THE TRICKLE-DOWN ECONOMICS OF NICARAGUA'S DRUG TRADE

By Ray Downs

A mansion owned by Ted Hayman, one of the most notorious kingpins in Bluefields, Nicaragua. After his arrest last year, some people took to the streets to protest.

Some names in this story have been changed for the safety of those involved.

Bluefields, the largest port on Nicaragua's Caribbean coast, is in many ways a typical small coastal Central American city—bustling but poor, a natural center for all kinds of commerce, legal and illegal. If you hang out by the bay you'll see cargo ships come in and passenger boats ferry people to and from the surrounding towns, some of which aren't reachable by overland routes. By day, the streets are filled with garishly decorated taxis, starving stray dogs, and people selling mangos and pineapples. At night, a few downtown bars stay open late to serve beer and play reggae, ***bachata***, and country music.

The majority of the men who aren't cops or store owners work on boats, while women often turn their living rooms into sit-down restaurants or sell grilled meat and tortillas outside their homes. There aren't many more options for the mostly black and indigenous population of 90,000—there's no highway connecting Bluefields with the wealthier western part of the country, and without infrastructure there's little prospect of outside investment.

Just about the only industry that's pumped outside money into the local economy is drug trafficking.

When Bluefields and the surrounding South Atlantic Autonomous Region (RAAS) was a hub for cocaine smugglers shipping loads north from Colombia, most of the profits were pocketed by kingpins, and violence and homicides increased—but some cash did trickle down to the locals. And every little bit helps here in the poorest region of second-poorest country in Western hemisphere.

That status quo is changing, however. In the last few years, Nicargua has received **millions in aid** from both Russian and the US in order to drive the narcos away. At this point, of course, no one has any illusions about "winning" the war on drugs. The plan is to just try to get traffickers to change routes. As a result, many smugglers have either moved inland or started using Nicaragua's **North Atlantic Autonomous Region** (RAAN) as a waystation instead. With the traffickers gone, many RAAS residents have lost a much-needed source of income, and so far nothing has replaced it.

One way drug money benefited Bluefields residents was through kingpins like Ted Hayman, who until his arrest in 2012 provided logistical support for cartels smuggling drugs from the RAAS up to the Honduran border. His employees refueled boats and guided traffickers through unfamiliar terrain. He also ran a sort of intelligence operation by paying fishermen to keep track of where the Nicaraguan Navy or the US Coast Guard were located. On top of all that, he operated a substantial domestic drug-selling operation that was big enough to require cover businesses, including the Hooters Hotel in Managua, Nicaragua's capital.

At the height of his career, Hayman built a $1 million mansion in poverty-ridden Bluefields and another lavish house in his poorer hometown of Tasbapounie that **overlooked tin-roofed shacks**. These were grotesque symbols of inequality, but they also provided valuable construction jobs, which are hard to come by since not many residents have money to build anything.

Money also flowed into smaller communities such as Tasbapounie and Pearl Lagoon when Hayman threw lavish parties. Bluefields resident Aracely Thompson told me Hayman would pay all the shopkeepers a lump sum so that whoever came in could get whatever they wanted, including meats, rice, and booze. People would come from hours away just to partake in the festivities and get a few necessities. Thompson even admitted to going once or twice.

"The parties were great times," she said. "If we heard it was going to happen, we would go."

Hayman also used his wealth to buy off the local community council board and appointed people he wanted in charge, which is a typical tactic used by big-time traffickers in impoverished areas. Money talks, and in extremely poor places it talks very, very loud. His power meant he could do things like quickly grant fishing licenses, which was normally a costly bureaucratic process. Thompson said he also occasionally gave away new boat engines.

Naturally, this type of casual, widespread bribery made Hayman incredibly popular. When he was arrested in June, 2012, people **protested in the streets**. I asked a taxi driver what he thought about Hayman, and the driver smiled and said, "He's a good guy! Too bad they got him."

Another Bluefields kingpin, Frank Zeledon, who people believe is more powerful and more connected to national politicians, wasn't touched during the series of arrests that took Hayman down. In fact, the last police captain who tried to have him arrested was **promptly moved to another part of the country**. That the police arrested one kingpin but not the more powerful one eroded what little trust people have for cops in the city.

Men stand guard at a gas station near Bluefields, Nicaragua. Buying barrels of gas and using it to refuel smugglers' boats is a common way to make money.

Monkey Point is a tiny seaside village of about 280 people located 32 miles south of Bluefields. It's nearly impossible to get to without a boat, and drug traffickers on their way from Colombia have been using it as a refueling station for some time, which has created an entire microindustry.

When I visited, gasoline in Bluefields, the closest town with gas stations, was $6 per gallon, and you can't buy more than one barrel of gas without providing a photo ID, a measure the government adopted to combat drug trafficking. Those who make money by providing fuel to drug runners at Monkey Point get around this by simply using multiple people to buy barrels one at a time, which are then taken down the river to the remote rendezvous.

According to Jack Carter, a resident of Monkey Point, traffickers pay between $2,000 and $3,000 per boat for this service, and after subtracting the cost of the barrels and the gas used to transport them, the refueling crews generally get around just $200 apiece per boat. “The people aren’t making big money off this thing,” Carter told me. “But it’s something, you know?”

He explained that people in Monkey Point live primarily off of small-scale subsistence fishing and farming, which doesn’t bring in much cash, if any. Money made from refueling can be used to buy needed supplies, gas, clothes, rice, flour, and materials for boat maintenance, which is extremely important in an area with no roads. There are several refueling spots along the coast and the traffickers generally switch between them to evade authorities (they use Monkey Point less often than they used to) but despite the infrequency, difficulty, and illegal nature of the work, people still flock to it. They’re that hard up for cash.

“The people don’t like doing it. They don’t want to do it,” Carter said. “But there’s no roads, there’s no jobs, all the people can do is fish and plant. So they gotta take what they can.”

The beneficial economic effects of the drug trade for the communities along the coast were sporadic and unreliable—maybe you’d find a couple of kilos of **coke on the beach**, maybe Hayman would tip you lavishly for a service—but they were real. “You used to see people placing big bets for the baseball game,” Thompson said. “You [used to] see some more people buying things like stoves. But now, no. No more of that.”

The problem is not that the war on drugs has taken money out of Bluefields and the surrounding area, it’s that nothing has emerged to replace that money. The US donates about $3.5 million **a year** in military and police aid to Nicaragua, in addition to gifts like **new**

boats for the navy and **parachutes** for the army. Russia is providing aid money on top of that—perhaps, **analysts have speculated**, in order to increase arms sales and undermine US influence in Latin America.

But none of that money ever ends up in the the hands of anyone in Bluefields.

Nicaragua doesn't seem to care about building more infrastructure to attract investment on the Caribbean coast—residents I spoke to talked at great length about their plans to persuade officials to put an industrial fishery here to create a more dependable economy, but the government is notorious for ignoring the region's mostly black and indigenous population; if the fishery does happen, it will be an exception to the rule. Meanwhile, a **controversial canal** to rival Panama's has received a lot of press, but many doubt it will ever be built, and local indigenous leaders say it will do **more harm than good**.

Charles Bell, a social activist from Bluefields, strongly believes that the government exploits and ignores blacks and indigenous people. But he also feels that the big-time traffickers have played the same game—they make a lot of money from smuggling drugs using local labor, but they have no interest in fixing the problems plaguing coastal communities.

"The people stay poor no matter what," said Bell. "[Cartels] don't do anything for the people, they just give them free stuff once in a while."

As an example, he pointed to Little Corn Island, a popular tourist spot located a few miles off the coast that is rumored to be a sort of money laundering haven for drug traffickers. "They have beautiful hotels there. Everyone has a nice house, too," he said. "But look at the school: nothing." At the same time, he admits that some money is better than no money.

"People need something. What else are they gonna do?" he said.

Bell’s attitude of reluctant acceptance of the economic benefits of drug trafficking was shared by many people I spoke with. Nobody really likes the drug trade, of course. It generates misery, addiction, and violence, and getting involved with it could land you in prison or on the bad side of the cartels. But because the governments of both Nicaragua and the US have chosen to spend millions on fighting the war on drugs rather than building roads and other improvements in a region that sorely needs infrastructure, residents have few options. Drug traffickers aren’t the good guys in Bluefields, but the sad reality is that they’re often the only ones seeing to people’s immediate needs.

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