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***Bismarckian Transformations in Contemporary  
Nicaragua?  
From Gang Member to Drug Dealer to Legal  
Entrepreneur***

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## **Abstract**

Through a detailed life history of Bismarck, a Nicaraguan youth gang member turned illegal drug dealer turned legal entrepreneur, this paper explores the potential relationships between formal and informal economic activity. It focuses particularly on the various economic activities that he has been involved in at different stages in his life, tracing their origins and evolving dynamics in order to highlight not only how the 'formal' and 'informal' often mix, but also how they can in fact be extremely interdependent, to the extent that they often directly feed off each other. At the same time, however, Bismarck's story also underlines how the systemic iteration of economic activity ultimately depends less on their form and more on the contingent articulation of the specific type of activity concerned, the particular trajectory of the individual social agents involved, as well as ultimately the nature of the broader contextual political economy.

**Keywords:** Gangs, Drug dealing, Informal economic activity, Entrepreneurship

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Understanding the underlying nature of economic activity has always posed problems to the social sciences when it is illegal. Although some social scientists – including most notably Gary Becker,<sup>1</sup> for example – have attempted to apply standard economic theories in order to understand the dynamics of illegal enterprise, the most widespread approach has been to conceive illegality as leading to economic activities operating according to fundamentally different principles. This is something that is perhaps best encapsulated in the widespread notion that there exists a critical dichotomy between ‘formal’ and ‘informal’ economic activities, with the former seen to generally involve organisation and regularity, whilst the latter are considered spontaneous and erratic. Many studies have, however, shown that such a classification is very problematic, with most supposedly ‘formal’ activities often displaying elements of spontaneity, while many ‘informal’ activities are frequently both very regular and highly regulated.<sup>2</sup> This has led to many challenging the usefulness of the formal–informal dichotomy, and seeking alternative approaches. The British anthropologist Keith Hart – who first proposed the idea of a formal–informal dichotomy in the early 1970s<sup>3</sup> – has, however, recently argued that the basic notion of ‘form’ that conceptually underpins the distinction between ‘formal’ and ‘informal’ is not necessarily invalid.<sup>4</sup> He contends that it is a ‘rule’ – that is to say, ‘an idea of what ought to be universal in social life’ – which only becomes problematic when the impression is given that the formal and the informal ‘are located in different places’, rather than constituting a ‘dialectic’.<sup>5</sup>

Drawing on William Blake’s insight that ‘general forms have their vitality in particulars; and every particular is a Man’,<sup>6</sup> Hart suggests that in order to get to grips with the way economic activities ‘cross the great divide’, attention needs to be directed to ‘specific individuals’.<sup>7</sup> This paper is a direct response to his call. It explores the ways in which formal and informal economic activities can interrelate through a detailed life history of Bismarck,<sup>8</sup> a youth gang member turned drug dealer turned legal entrepreneur living in barrio Luis Fanor Hernández, a poor neighbourhood in Managua, the capital city of

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<sup>1</sup> Becker, G.S. (1968). ‘Crime and punishment: An economic approach’. *Journal of Political Economy* 76(2), 169-217.

<sup>2</sup> See for example Harriss, B. (1978). ‘Quasi-formal employment structures and behaviour in the unorganized urban economy, and the reverse: Some evidence from South India’. *World Development* 6(9-10), 1077-1086.

<sup>3</sup> See Hart, J. K. (1973). ‘Informal income opportunities and urban employment in Ghana’. *Journal of Modern African Studies* 11(1), 61-89.

<sup>4</sup> Hart, K. (2006). ‘Bureaucratic form and the informal economy’, in Guha-Khasnobis, B., Kanbur, R. and Ostrom, E. (Eds.) (2006). *Linking the Formal and Informal Economy: Concepts and Policies* (Oxford: Oxford University Press).

<sup>5</sup> Hart (2006), ‘Bureaucratic form and the informal economy’, p. 22.

<sup>6</sup> William Blake (1988 [1965]). *The Complete Poetry and Prose of William Blake*, newly revised edition edited by David V. Erdman (New York: Anchor Books), p. 250.

<sup>7</sup> Hart (2006), ‘Bureaucratic form and the informal economy’, p. 33.

<sup>8</sup> ‘Bismarck’ is a pseudonym, which has been chosen because it is a common Nicaraguan name – most likely a legacy of late 19th century Moravian missionaries to Nicaragua – that has certain connotations similar to the real name of the person in question. Certain details of this life history have been modified in order to protect Bismarck’s anonymity.

Nicaragua, where I have been carrying out fieldwork since 1996.<sup>9</sup> I focus particularly on the various economic activities that he has been involved in at different stages in his life, tracing their origins and evolving dynamics in order to highlight not only how the ‘formal’ and ‘informal’ often mix, but also how they can in fact be extremely interdependent, to the extent that they often directly feed off each other. At the same time, however, Bismarck’s story also underlines how the systemic iteration of economic activity ultimately depends less on their form and more on the contingent articulation of the specific type of activity concerned, the particular trajectory of the individual social agents involved, as well as ultimately the nature of the broader contextual political economy.

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I first met Bismarck in December 1996, ten minutes after he thought he had committed his first murder. I had been in the middle of carrying out a photo tour of barrio Luis Fanor Hernández, when I came across two youths, Jader and Bismarck, who were boisterously taking turns riding what was clearly a new bicycle. Jader, with whom I was previously acquainted, hailed me over to proudly show off their recent acquisition, and asked me to take a photo of them on the bike. As I snapped them, I asked where they had obtained the manifestly expensive bicycle, and they explained that they had just stolen it from a ‘rich kid’ in the nearby colonia Las Condes. ‘It was a piece of cake, we cornered him down a dead end,’ Jader elaborated, ‘although the hijueputa refused to hand it over at first, so we had to rough him up a bit.’

‘Yeah, and then he started screaming like a cochón, so we had to really do him in properly,’ Bismarck added excitedly.

‘What do you mean, you had to do him in properly?’, I queried.

‘Hah! I dropped a stone on his head, that’s what! It cracked right open, brains and all, and he stopped shouting forever,’ Bismarck exclaimed.

‘Shit, maje, you killed him? For a bicycle? You’re completely mad!’

‘Yeah, Bismarck’s crazy, real dañino,’ Jader injected, ‘but he’d never killed anybody before, you see, and you know how it is with first times, you get all excited and carried away, and so that’s what happened, he killed the guy for no good reason.’

‘Fuck you, maje, we got the bike, no?’ Bismarck retorted. ‘Who gives a shit about the rest?’

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<sup>9</sup> The material presented draws on interviews and participant observation conducted in 1996-1997, 2002, 2003 and 2007.

As it happened, I did, because Bismarck was a member of the local neighbourhood gang that I was studying. Despite the fact that I had become closely associated with the barrio Luis Fanor Hernández gang,<sup>10</sup> and the gang members' rather blasé attitude to murder was by no means unfamiliar, I had principally interacted with older members, whom I believed had become inured to death largely through their repeated exposure to the phenomenon. Bismarck, however, was a younger gang member who was just embarking on a murderous career, yet displayed a similarly lackadaisical attitude to death as his older peers. I was therefore extremely interested to learn more about the way he conceived of himself and of his actions, in order to understand the dynamics of what now seemed to me to possibly be a full-blown state of 'cognitive dissociation' rather than simple habituation.<sup>11</sup> I asked Bismarck whether he was willing to have me interview him, both about the murder and his life history more generally. He readily acquiesced, and we met regularly over the course of the next few months, as well as often seeing and greeting each other in the streets of barrio Luis Fanor Hernández.

Bismarck proved to be a hugely engaging informant. He was a happy-go-lucky 16-year-old, who always had a huge grin on his face, and ready answers to my enquiries. He also displayed a lot of curiosity about my research, frequently responding to my questions with probing queries of his own, as well as offering insightful commentary on my evolving analyses of gang life. In particular, it rapidly became obvious that my idea that gang members were 'cognitively dissociating' from death, rather than simply habituated to the phenomenon, was a definite instance of academic over-theorisation on my part. When I explained the concept of 'cognitive dissociation' to Bismarck during our first interview, he listened patiently but then simply responded, 'Death is death, Dennis. It's not something that you can avoid or ignore, it just happens. My father died when I was four, one of my sisters died when I was ten, and several of my friends have also died over the past few years. You can't disconnect yourself from death, because you don't choose whether people live or die. Death just happens.' I pointed out that this was not exactly true of the kid whose bicycle he'd stolen, but he refuted this and said that life in poor neighbourhoods in Nicaragua was governed by 'the law of the jungle' (la ley de la selva), by which you either killed or were killed. Death was 'a natural phenomenon, and you just have to accept it.'

It turned out a few days after our first conversation that Bismarck's stone-dropping antics had not killed but only concussed his putative murder victim, and so we rapidly moved on from the topic of death to a more general consideration of his life. It rapidly became clear that Bismarck had had a rather difficult childhood. He was born in barrio Luis Fanor Hernández in 1980, the third of four children. After the death of his father in 1984, his

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<sup>10</sup> See Rodgers, D. (2007). 'Joining the gang and becoming a *broder*: The violence of ethnography in contemporary Nicaragua'. *Bulletin of Latin American Research* 26(4), October, 444-461.

<sup>11</sup> See Festinger, L. (1957). *A Theory of Cognitive Dissonance* (Stanford, CA: Stanford University Press).

mother re-married, but Bismarck did not get along with either his step-father or his step-father's two children. He described how he fought constantly with the latter, while his step-father often beat him, and how this had led him to spending most of his time hanging out in the streets of the neighbourhood, rather than at home. He explained that he had started skipping school almost as soon as he had begun attending, and that when a youth gang emerged in barrio Luis Fanor Hernández in 1990 – founded by demobilised youth from the Sandinista Popular Army – he had naturally gravitated towards them. Although the gang members were all much older than him, they adopted him as something of a mascot, and he described how he would often get into trouble hanging out with the gang, fighting with kids from other neighbourhoods, committing petty crimes such as shop-lifting, and also how during this period he became addicted to glue.

Things came to a head when he was 11 and stole money from his mother to buy glue. She decided that she could no longer cope with Bismarck, and through the intermediary of the local parish priest, arranged to have him sent to a youth rehabilitation centre run by Spanish Catholic priests in Estelí, a town in Northern Nicaragua. He spent a bit more than a year there, 'studying, learning carpentry, and working in a bakery'. He also met Father Paulo, who took Bismarck under his wing and, following a violent episode where Bismarck sent one of his centre co-residents to hospital in early 1993, arranged for him to go and work as an apprentice fisherman in a coastal village near the northern port city of Corinto. Bismarck told me that his two years fishing for lobster were probably the happiest of his childhood, 'especially after I stopped trying to go to school at the same time', and he proudly boasted how he would sell the lobster he caught 'for US\$3 per pound. I saved lots of money, which I sent to my mother, who was working as an empleada at the time, washing, ironing and cooking for rich households in colonia Las Condes. Although she worked for rich people, they didn't pay her very much, and so I would send her whatever I could, especially as my step-father gave her nothing to live on. Then when I was 15, my step-father left my mother, and so I came back to the barrio to live with her again.'

Bismarck thought that on his return he might be able to earn a living, first by 'looking after or washing cars', before perhaps graduating 'to driving a taxi or a car for somebody'. Instead, however, he quickly fell back in with the barrio Luis Fanor Hernández gang. This had changed significantly since the early 1990s. The older members of the gang that Bismarck had associated with in the past had all 'matured out', but the gang had institutionalised and grown. It now had almost 100 members, who were divided into three geographical subgroups, respectively associated with the central, 'abajo' (West), and 'arriba' (East) areas of the neighbourhood, and called 'los de la Calle Ocho' (named after the alleyway where this group congregated), 'los Cancheros' (because of a 'cancha', or playing field on that side of the neighbourhood) and 'los Dragones' (because all members sported a dragon tattoo), although all the subgroups

considered themselves part of a generic barrio Luis Fanor Hernández gang. The geographical subgroups were further divided into three age cohorts, the seven to 12 year olds, the 13 to 17 year olds, and the over 18s, each involved in different types of delinquent activities: low-level pickpocketing and stealing by the youngest, mugging and shoplifting by the middle group, and armed robbery and assault by the oldest.<sup>12</sup> Because his mother lived on the East side of the neighbourhood, Bismarck joined the Dragones, and rapidly became one of the dominant characters of this subgroup's 13 to 17 year olds' age cohort.

One motivation for this course of action was undoubtedly economic. Certainly, over the past two decades, there has emerged a very influential theoretical literature portraying gangs as institutional vehicles for a range of (informal) economic activities,<sup>13</sup> and joining the gang clearly ensured Bismarck a non-negligible revenue stream. The gang, for example, occasionally committed collective robberies, as occurred in May 1997 when it held up a Belmont cigarette delivery van doing the rounds of the local neighbourhood pulperías (corner stores), stealing both money and cigarettes, which were then divided up equally between the participants, including Bismarck. At the same time, however, most gang delinquency tended to occur either individually or in small groups of two or three. Being part of the gang group nevertheless clearly facilitated Bismarck's regular engagement in a range of criminal activities, offering him a pool of potential partners in crime, as well as a repository of specialist knowledge. He once remarked, for example, that he had learnt a lot from older gang members about mugging and assaulting 'best practices', and that this knowledge had been particularly useful when he subsequently decided to 'graduate' to committing armed robberies on a regular basis. Similarly, as part of the gang, he learnt about other gang members' delinquency, which gave him models and ideas to follow. Overall, gang members in barrio Luis Fanor Hernández made on average – younger gang members made less, and older ones more, due to the different delinquent activities that they focused on – about 450 córdobas (US\$50) per month from delinquency in 1996-1997, a sum equivalent to about two-thirds of the average neighbourhood household's monthly income at the time.

Despite the undoubted significance of the revenue stream from gang delinquency, it is important to note that its underlying dynamics were obviously more social than economic. Gang members did not spend their money on food, clothes or other basic goods, and moreover never contributed any of their illicit revenue to their household

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<sup>12</sup> For further details see Rodgers, D. (2006). 'Living in the shadow of death: Gangs, violence, and social order in urban Nicaragua, 1996-2002'. *Journal of Latin American Studies* 38(2), 267-292.

<sup>13</sup> See for example Bourgois, P. (1995). *In Search of Respect: Selling Crack in El Barrio* (Cambridge, UK: Cambridge University Press); Padilla, F.M. (1992). *The Gang as an American Enterprise* (New Brunswick, NJ: Rutgers University Press); Sánchez-Jankowski, M. (1991). *Islands in the Street: Gangs and American Urban Society* (Berkeley, CA: University of California Press); and Venkatesh, S. (2006). *Off the Books: The Underground Economy of the Urban Poor* (Cambridge, MA: Harvard University Press).

economies.<sup>14</sup> Instead, they generally spent it quickly on ephemeral goods such as cigarettes, alcohol, glue or marijuana, all of which were almost always consumed communally, clearly in order to create a sense of collective identity based on common emotions and shared pleasures. This promotion of a sense of social solidarity was arguably the primary *raison d'être* for the gang, and went beyond either individual gang members or even the gang group, but included the local community more broadly, as was well reflected by the fact that gang delinquency obeyed a number of clear rules, including most cardinally the stricture that it was forbidden to prey on local neighbourhood inhabitants. Indeed, gang members went out of their way to protect the local population from outside predators, and sometimes acted as bodyguards whenever local neighbourhood inhabitants had to run errands outside the neighbourhood. At the same time, gang members also sought to commit their delinquent acts very publicly, with a certain insouciant style and panache reminiscent of the cheerful exuberance of Walter Benjamin's youthful 'destructive character',<sup>15</sup> something that arguably constituted delinquency as a 'scripted performance',<sup>16</sup> that is to say, an act of primary social communication.

Certainly, the performative aspect of gang delinquency was very obvious following a botched theft attempt by Bismarck and Jader in the neighbouring colonia Las Condes in May 1997. The pair of them had heard that a party was being organised there, and thought that they might be able to mug a guest or break into a parked car. They quickly spotted a car with a badly closed window which they managed to jack down, and as they searched it for something of value, a young woman on her way to the party stopped and challenged them. They told her to mind her own business, to which she responded 'What do you prefer, moving off or being shot?' Bismarck immediately answered 'Being shot,' and posed defiantly with Jader by the car as the young woman alerted the security guards. The pair waited until these came in sight and began shooting before running off, and although they were chased around Las Condes for 20 minutes, managed to get away without suffering injury. Neither was by any means disappointed by their failure to steal anything, though – Bismarck instead concluding his dramatic account of their escapade to an enthusiastic audience of fellow gang members and neighbourhood inhabitants with a self-satisfied and expressive '¡Hijo de la setenta mil puta, maje, ni un cinco riales, pero ni verga, clase de alboroto!' ('Son of bitch, mate, not even half a

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<sup>14</sup> Gang members still lived with their families, and either relied on parents and older siblings to provide for them, or else engaged in occasional casual work, the earnings of which they generally did contribute to their family economies, thereby implicitly signalling the existence of a moral distinction between delinquent and non-delinquent revenue that clearly has potential implications for thinking about economic activities in terms of a formal–informal dichotomy.

<sup>15</sup> See Benjamin, W. (1986 [1978]). 'The destructive character', in Benjamin, W. *Reflections: Essays, Aphorisms, Autobiographical Writings*, edited by Peter Demetz (New York: Schocken Books).

<sup>16</sup> See Linger, D. T. (1992). *Dangerous Encounters: Meanings of Violence in a Brazilian City* (Palo Alto, CA: Stanford University Press).



córdoba for all that, but fuck it, what a brilliant uproar!'), something which generated great mirth and no little admiration.<sup>17</sup>

I left Nicaragua in July 1997, after one year of fieldwork, and rapidly lost touch with people in barrio Luis Fanor Hernández over the course of the next few years as my letters went unanswered, and telephone calls proved costly and difficult to arrange. I was able to return to the neighbourhood in February 2002, however. As is often wont to happen following long absences, everything seemed to have changed. The Gómez family, with whom I had lived in 1996-1997, had evolved substantially as a result of marriages, divorces, and births (although fortunately no deaths). The gang that I had studied had also evolved, becoming smaller and meaner, and was much more profit-oriented than in the past. Most surprising of all, a significant proportion of neighbourhood households were very visibly much better off than before, with over half of what had previously been a relatively uniform collection of ramshackle, monochrome wooden houses completely remodelled and rebuilt out of often brightly painted concrete blocks. But perhaps the most immediately striking change that I noted on the day of my return, was the physical transformation that Bismarck had undergone, mutating from a wire-thin youth to an oversize giant, who must have been approaching 200 kg, and whom I did not recognise when he greeted me as I arrived outside the Gómez household:

'Oye, Dennis, good to see you! How have you been? It's been ages since you were here!'

'I know, I know, sorry about that, the will was there but not the means, and I couldn't afford to make it back until now,' I answered. 'But I'm doing well, thanks, and it's good to be back! I'm afraid that you're going to have to refresh my memory as to who you are, though, as it's been so long that I don't recognise you...'

'No jodás, you don't remember me? Hah! Well, I guess it's true that I've changed quite a bit since you were last here. But you should remember me, we did lots of interviews together, and you also took a photo of me, don't you remember? The one of the two kids on a bicycle? That was me, with Jader!'

'Fuck! Bismarck? What the hell happened to you? ¡Te pusiste gordísimo, majel! (You've become monstrously fat, mate!).'

'Así pasa, broder... (Such is life, brother...). And in any case, you're one to talk, you've put weight on too! Anyway, we'll talk like old times, and I'll tell you everything about how

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<sup>17</sup> Similarly, broader patterns of gang violence, including gang warfare, were also highly performative in nature, insofar as their semi-ritualised and escalating nature provided local neighbourhood inhabitants with an 'early warning system' that offered a means of circumscribing the 'all-pervading unpredictability' of violence, as Hannah Arendt (1969) famously put it in her classic volume *On Violence* (New York: Harcourt Brace), p. 5.

my life has changed. Everything's completely different, I've got my own house now, my own business, a wife and even a daughter!

It turned out that Bismarck had married Wanda, a member of the Gómez family, with whom I had lived during my stay in 1996-1997, and with whom I was staying again. This came to me as a bit of a surprise, as Wanda, who had been 16 at the time, had always said then that she would never get together with – and much less marry – a gang member. But it later emerged that she had in fact been secretly seeing Bismarck for most of the duration of my previous stay in Nicaragua, and that her vociferous discourse had been aimed at deflecting any suspicions her mother might potentially have had. Much of her negative discourse at the time had involved deploring that gang members were 'good-for-nothings', who would never amount to much, and that they were more likely to end up dead or in prison rather than gainfully employed. Bismarck had obviously escaped such a fate, as Wanda and he lived with their two-year-old daughter Carolina in a bright yellow house made of concrete and with tiled floors, which contrasted strongly with his old home, which 'used to be a wood shack with cardboard instead of window panes', as Bismarck reminisced in an interview in March 2002. I was extremely curious about this new affluence, and it was the first thing I asked Bismarck about when we did an interview together in February 2002, a few days after my return, 'just like in the old days', as he jokingly put it.

'Do you still have the notebooks in which you wrote everything I told you when you were here five years ago?', Bismarck asked me as we got started.

'I do, in fact I was just re-reading them before coming, to refresh my memory,' I said.

'So you remember that when you were here, I was completely lost in the whole gang onda (ethos), I was a delinquent, a glue addict, I was in a terrible place that I couldn't get out of...'

'I remember very well, maje, which is why I'm rather surprised to see you the way you are now! What happened?'

'Pues, to tell you things how they were, what happened was this. After you left, things continued to be more or less the same for a while, but after about a year or so, everything started to get worse. The economic situation got worse, the gang became more violent, and tensions started to develop between gang members, and also between the gang and the neighbourhood.<sup>18</sup> Then la piedra (crack cocaine) arrived in the

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<sup>18</sup> For a detailed description of the evolution of the *barrio* Luis Fanor Hernández gang, see Rodgers, D. (2007). 'When vigilantes turn bad: Gangs, violence, and social change in urban Nicaragua', in Pratten, D. and Sen, A., *Global Vigilantes: Perspectives on Justice and Violence* (London: Hurst).

barrio, and I became a complete addict to that drug. I was completely lost, I'd steal anything I could from anybody, even people from the barrio, to buy more crack. Then one evening I decided to break into a Kodak store. It was stupid, completely amateurish, I was already high, so I don't know what I was doing, and I was caught and charged with attempted robbery, and they put me in jail, in the Modelo prison.'

'When was this?'

'In 1999. They were going to condemn me to four years of jail, but Father Paulo<sup>19</sup> hired a lawyer who had the charges against me dropped, and so I only spent four months in prison.'

'That's still a long time!'

'I know, and it wasn't a nice experience. After that I decided that I was going to change my life (*reformatar mi vida*). I left the gang, and I asked Father Paulo to help me, and he wrote to his family in Italy, asking them to send him money so that he could help me start up a business. He raised US\$18,000 for me,<sup>20</sup> and with half of that I was able to buy and re-model this house, and wanted to use the rest to open a *pulpería* [small grocery store]. But then a neighbour denounced me to the Police, saying that I was a drug dealer.'

'Why would she do that?'

'Because she was jealous that I had this nice new house, and also because she knew that I wanted to set up a *pulpería*, and she had one too and didn't want me to be competing with her. She told the Police that I had been a gang member, a drug addict, and that my *pulpería* was just going to be a front for drug dealing, and they believed her.'

'Was it true? Were you dealing drugs?'

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<sup>19</sup> Father Paulo kept in touch with Bismarck after he left the rehabilitation centre in Estelí, and comes regularly to see him and his family in *barrio* Luis Fanor Hernández since moving to a Managua diocese in the late 1990s.

<sup>20</sup> In addition to this contextually huge sum of money, Father Paulo furthermore paid for Bismarck to travel to Spain in 2003, where he stayed with the Father's extended family and spent two months working in a sweet factory belonging to one of Father Paulo's brothers. The trip ended with a whistlestop bus tour of Spain, France, Italy, Switzerland, Germany and Holland, as testified by the rather surreal pictures hanging on the walls of Bismarck's home, showing him in front of the tower of Pisa, the Eiffel tower, or in the Retiro Park in Madrid. Every time he comes to visit, Father Paulo also gives Bismarck some money, generally a few hundred dollars, 'for his children'. I suspect that Father Paulo is buying Bismarck's silence concerning past acts of paedophilia. The evidence in this regard is mainly circumstantial, insofar as the head of the rehabilitation centre where Bismarck stayed in the early 1990s was recently indicted for covering up for over 30 years of systematic paedophilia. When I tried to broach the subject with Bismarck, he bluntly told me to mind my own business and not to jeopardise his relationship with the priest 'who has done so much to help me and continues to do so'.

'Not then, I wasn't.'

'So what happened?' I pressed.

'The Police came, and they searched my house, from top to bottom. They didn't find any drugs, but did find my money and started asking me where it had come from. So I called Father Paulo, who came and told them that he was helping me, and they dropped the investigation, but the whole thing got me thinking. The reason my neighbour denounced me is that running a pulpería is hard work, and you don't earn very much for it, so any competition will affect you badly. There's already too many pulperías in the neighbourhood, so I thought, "perhaps I should get into drug dealing instead". If the Police thought that the only way that I could have US\$9,000 in cash in my home was through drug dealing, then the money in that line of bisnes had to be good, and since the Police had already checked me out, they weren't likely to do so again.'

'Erm, yes... I guess that's a logical train of thought, but isn't it difficult to get into drug dealing, though? I mean, you can't just decide to be a drug dealer like that, can you? Don't you need to find a supplier, and weren't there other dealers in the neighbourhood who would have objected to the competition, like your neighbour with the pulpería?'

'Pues, ahora si (Now, yes). But at the time, there was only one dealer in the neighbourhood, el Indio viejo (the old Indian).'

'Wasn't he the barrio marijuana vendor when I was here before?' I interjected.

'Yes, that's him. He was a member of the neighbourhood's first gang, so I got to know him when I was hanging out with them as a kid. He's from the Caribbean coast, and that's where the drugs arrive from Colombia, so he started bringing cocaine to the barrio through family connections, first just a little bit, to sell on the side of his marijuana bisnes, but when he saw that it was much more profitable, he began to have it brought over in much larger quantities. At first he did everything, cooking the cocaine into crack,<sup>21</sup> selling it any how: by the kilo, by the pound, the ounce, and even in small paquetes of two tuquitos, you know, just enough for a couple of hits. But all that takes lots of time and effort, and I'd heard that he just wanted to wholesale (vender por mayor), so I went to see him and told him that I wanted to sell drugs too, and that I was willing to specialise in small-scale selling (venta por menor) and to regularly buy my cocaine in bulk exclusively from him. That way he would be guaranteed to sell me a large amount of cocaine every month, and he also wouldn't have to waste his time cooking it into crack or having to

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<sup>21</sup> Crack is a made by boiling cocaine powder (cocaine hydrochloride) and sodium bicarbonate in water. It is much less expensive than cocaine powder, being obviously diluted and far less pure, and is known as 'the poor man's cocaine'.

deal with clients who only wanted small amounts. He said OK, and so I started buying a kilo of cocaine from him every month which I then cooked into crack myself and sold in small paquetes.'

'How much did that cost?'

'The kilo?'

'Yes.'

'I can't remember exactly, it was like two years ago, Dennis. The price changes from time to time. But I can tell you how much the last kilo I bought cost if you want.'

'OK, how much?'

'One ten'

'One ten what?'

'One hundred and ten thousand córdobas (about US\$8,200 at the time).'

'That's a lot of money! And do you know how much profit you make on a kilo, more or less?'

'Heh, heh!', Bismarck sniggered. 'I hoped you'd ask me that, because I can tell you exactly how much I make!'

'Exactly, huh? That would be very useful for my research,' I answered. 'Do you keep a record or something?'

Bismarck smiled, and said 'do you remember the accounting technique that you taught Adilia to help her keep the finances of her market stall in order?' Adilia was Bismarck's wife Wanda's eldest sister, who had set up a food stall at the nearby Roberto Huembes market during the year I lived with the Gómez family in 1996-1997. She had initially borrowed US\$400 at 20 percent interest a month from a neighbourhood moneylender in order to do so, and when I heard about this, I immediately offered to lend her the money to reimburse the debt at zero percent interest, if I could have total access to the stall's operations. She agreed, and we arranged that I would subtract US\$50 from my US\$120 a month rent and board until I was reimbursed (although in the end I cancelled her debt after four months). I quickly ended up running the stall, as Adilia showed little predisposition to market selling, and furthermore had a tendency to help herself from the till. I bailed the stall out twice between January and July 1997, but as part of a last-ditch

effort to enable Adilia to continue running the stall without me, I taught her double entry book-keeping to help her to keep her accounts straight before leaving Nicaragua. I particularly impressed on Adilia the importance of writing down every transaction, and because I was not completely sure that she really understood the overall logic of double entry book-keeping, suggested that she always obtain and give receipts to have a tangible record of what to write in her account books. My attempt seemed to have been successful insofar as the stall ran relatively smoothly for a full six months following my departure, and only closed because the person who had sold the stall to Adilia in the first place did so fraudulently, and she was forced out by the local market authorities when they discovered that she did not have a proper title to her stall.

'Por supuesto I remember the technique I taught Adilia,' I replied to Bismarck. 'Don't tell me that you're using it for your drug business?'

'I am! I was having trouble keeping my accounts straight, because I was doing them in my head and it's too difficult to remember everything. One day I found that I had less money than I'd started off with, which didn't make sense, and so Wanda said to me, "Bismarck, why don't you ask my sister Adilia about the technique that Dennis taught her for her stall, perhaps that'll help you keep things straight". And so I did, and she taught me how to do the accounts with the two columns, the debits and credits, and how every transaction can be seen in both columns so you never lose track of anything. It's been really useful, and I've taught it to several other dealers here in the barrio, and we all use it now! So thanks, mate!'

I was not sure that I was overly happy to have been of such service to the barrio Luis Fanor Hernández drug economy, although when Bismarck finally showed me his notebooks a few weeks later, I was able to calculate that he had made US\$1,109 profit on the kilo of cocaine that he had bought, cooked and sold as crack in January 2002. In a local neighbourhood context where about half of the economically active population was unemployed, a further 25 percent underemployed, and where those who did work earned a median monthly income of about US\$105, such a monthly revenue was extremely high. Perhaps not surprisingly, cocaine dealing in barrio Luis Fanor Hernández rapidly expanded from its initial one-person beginnings in 1999, to a fully-fledged, three-tiered pyramidal drug economy by mid-2000.<sup>22</sup> At the top of the pyramid remained el Indio viejo, who was known as the 'narco', and who brought cocaine in from the Caribbean coast of Nicaragua, as mentioned previously.<sup>23</sup> The narco wholesaled his

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<sup>22</sup> For more details about the *barrio* Luis Fanor Hernández drug economy, see Rodgers, D. (2007). 'Managua', in Koonings, K. and Kruijt, D. (Eds.), *Fractured Cities: Social Exclusion, Urban Violence and Contested Spaces in Latin America* (London: Zed).

<sup>23</sup> The Caribbean coast of Nicaragua is the natural first geographical transshipment point for much of the cocaine moving from the Andean drug-producing areas to North American markets. The *narco* initially obtained his cocaine through family contacts, who beachcombed packets of

goods 'by the kilo' to, among others, nine 'púsheres' in the neighbourhood. Púsheres resold this cocaine in smaller quantities – 'by the ounce' – or, more commonly, converted it into crack which they sold from their houses principally in the form of 'tucos', lumps about the size of the first phalange of a thumb, mainly to a regular clientele that included 19 'muleros', who were the bottom rung of the drug dealing pyramid, and cut the tucos up into 'tuquitos' which they sold in 'paquetes' of two hits for US\$0.70 to all comers on the neighbourhood's street corners. There were thus 29 individuals directly involved in drug trafficking in the neighbourhood, but numerous others were also indirectly involved, for example as 'bodegueros' stashing drugs in their houses for the narco or for púsheres in exchange for payment.<sup>24</sup>

Bismarck was a púsher, but even at the bottom of the pyramid the potential rewards of drug trafficking in barrio Luis Fanor Hernández were substantial.<sup>25</sup> Muleros made between US\$350 and US\$600 a month selling on street corners, for example, while a bodeguero could be paid anything from US\$15 to US\$70 a month to keep drugs, depending on the quantity and the length of time they had to be stored. I have less detailed information about the narco's income levels, although it was clear that these were much higher. He owned two houses in barrio Luis Fanor Hernández, at least two in other neighbourhoods – one of which had two-storeys, something that is relatively rare and a sign of conspicuous affluence in earthquake-prone Managua – two motorbikes, and a fleet of eight cars, six of which were 'working' as taxis. Perhaps not surprisingly, Bismarck was very enthusiastic about the wealth created by the drugs trade, and often sought my approbation as a putative 'development specialist' for the new reality in barrio Luis Fanor Hernández, commenting how it had completely changed the neighbourhood around, arresting its seemingly unstoppable downwards slide into a cycle of ever-increasing poverty, exclusion and stagnation. During an interview in March 2002, I responded to this discourse by saying: 'The drugs aren't helping everybody, though, are they? Sure, there are lots of nice, new houses in the barrio now, but some of these new houses are better than others. Yours is much nicer than Kalia's next door, for example, although he sells drugs too, and there are also many houses in the barrio that haven't changed at all since I was here last. There's lots of inequality now, which wasn't the case before, and that can't be a good thing.'

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drugs dumped at sea by traffickers being chased by the authorities, but by the end of 2003 he had developed links with a Colombian cartel to ensure a more regular drug supply.

<sup>24</sup> The *narco* and *púsheres* thereby involved other households in the trade and minimised the risks of denunciation, and also spread their drug stocks around different locations in the neighbourhood in case of police raids (although these were relatively rare, and corrupt policemen often provided tip-offs).

<sup>25</sup> In this respect, my findings are very different to Sudhir Venkatesh's in Chicago, where he found that only the top-level drug dealers made substantial sums of money, with the majority involved in trafficking earning less than the minimum wage, a state of affairs which explains 'why... drug dealers still live with their moms', as S. D. Levitt and S. J. Dubner (2005) drolly put it in their volume *Freakonomics* (London: Penguin).

'Well, you can't help everybody, you know,' Bismarck countered. 'Life is hard here in Nicaragua, Dennis, and you've got to be clever and try to survive by hook or by crook. Kalia's just plain dumb, he uses his profits from selling drugs to smoke up, and then loses his head and can't sell properly. And those who don't have the drugs to sell, well, that's just the luck of the draw. ...Everybody had the same chances to start off with. We were all poor.'

But drug trafficking in barrio Luis Fanor Hernández was clearly not just the luck of the draw, and not everybody had the same opportunities to participate. Drug dealing was intimately linked to a particular political economy of power, with the individuals benefiting those who possessed a local monopoly over the use of violence, insofar as the narco, púsheres and muleros were all members or ex-members of the local neighbourhood gang. Indeed, the current gang acted as the informal security apparatus of the drug economy. Gang members would provide security services to the narco and to púsheres, making certain that transactions proceeded smoothly, enforcing contracts and roughing up recalcitrant clients, as well as guarding drug shipments as they moved both within and outside the neighbourhood. Moreover, contrarily to the past, they also deployed their violence against local inhabitants not involved in the drugs trade, in order to precipitate a generalised state of terror and ensure that drug trafficking operated unimpeded, as an inhabitant of barrio Luis Fanor Hernández called Doña Yolanda dramatically described during an interview in February 2002: 'before, you could trust the gang, but not anymore... They've become corrupted due to this drug crack... They threaten, attack people from the neighbourhood now, rob them of whatever they have, whoever they are... They never did that before... They used to protect us, look out for us, but now they don't care, they only look out for themselves, for their illegal business... People are scared, you've got to be careful what you say or what you do, because otherwise they'll attack you... We live in terror here, you have to be scared or else you're sure to be sorry...'

This changed relationship between the gang and the local neighbourhood community notwithstanding, it can be argued that there were numerous continuities between gang delinquency in the 1990s and gang-regulated drug dealing in the early 2000s when these are considered as economic activities. Both were fundamentally based on violence, even if the nature of the regulation imposed through violence was very different in the two cases. Furthermore, both activities involved the same individual social actors. Indeed, this latter fact was arguably particularly critical for the emergence of a successful drug economy. Bismarck, for example, can be said to have effectively undergone something of an 'apprenticeship' in the use of violence when he was a gang member during the 1990s, arguably experimenting with different forms of brutality in different contexts over time, learning little by little. While he may have got 'carried away' attempting to kill the bicycle owner in December 1996, for instance, he was much more level-headed – and more successful – six months later, when he 'expertly' stabbed to



death a youth who resisted assault. This kind of experience of violence clearly made Bismarck much more confident and strategic in his deployment of brutality as a drug dealer, insofar as he rarely actually resorted to violence, relying instead principally on its threat, particularly as it was known that he always carried a handgun. On the few occasions that Bismarck did become actively violent – in most cases when this was necessary, he tended to delegate the job to current gang members – he would either do so in a very measured way, for example slapping somebody in order to humiliate them, or else very spectacularly, as for instance occurred when he shot a regular client who owed him money in the foot in order ‘to teach him not to double cross me’ when this person came into the neighbourhood to buy some crack from another púsher.

At the same time, however, gang delinquency in the mid-1990s and drug dealing in the 2000s also constituted significantly different economic activities. The logic of economic action was arguably very different, for example. While gang delinquency was very much underpinned by a social impulse, gang-regulated drug dealing was parochial and profit-oriented, both of which led to very different social dynamics. In particular, barrio Luis Fanor Hernández was a much more segregated community in the 2000s than in the 1990s, to the extent that drug trafficking can plausibly be said to have constituted something of a process of ‘primitive accumulation’, with drug dealers such as Bismarck violently establishing exclusive drug markets and constituting themselves as nascent local ‘narco-bourgeoisies’ making it good within a context of otherwise extreme poverty and limited alternative opportunities for capital accumulation. Seen in this light, the logic of drug dealing was clearly much more ‘prescriptive’ than that of gang delinquency, forcing a particular dynamic on local community life. The same is arguably true of its ‘form’. The more complex nature of drug dealing over petty delinquency meant that the latter inevitably adopted more ‘formal’, organised means of regulation, as was well exemplified by drug dealers’ adoption of double-entry book-keeping, which contrasted starkly with gang members’ almost whimsical and ‘informal’ approach to delinquency in the 1990s.

At the same time, however, I had always had my suspicions that Adilia – from whom Bismarck learnt double-entry book-keeping – had essentially absorbed it by rote when I had taught her, or in other words without understanding its basic underlying logic, and one of the unanswered questions I had from my fieldwork trips in 2002 and 2003 was whether the knowledge of double-entry book-keeping had been transferred to Bismarck in the same way. I suspected it had, and my hunch was spectacularly confirmed during an interview with Bismarck in July 2007, when he told me how the hardest part of maintaining his drug dealing accounts was obtaining receipts from people. ‘Once, it almost landed me in jail,’ he said.

‘What do you mean?’ I reacted.

'Well, a couple of years ago I was thinking about the past one day, and feeling a bit nostalgic. It was silly, but my son had just been born and an old friend of mine had also died recently, so I thought it would be nice to sit by myself and smoke a joint. I took some of my best weed, and rolled myself a joint, and sat under a tree in the park to smoke it. It was a beautiful day, and it just got more and more beautiful as I sat there smoking and thinking about the past and the future, you know, a life gone and new life arrived. All of a sudden, though, this policeman appeared out of nowhere and said, "I've caught you, you fat hijueputa, come on, let's go, I'm taking you in". I said "No, no, wait, it's only a joint, can't we come to some kind of arrangement?" to which he replied, "No way, I know who you are, you're a top púsher here, we hadn't caught you yet, but it was only a matter of time". I got really scared, because I thought that he was really going to take me in, but then he said, "What are you proposing?", and I answered, "How about 300 córdobas?" [about US\$20 at the time]. He shook his head and said, "You can do better than 300 córdobas," and I knew then that he was really interested, so I said, "How about 300 córdobas a month, and you keep an eye out whether any police attention is coming my way". He thought about it for a while, and then said yes, that it was a fair deal, so I told him to come by my place the next day to get his money.'

'And did he come?'

'!Por supuesto! (Of course!) What do you think? Policemen earn fuck all, like US\$100 a month, and I was offering him easy money. But then I almost ruined the whole arrangement when I asked him to sign a receipt. He started shouting and swearing, and saying "What the fuck? What do you think you're doing? You want to have proof that I took a bribe?" and so on. I had to give him an extra 200 córdobas to calm him down.'

'Bismarck, you've got to be kidding me! You didn't really ask a policeman for a receipt for the bribe you were paying him? !No jodás!'

'I know, I know, I wasn't thinking properly, but the thing is that I had just finished my accounts when he came round, and I had that on my mind. And I needed a receipt to be able to do my accounts properly, because once when I forgot to get them in the past, I got my accounts all wrong for two whole months. I had to start them all over again, from scratch, to be able to match everything with receipts.'

I was rather stunned by this somewhat preposterous episode – which however highlighted the way the 'form' of an economic activity can often only be 'skin-deep', so to speak, with an outwardly 'formal' practice clearly having very 'informal' underlying dynamics – and it took me a few minutes to compose myself enough to explain to Bismarck that the receipts were simply to remind him to enter the debit and credit into his account book, rather than an integral part of the actual accounting system, and that he could have just entered the item after the policeman had left or else written down a

reminder to himself on a scrap of paper. He thought about this for a while, shrugged, and said, 'Never mind, in any case I'd pretty much decided to get out of the drug bisnes by then, and this just speeded things up because I thought that I couldn't do my accounts properly any more'. It came as a surprise to hear that Bismarck had stopped dealing with drugs, particularly as he had started smoking both marijuana and crack very heavily again after a long abstemious hiatus.<sup>26</sup> 'So you're no longer selling drugs?', I asked him, continuing the interview.

'No, no, I stopped about a year, a year and a half ago.'

'Why?'

'Well, one thing was this whole receipt business, it kind of annoyed me. Another was that el Indio viejo got arrested, and so it became more difficult to buy the cocaine in the barrio. This was only for a few months, until he managed to get his affairs sorted out from prison, and he's started selling again through his wife and mother, but I took the opportunity to get out of the business, you know, I was able to say that because of the break I didn't have any money to buy regularly anymore, because I'd spent my savings. In any case, he sells much less now, and there's only a few expendios (drug dispensaries) left in the neighbourhood, it's no longer a big drug dealing neighbourhood like it was in the past. Most business has moved to other neighbourhoods, including especially barrio Nosara next door, which is where el Indio viejo's wife and mother run his business from.'

'I heard that the narco was arrested transporting drugs, but I never understood why, because I thought he never did anything himself, and had loads of people working for him.'

'He did, but this was exceptional. Somebody had ordered 20 kilos of cocaine at the last minute, and he was all alone because he'd sent all his workers on a paid holiday to Montelimar.'

'He sent them where?' I spluttered.

'Montelimar, you know, the seaside resort.'

'I know what Montelimar is, but I can't believe that the neighbourhood narco sent his workers on a paid holiday there! It's seriously luxurious!'

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<sup>26</sup> Although considering the comment he made about Kalia previously (see above), this ought perhaps not have been surprising.

'Sure, what do you think? The narco was a good employer, he took care of his workers. He paid them well too, and this included paying for holidays and things.'

'I can't believe this! It's completely surreal! Anyway, so because of all his workers having a good time in Montelimar he had to transport the drugs himself?'

'That's how it was, and the Transport Police caught him on the main road.'

'Do you think somebody tipped them off?'

'Not as far as I know, I think it may just have been bad luck that he was stopped. But el Indio viejo had it coming in any case, for sure. What happens is that when one reaches a certain point, when your business reaches a certain size, you can't be a family enterprise any more, and you have to employ people who you don't know that you can trust. So you become vulnerable. Many people, including me, had been telling the narco to retire, that he had made enough to live comfortably for the rest of his life, and to pass on something to his children, but the thing is that it's always difficult to stop. When you're making good money, you always want more. That's how it is. What ultimately made el Indio viejo fall was his greed, because he should have never taken the risk of transporting the drugs himself, but he did it because he didn't want to lose out on the profits from selling 20 kilos. It would have been a lot of money, for sure, but you have to know how to stop before you fall, and he didn't.'

'So what are you doing now if you're not dealing drugs? Are you still getting money from Father Paulo?'

'Yes, he gives me a little bit for the children whenever he comes, but I've also got these new businesses which I've set up with the money I made from selling drugs. I've diversified.'

'To what?'

'Well, like a year ago I bought a ranchón (night club), on the road to the airport. I figured that it would be a good location, that rich people would see it on their way to and from the airport, and that they would remember it and come for special events or something. I got all the permissions for it, all the licences, and did it up just right, the way rich people like it, very clean and well lit up, with big signs, everything! I tell you, the whole process completely fucked me off, there's so much bureaucracy, and you wouldn't believe the number of people you have to bribe to get anything done in this country! There's so much corruption, it's no wonder we're so poor! I had to spend huge sums to get even the smallest things done, and then the stupid place didn't make any money because nobody came.'

'So what did you do?'

'I rented it for a while to some guy I knew who needed to store some stuff, but I was still losing money, because the Municipality was making me pay taxes and all, so I just sold it a few days ago to some sucker who thinks he can make it work as a ranchón. Good luck to him, I say!'

'How much did you get for it?'

'US\$40,000.'

'That's a good sum of money! What are you going to do with it?'

'I don't know yet, I'm thinking again that I might buy a pulpería, 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.'

'You have a shop at the Huembes? What does it sell? Is it a proper shop or is it a stall?'

'No, no, it's a proper shop, which sells secondhand clothes.'

'Wow, that's something different! Where did you get the idea from?'

'Well, you remember how Father Paulo raised money for me from his relatives in Italy after I'd been in prison? Ever since then, I receive packets of secondhand clothes from them at the end of the year, every December. Like two, three packets of clothes for me and for my children. Not all the clothes that they send fit us, so every year I distribute some, to my family, to the Gómez, to friends, to people in the barrio, whoever, because it doesn't serve any purpose just keeping them at home. Everybody's always really happy to receive clothes, and when I was looking to set up a negocio (business) after deciding to quit drug dealing, I remembered that everybody was happy to receive the clothes, they were something that everybody liked, and that if somebody got clothes they didn't like or didn't fit them, they'd just pass them on to somebody else, there's always somebody who needs a new shirt, or new trousers, you know. So it seemed to me that selling secondhand clothes would be good business.'

'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?'

'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.'

'How much did it cost?'

'I bought it on credit, so I had to pay US\$3,000 up front, and then I have to pay a cuota (monthly instalment) which varies depending on how much I sell.'

'So this is all legal and official?'

'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 to COMMEMA.'

'And where do you get your stocks of secondhand clothes?'

'I go and buy them in Panama. Every six months, I go by bus with two or three members of the Gómez family, and we buy lots of clothes over there, and we bring them back

'From Panama? Is it really worth the trip? Aren't there secondhand wholesalers here in Managua, in the Oriental market?'

'Sure there are, but the clothes you buy in Panama come direct from the USA, and are much cheaper than here, so it's completely worth it. And I also sell the spare clothes that Father Paulo's family send me.'

'How much do you sell a week?'

'Normally, we sell three to four items a week.'

'That's not very much! How on earth can this be a profitable venture?'

'Well, it's been less than a year, and it takes a while for people to get to know about you. It's slow right now, but I've just finished completely remodelling the store, to make it look modern and all. I got permission from COMMEMA and spent 5,000 córdobas, 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. You should go and see it for yourself.'

'I will. When are you there?'

'I'm not there very often, I've got two of the Gómez girls, Margarita and Amalia, working there for me, and since they're family, it means I just have to feed them, and occasionally let them take a shirt or a pair of trousers if there's something they really like, or give them 50 or 100 córdobas from time to time. That's also one way I cut costs, when family work for you it's always much cheaper, and you can also trust them not to rob you. I also have some of the barrio vagos (delinquents) look after the store at night, and I only have to give them a few pesos from time to time to do that, or a beer or soda, or whatever, and it's much cheaper than the official market vigilancia.'

'It sounds like you've got it all thought out!'

'Yes, and God willing, if this works out well, I'll be able to expand, first in the Huembes and then perhaps to other markets, and this way my kids will have something that will help them survive in the future, once I'm gone.'

'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!'

'Heh, heh! That it is, Dennis, that it is...'

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Following Keith Hart's call for investigations into the nature of economic activity to focus on the way that different 'forms' come together in specific individuals, rather than trying to artificially distinguish between putatively 'formal' and 'informal' practices, this paper has offered a detailed life-history of Bismarck, a Nicaraguan youth gang member turned drug dealer turned legal entrepreneur. Although Bismarck's trajectory could plausibly be characterised as representing a movement from 'informal' to 'formal' economic activity, this would in many ways arguably miss the point. What his particular path actually illustrates much more is the way there can be simultaneously both 'formal' and 'informal' aspects to any given economic activity, and how these different facets can often directly build on and feed each other. Perhaps the clearest example of this is in relation to Bismarck's illegal drug-dealing business, and more specifically his adoption of the 'formal' economic practice of double-entry book-keeping in order to keep his accounts straight, and his concern with obtaining receipts, even from corrupt policemen. But Bismarck also mixed both 'formal' and 'informal' practices when running his legal nightclub and secondhand clothes store businesses. He paid taxes and interacted with state bureaucracy in order to set them up, but simultaneously bribed officials in order to speed up red tape, illegally imported clothes from Panama,<sup>27</sup> and informally employed

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<sup>27</sup> Bismarck subsequently confirmed that he did not pay duty on the clothes he brought back from Panama.

extended family members in order to be able to exploit them. There were, furthermore, clear continuities between the two putatively different types of businesses, including most obviously Bismarck's recourse to barrio Luis Fanor Hernández delinquent youth as night guards instead of paying the official market *vigilancia*, for instance, which was reminiscent of neighbourhood drug dealers using the local gang as a security apparatus for the drug economy.

To a large extent, this latter practice can be directly attributed to Bismarck's particular life-trajectory, both as a former gang member and as a former drug dealer, and indeed, when I queried him about this, he replied, 'Well, I know how these things works, the gang worked very well protecting drug dealing in the neighbourhood before, and so I thought there was no reason a similar kind of arrangement with the delinquent youth of today shouldn't work for my store as well'. At the same time, however, even if Bismarck's particular work practices show that 'form' may not be as significant as it is often thought in relation to the underlying dynamic of an economic activity – another striking case is the way *el Indio Viejo* sent his drug-dealing employees on paid holidays to the luxury beach resort of Montelimar – it can nevertheless play an important role. There is no doubt, for example, that the newfound personal security that Bismarck acknowledged he enjoyed as a businessman running a nightclub and a secondhand clothes store can largely be attributed to the fact that he now engaged in generally legal economic activities, with his new endeavours generally regulated by contractual relations, guaranteed by a judicial system prescribing specific and more often than not non-violent recourses in case of contractual non-compliance. This was obviously not the case with drug dealing, which has to rely on a 'cruder' regulation, in the form of overt violence, due to the extra-judicial status of the commodity traded. The key issue, then, is to be able to understand why 'form' influences the underlying dynamics of an economic activity at certain points in time, and under what conditions it does not.

In this respect, at one level Bismarck's experiences can clearly be construed as suggesting that the underlying dynamics of economic activities are primarily defined by the particular life trajectory of those involved, with the intertwining of 'formal' and 'informal' therefore a rather arbitrary process. Such a perspective obviously begs the question of the extent to which Bismarck can be said to be representative of anything. To a certain extent, he is not, insofar as he is without question quite an exceptional character, who has had an exceptional life-trajectory.<sup>28</sup> At the same time, however, as Keith Hart has put it in an essay entitled – rather appropriately – *The Hit Man's Dilemma*,

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<sup>28</sup> Having said this, it is droll to note that the original Bismarck – the Prussian statesman and architect of German unification in the latter half of the 19th century – also made use of a combination of both 'formal' and 'informal' means to achieve his aim, begging, borrowing, scrounging, cajoling, threatening, and generally wheeling and dealing to bring together reluctant parties, finance integration, and subsequently build a German empire (see Stern, F. (1977). *Gold and Iron: Bismarck, Bleichröder, and the Building of the German Empire* (New York: Vintage Books)). I am grateful to Klaus Schlichte for pointing out this parallel.



'every human being is a unique person who lives in society, [and so] we are therefore all individual and social at the same time'.<sup>29</sup> When seen in this light, what Bismarck's particular trajectory, and the way his movement from gang member to drug dealer to legal entrepreneur led to a specific intertwining of different forms of economic practice, arguably provide us with is not so much an insight into the underlying nature of supposedly fundamentally different 'formal' or 'informal' economic activities, but rather a window onto the evolving dynamics of broader Nicaraguan society, and in particular, the country's transition during the past two decades from a collective project of revolutionary solidarity to a new political economy characterised by rising inequality, exclusion and individual venality.<sup>30</sup> In the face of this process, individuals such as Bismarck effectively bring to bear whatever means they can in order to survive to the best of their abilities, with the particular mixing of different forms of economic action that he epitomises effectively representing an erosion of any consensual project of collective life,<sup>31</sup> and the apotheosis of a Darwinian social reality corresponding to what he himself once qualified as 'the law of the jungle', whereby only the strongest survive.

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<sup>29</sup> See Hart, K. (2005). *The Hit Man's Dilemma: Or Business, Personal and Impersonal* (Chicago, IL: Prickly Paradigm Press). Citation taken from abridged version available at: <http://www.thememorybank.co.uk/papers/thmd-lite/> (accessed 26 February 2009).

<sup>30</sup> See Rodgers, D. (2008). 'A symptom called Managua'. *New Left Review* 49 (Jan-Feb), 103-120.

<sup>31</sup> See also Rodgers, D. (2007). 'Each to their own: Ethnographic notes on the economic organization of poor households in urban Nicaragua'. *Journal of Development Studies* 43(3), 391-419.

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**The Brooks World Poverty Institute (BWPI) creates and shares knowledge to help end global poverty.**

**BWPI is multidisciplinary, researching poverty in both the rich and poor worlds.**

**Our aim is to better understand why people are poor, what keeps them trapped in poverty and how they can be helped - drawing upon the very best international practice in research and policy making.**

**The Brooks World Poverty Institute is chaired by Nobel Laureate, Professor Joseph E. Stiglitz.**

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