



## What happens to unemployed drug dealers?

### Dennis Rodgers

The drugs trade is a notoriously volatile business, as production processes, the individuals and organisations involved, distribution routes, channels, *modus operandi*, sales and consumption patterns can change frequently. For example, these changes may be due to competition between drug trafficking organisations or law enforcement operations. It is generally assumed that such events lead to drug dealers and traffickers being killed or incarcerated, but in fact, most simply cease being involved in the drug economy. An obvious question is what happens to the majority who effectively find themselves out of a job? Or put another way, what do unemployed drug dealers do?

The question is important because in many parts of the world, drug dealing and trafficking constitutes one of the few possibilities for substantial capital accumulation, particularly in poor communities. Certainly, contrarily to the situation famously described by Steven Levitt and Stephen Dubner (2005: 103) in their popular book *Freakonomics*, where the overwhelming majority of those involved in the drugs trade in the United States earn 'less than the minimum wage'. Many individuals in *barrio* Luis Fanor Hernández,<sup>1</sup> the poor neighbourhood in Managua, the capital city of Nicaragua, where I have been carrying out regular longitudinal ethnographic research since 1996, benefitted significantly from their involvement in the drugs trade that emerged there (see Rodgers, 2017). Indeed, drugs generated what is probably the most impressive process of local economic development I have ever witnessed in over a quarter of a century working in international development studies (see Rodgers, 2007). Seen from this perspective, the economic and labour consequences of the drugs trade's disruption are obviously important to consider.

#### The rise and fall of drug dealing in *barrio* Luis Fanor Hernández

The *barrio* Luis Fanor Hernández drugs trade emerged in an *ad hoc* manner in 1999, and mainly involved the sale of cocaine, mostly in the form of crack.<sup>2</sup> It was begun by a single individual known as *el Indio Viejo* (the Old Indian), who progressively organised the business, recruiting

employees and collaborators, and expanding his networks to the extent that by 2010, what became known locally as the *cartelito* (little cartel) was one of the four most important native drug trafficking organisations in Nicaragua. The rise of the *cartelito* came to an abrupt end when *el Indio Viejo* was arrested in 2011, reportedly at the behest of a rival group which had developed close links to members of the Nicaraguan government. Although some *cartelito* drug dealers subsequently re-organised in a much-reduced manner, they constituted little more than a loose group of local petty entrepreneurs sharing the benefits of economies of scale, and by 2014 drug dealing had effectively dissipated as an organised concern in *barrio* Luis Fanor Hernández. This was partly because it had been *el Indio Viejo* who had had the contacts to ensure a steady supply of drugs meaning that dealers had nothing to sell.

The collapse of the drugs trade in *barrio* Luis Fanor Hernández left twenty or so individuals unemployed. Their post-dealing trajectories typically took on one of three pathways: 'downsizing', 'destitution', and 'diversification'. Of the three, destitution was the most common, followed by diversification, and then downsizing. They all had different consequences, however. Downsizing for example involved reverting to a more modest lifestyle. This was well summarised by a former drug dealer called Espinaca during an interview in November 2016, who was now making a living working on a casual basis in Managua's construction industry. He responded to my queries about his visible impoverishment with a rather philosophical '*cuando hay, hay, y se tiene que disfrutar, y cuando no hay, no hay, y se tiene que aguantar...*' ('when you have money, you've got to enjoy it, and when you don't, you've just got to make do...').

#### Destitution vs. diversification

The other two pathways, destitution and diversification, represented two different ways in which drug dealers made use of the material benefits that they accumulated during drug dealing. Those who ended up destitute did so because they tried unsustainably to maintain the conspicuous consumption habits that they had developed when drug dealing, despite no longer having a consequent revenue stream. They would rapidly run out of money, and then pawn off any of the luxury furniture, electronic appliances, white goods, or motorbikes they had bought when dealing drugs, ironically often, in order to buy and

<sup>1</sup> This name is a pseudonym, as are the names of all the individuals mentioned in this article.

<sup>2</sup> Crack is a made by boiling cocaine (cocaine hydrochloride) and sodium bicarbonate in water, and is much less expensive than cocaine, being obviously diluted and far less pure, to the extent that it is widely known as 'the poor man's cocaine'.

consume the drugs to which they had become addicted during their dealing. Most remained chronically unemployed, partly due to their addiction, although some engaged in petty crime. Those who diversified, on the other hand, used economic capital that they accumulated while drug dealing to develop new businesses by purchasing assets such as cars or motorcycles that allowed them to engage in activities that were generally unattainable to other local neighbourhood inhabitants due to their entry costs, such as driving a taxi or becoming couriers and investing in real estate.

Bismarck, who was a drug dealer between 2000 and 2006, is a case in point in relation to the latter. Partly at my suggestion, he regularly saved a significant proportion of his US\$1,100 monthly income from drug dealing, and when he stopped dealing in 2006, invested his accumulated capital in real estate. He started by buying a shop and a nightclub at the local market in 2006 (both of which he subsequently sold in 2010), and rapidly expanded his property portfolio, buying a local neighbourhood *pulpería* (corner store) in 2007. He also started a motorcycle mechanic's workshop in 2008 as well as purchasing three adjacent houses that he joined and converted into flophouse rental accommodation in 2009. Between 2010 and 2014, he bought four more houses in the neighbourhood, which he rented out individually. Bismarck's real estate investments ensured him a monthly revenue of around US\$600 in 2014, equivalent to a little over 50% of what he had earned when drug dealing, which he professed himself happy with, emphasising that he was much less at risk of being killed or imprisoned than when he had been employed by *el Indio Viejo*.

### Unsustainable benefits?

The reasons behind successful diversification seem to lie very much in individual idiosyncrasies – including notably not becoming a drug addict – as well as contingent opportunities presenting themselves. The skills and knowledge acquired through drug dealing sometimes-helped former dealers achieve successful transition to another activity (see Rodgers, 2016). However, while some former drug dealers managed to capitalise on the exceptional capital accumulation opportunity offered by drug dealing in *barrio* Luis Fanor Hernández, most did not, and what is also becoming increasingly clear is that even those that did so are not guaranteed to continue enjoying the fruits of their investments over the long term. For example, by November 2016, Bismarck had lost his entire property portfolio except for his own home. Firstly, his flophouse suffered an arson attack by unhappy tenants seeking revenge for being humiliated by Bismarck.

Secondly, the police closed his motorcycle workshop after Bismarck decided to stop paying them a regular bribe – the arrangement was a leftover from his drug dealing days – as a cost-saving measure following the loss of revenue resulting from the arson attack. This prompted the families renting three of his individual houses to band together and stop paying their rent and after being badly beaten up when he tried to intimidate them, Bismarck now considers the houses 'lost'. Finally, his loss of revenue meant that his *pulpería* went bust, and he had to sell his last house to pay off debts. Bismarck now works as a chauffeur for a Taiwanese clothing company operating in one of Managua's Free Trade Zones, earning US\$180 a month, about 15% of what he earned a month as a drug dealer, and complains bitterly about the way that his boss treats him. Indeed, during an interview in November 2016, Bismarck explicitly contrasted him with *el Indio Viejo*, whom he nostalgically described as having been 'a good employer', who 'took care of his workers', paying them a good salary, as well as 'paying for holidays and things' such as health care...

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