find themselves culturally excluded. From this perspective, the rise of the drugs trade and the associated conspicuous consumption patterns of drug dealers can be said to generate powerful forms of social disjuncture within the local community that go far beyond the solely material.

Such an analysis is very attractive when one considers Thorstein Veblen’s original characterisation of the notion of “conspicuous consumption”, where he maintains that it is a process that revolves primarily around socio-cultural differentiation rather than material wealth. Indeed, Veblen actually argues that “the beginning of a differentiation in consumption even antedates the appearance of anything that can fairly be called pecuniary strength”.<sup>23</sup> There is evidence to suggest that this is perhaps true in the case of *barrio* Luis Fanor Hernández, where the drugs trade was intimately associated with the local gang. Certainly, the gang in the 1990s had constituted a locus of particular social practices such as binge drinking, smoking marijuana, and wearing Nike shoes that could arguably be seen as progenitorial to contemporary forms of conspicuous consumption, although it should be noted that gang members were far from being in any way wealthy.<sup>24</sup> Moreover, the better off part of *barrio* Luis Fanor Hernández – the ‘*arriba*’ side – corresponded spatially more or less exactly to what had been in the mid-1990s the territory of the age-cohort of the gang that became the nucleus of the gang in 2002. At the same time, this association is perhaps most interesting to consider when thought about in light of Veblen’s claim that differentiation is ultimately

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<sup>19</sup>A. Appadurai, *Modernity at Large: Cultural Dimensions of Globalization*, Minneapolis: University of Minnesota Press, 1996.

<sup>20</sup> McDonald (2005), p.117.

<sup>21</sup> Charles Taylor, ‘Modern social imaginaries’, *Public Culture*, 14:1 (2002), pp.91-124.

<sup>22</sup> McDonald (2005), p.118.

<sup>23</sup> T. Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions*, New York: Macmillan, 1902, p.68.

<sup>24</sup> See D. Rodgers, ‘Living in the shadow of death: Gangs, violence, and social order in urban Nicaragua, 1996-2002’, *Journal of Latin American Studies*, 38:2 (forthcoming, February 2006).

traceable back to what he calls “predatory culture”. From this perspective, the political economy of the violence that surrounds the drugs trade in *barrio* Luis Fanor Hernández becomes particularly significant.

### **Violence and primitive accumulation**

By all accounts the neighbourhood had become a much more violent place since the development of a drug economy. To a certain extent, this was due to the neurological effects of crack consumption. Crack enhances aggressiveness, and makes individuals less predictable. As a *barrio* inhabitant called Adilia explained to me:

The problem is that now, anybody could be a potential danger, if they’ve smoked some crack, any time... you can’t know what they’re going to do, with this drug people become more violent, more aggressive, they don’t care about anything, they don’t recognise you... you don’t know what they’re thinking or even if they’re thinking at all, they could just kill you like that, without a thought.

Everybody I talked to in *barrio* Luis Fanor Hernández told me without exception that insecurity had worsened since the emergence of crack, and in particular that there had been an increase in brutal robberies, assaults, and common delinquency. This was certainly supported by my observations of everyday *barrio* life during my return visit in 2002, when it was apparent that there were more acts of spontaneous, unpredictable violence occurring on a daily basis than compared to the mid-1990s. These were indeed more often than not linked to crack consumption. It was extremely frequent to see drugged up gang members stopping neighbourhood inhabitants in the streets of the *barrio* and asking for a few *córdobas* to buy another fix. If their request was refused or ignored, they would frequently become violent, lashing out with a fist, pulling out a knife, or wildly swinging a machete. Indeed, weapons such as knives and machetes, but also guns – I witnessed four shoot-outs during the course of two months in the *barrio* in 2002 – were used much more frequently than in the past, and often openly carried about, which had not been the case previously.

At the same time, although crack consumption was clearly important in explaining these increased levels of violence and insecurity, it can also be argued that these were to a larger extent a consequence of the nature of the drugs trade itself. A drug economy cannot rely on formal mechanisms of regulation and contract-enforcement such as the law due to the fact that drugs are illicit goods. Alternative informal mechanisms are necessary in order to impose regularity onto drug transactions, and as has widely been pointed out within the social sciences, perhaps the most basic form of social regulation is achieved through the use and threat of violence. Seen in this way, it was no accident that the drugs trade became dominated by members or ex-members of the local gang. Indeed, in many ways it can in fact be argued that there existed something of a ‘contingent compatibility’ between the gang and the drugs trade.<sup>25</sup> As a small, tightly-knit group that was the dominant source of violence in the neighbourhood – to the extent that it held a quasi-monopoly over public forms of brutality and fundamentally organised local level social life in the *barrio* as a result – the gang was well placed to provide the brutal forms of informal regulation required for sustainable drug trafficking when drugs first arrived in the neighbourhood.

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<sup>25</sup> See D. Rodgers, ‘When vigilantes turn bad: Gangs, violence, and social change in urban Nicaragua’, in D. Pratten and A. Sen (eds), *Global Vigilantes: Anthropology, Violence, and Community in the Contemporary World*, London: C. Hurst & Co. publishers, forthcoming.

Although *mulero* gang members conducted their drug dealing on an individual basis, the gang as a group acted in a coordinated manner to ensure the proper functioning and protection of the *barrio* drug economy, providing security services to the *narco* and to the *púsheres*, and making certain that transactions proceeded smoothly. Gang members would enforce contracts, roughing up recalcitrant clients, as well as guarding drug shipments as they were moved in and out of the *barrio*. They would also make sure that clients could enter the neighbourhood unmolested by either the local population or outsiders. Neighbourhood inhabitants, however, lived under a veritable regime of terror. Gang members would strut about the streets, menacingly displaying their guns and machetes, repeatedly warning *barrio* inhabitants of the potential retribution that would befall them if they denounced them or others involved in the drugs trade, and backing these threats with violence. On one occasion in March 2002, the gang beat up the son of an elderly neighbourhood inhabitant who lived next to a *púsher*, as a warning after she had harangued and thrown a bucket of water on crack buyers who had knocked on her door by mistake late one night.

Seen in this light, the intimate relationship between violence and drug trafficking in *barrio* Luis Fanor Hernández potentially points to the latter being a process that bears comparison with Karl Marx's famous notion of 'primitive accumulation'.<sup>26</sup> According to Marx, capitalism was at its most basic founded upon a unique social relationship between two opposing but inescapably linked social groups: on the one hand a class of capitalists with a virtual monopoly over the means of production, and on the other hand, a property-less proletariat that had been dispossessed of their means of production and subsistence, and consequently had only their labour as a resource. The necessary precondition for capitalist development was therefore the differentiation of society into these two social classes, and 'primitive accumulation' was the expression Marx used to designate the means through which this differentiation occurred. This generally involved the burgeoning capitalist class violently dispossessing embryonic proletarians of their means of production in order to be able to exploit the labour that they are then subsequently forced to sell in order to survive. The analogy with the *barrio* Luis Fanor Hernández drug economy is not perfect because the drug dealing elite was not exploiting the local population in the way Marx envisioned capitalists exploiting the proletariat. It is nevertheless worth thinking about in view of the extensive process of socio-economic differentiation that occurred in the *barrio* due to the drugs trade, and the fact that – following McDonald – drug trafficking can be seen as transforming the basis of consumption-based local social imaginaries in a way that amounts to a form of symbolic dispossession.<sup>27</sup> The larger question such an analysis brings up, however, is why such a process of 'primitive accumulation' would occur in a neighbourhood like *barrio* Luis Fanor Hernández, which is theoretically already integrated within the wider Nicaraguan economy.

In this respect, it is illuminating to turn to Mike Davis' recent work on 'urban involution' and the rise of an informal global proletariat, where he describes the way in which most cities are now principally made up of slums populated by a vast underclass that is increasingly excluded from contemporary production processes and left to survive by its own devices. These are the inevitable flipside of the existence of "fortified enclaves", where the affluent have decided to live in "splendid isolation", and constitute "a fully franchised solution to the problem of warehousing the twenty-first century's surplus humanity" in an age of technology and information-based economies. Davis goes on to ask the obvious question of whether these

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<sup>26</sup> Karl Marx, *Capital: A Critique of Political Economy*, translated by Ben Fowkes and introduced by Ernest Mandel, London: Penguin, 1976. I am grateful to Jo Beall for pointing out this out to me.

<sup>27</sup> McDonald (2005).

“slums of exclusion” are not “volcanoes waiting to erupt”, and suggests that a range of responses are potentially possible, from the emergence of “some new, unexpected historical subject” that will challenge the process of urban segregation that has been imposed from above to “ruthless Darwinian competition” within the slums, “as increasing numbers of poor people compete for the same informal scraps, ensur[ing] self-consuming communal violence as yet the highest form of urban involution”.<sup>28</sup>

What the case study presented in this paper suggests is that it is the latter option that seems to emerge. The processes in *barrio* Luis Fanor Hernández described above have to be situated within the larger context of the top-down process of urban segregation that has occurred in Managua.<sup>29</sup> The process of ‘disembedding’ of the city has not only separated an autonomous ‘layer’ of the metropolis for the rich, but has also created large ‘zones of exclusion’ where the impoverished city masses attempt to survive as best they can. A Hobbesian social order has arguably emerged within these zones, where the principal concern of those inhabiting them is material survival, and only the strongest and fittest can attempt to establish means of enrichment that go beyond mere subsistence, for example through violent economic practices such as drug trafficking (indeed, this is perhaps a particularly appropriate way of conceptualising drugs trafficking considering that it is a paradigmatic form of ‘savage’ capitalism – something that also makes the link to a putative process of ‘primitive accumulation’ all the more attractive). From this perspective, the drugs trade in *barrio* Luis Fanor Hernández constitutes an attempt to create a form of economic organisation that goes beyond mere survival in a context of rampant poverty and enforced isolation from the wider social unit of the city.

## Conclusion

This paper has explored what might be termed forms of ‘urban segregation from below’. Drawing on a case study of a poor Managua neighbourhood called *barrio* Luis Fanor Hernández, I focused on the way in which the emergence of a local drug economy led to significant forms of socio-economic differentiation, which were particularly well reflected in the new conspicuous consumption of drug dealers that have changed local cosmologies and symbolic frameworks. As important as consumption behaviour may be, however, as Frances Rothstein points out – citing Mary Douglas and Baron Isherwood – “consumption has to be set back into the social process”.<sup>30</sup> Although differentiation can be elaborated through consumption, it is ultimately created outside consumption, and therefore “consumption practices must be viewed in terms of class, political economy and material reality”.<sup>31</sup> In this regard, it is illuminating to consider the process of micro-level social differentiation and economic development that I observed in *barrio* Luis Fanor Hernández through the lens of Karl Marx’s notion of ‘primitive accumulation’, the primary characteristic of which is the violent separation of society into capitalists and proletariat, through the former dispossessing the latter of their means of production. Although the analogy is not perfect, it allows us to think more broadly about why the drugs trade has emerged at the micro-level in urban Nicaragua, in essence as an attempt to establish a viable form of economic livelihood that goes beyond mere subsistence.

<sup>28</sup> Davis (2004), p.28. See also M. Davis, *Planet of Slums*, London: Verso, forthcoming 2006.

<sup>29</sup> See Rodgers (2004a).

<sup>30</sup> F. A. Rothstein, ‘Challenging Consumption Theory: Production and Consumption in Central Mexico’, *Critique of Anthropology*, 25:3 (2005), p.298; Mary Douglas & Baron Isherwood, *The World of Goods: Towards Anthropology of Consumption*, Boston: Basic Books, 1979, p.4.

<sup>31</sup> Rothstein (2005), p.283.

In many ways, the emergence of such desperate forms of micro-level economic organisation is not surprising considering Nicaragua's macro-economic predicament, which according to William I. Robinson can be labelled a state of "mal-development".<sup>32</sup> Certainly, the country has been caught in a vicious cycle of economic stagnation, suffering severe and increasing disequilibria relative the global economy. The economy is structurally constrained given its import and export structure, imports having a high inelasticity of demand, while exports have a high elasticity of demand. Traditional export sectors are moreover increasingly uncompetitive in a hemispheric context where there are few possibilities for the development of new export sectors (all the more so following the Central American Free Trade Agreement). To this extent, it can be contended that poor Nicaraguans – because the country's elite is to a large extent transnational in its economic foundations, and controls the few national resources there are – have few options other than to develop non-traditional forms of capital accumulation such as drug trafficking if they are to achieve any form of 'development' that goes beyond simple survival. However, whether such strategies will lead to more extensive forms of economic development in the same way Marx envisaged 'primitive accumulation' giving rise to capitalism remains to be seen.

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<sup>32</sup> William I. Robinson '(Mal)development in Central America: Globalization and Social Change', *Development and Change*, 29:3 (1998), pp.467-497.

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- We will assess how constellations of power at local, national and global levels drive processes of institutional change, collapse and reconstruction and in doing so will challenge simplistic paradigms about the beneficial effects of economic and political liberalisation.
- We will examine the effects of international interventions promoting democratic reform, human rights and market competition on the 'conflict management capacity' and production and distributional systems of existing polities.
- We will analyse how communities have responded to crisis, and the incentives and moral frameworks that have led either toward violent or non-violent outcomes.
- We will examine what kinds of formal and informal institutional arrangements poor communities have constructed to deal with economic survival and local order.



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