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THE ROLES OF SUSTAINABLE TOURISM IN NEOLIBERAL POLICIES AND POVERTY REDUCTION STRATEGIES: DO THEY ADEQUATELY ADDRESS QUALITY OF LIFE?

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ABSTRACT
In Central America, neoliberal policies and ideologies generally instituted a set of processes, under the aegis of market forces, which have led to a subjugation of political, social, and cultural rights which the global market has failed to amend. The continued burgeoning disparity between substantial foreign investment in the developing world, and the limited resources available for domestic development, are embedded within the strategies to reduce, if not ameliorate, poverty. Moreover, this approach is broadly enshrined in a similar discourse that suggests poverty reduction can be achieved through economic growth, by initiating strategies that encourage tourism development. Using both primary ethnographic data from Nicaragua and secondary data from international development documents, this article questions the extent to which tourism exacerbates inequalities by promoting greater accumulation of capital among already-wealthy Nicaraguans. Exploration of the structural violence embedded within the nexus of tourism, economic growth, and poverty provides a deeper understanding of how the growing numbers of foreign and ex-patriot investors are further impoverishing one of the most poverty-stricken countries in the hemisphere. This is linked to a failure to address the increased cost of living, land displacement, and legal marginalization of Nicaraguan citizens.

KEY WORDS: neoliberalism, structural violence, tourism, poverty, Nicaragua

Introduction
Over 60 years ago, in 1946, Guy Lombardo and His Royal Canadians put Nicaragua on the musical map with the song entitled, Managua Nicaragua is a Beautiful Town. It portrayed Nicaragua as an exotic getaway, with coffee, bananas, tropical temperatures, a place where you could buy a hacienda for a “few pesos down”; where “every day is made for play and fun, because every day is a fiesta.” It may seem outdated or old-fashioned, yet tourism today in Nicaragua is being promoted with the same representation of an exotic getaway, steeped in a discourse that suggests tourism can generate economic growth as a way to alleviate poverty. The promise of tourism for Nicaragua, as a mechanism for gaining a competitive advantage and as a vehicle to poverty reduction, is criticized because it is a strategy associated with dependency on an external source of growth (Crous and Vanegas: 2008). In this article, I explore whether tourism actually exacerbates inequalities by promoting greater accumulation of capital among already-wealthy Nicaraguans and growing numbers of foreign and ex-patriot investors, furthering the impoverishment of one of the most poverty-stricken countries in the hemisphere (Smith and Duffy 2003). Kaplan (1996: 63) argues that, “tourism arises out of the economic disasters of other countries that make them ‘affordable’ or subject to ‘development,’ treading upon long-established traditions of cultural and economic hegemony, and, in turn, participating in new versions of hegemonic relations.”

Neoliberal Policies and Poverty Reduction Strategies
Current discourse and critique around international development implies that neoliberalism is a complex and differentiated set of policies and practices steeped in contradictions. These critiques range from notions that neoliberalism increases the economic power of elites, to the destruction of organizations or institutions that get in the way of making a profit through a market economy (Scarrit 2010: 27). Furthermore, the complexities and contradictions of international development emerge from a perspective that neoliberalism is fundamentally shaped by structures from which it emerges and within which it operates (Williams 2012). I do not view neoliberalism as a precise or concrete set of policies that operate autonomously separated from global political economy, but rather as a framework, which represents a complex history of what international development actually is for whom it actually serves. This perspective posits that neoliberalism and international development policies and practices are not shaped by what a developing country needs, but are critically influenced by ideological structures that operate from a paradigm which suggests that economic growth is a panacea towards poverty reduction. The process of inter-
national development implementation is reproduced through a definition of poverty that suggests poor countries must strive to achieve the standards of wealth of more economically advantaged nations. This process is rooted in historical political-economic forces that perpetuate unequal access to resources, services, rights, and security, which in turn limit life chances through institutional practices of domination, hierarchies and ideologies that exacerbate social indifference through structural violence.

A political economy approach suggests that development is driven by a combination of market mechanisms and government decisions (Robinson 2010). However, these complex processes are experienced in everyday interactions between structures and institutions that maintain the process of poverty as a reality for many. One process that has historically exacerbated both the quantitative and qualitative aspects of poverty has been Structural Adjustment Policies (SAPs), more recently termed Poverty Reduction Strategies. The Poverty Reduction Strategy Paper (PRSP) was used by the World Bank as a tool to examine what drives and constrains progress. A report released in June, 2010, reported that—despite economic growth being a prime catalyst toward eradicating poverty, reducing hunger, and increasing employment opportunities—these benefits do not reach the poorest segments of the population, especially in rural areas (The Path to Achieving the Millennium Development Goals: A Synthesis of MDG Evidence From Around the World: p.19).

World Bank and IMF policies not only emphasized free market forces, but also the removal of restrictions that would enhance the goal of eradicating poverty in half by the year 2015. As such, the economic policies that set forth pro-market, anti-state conditions favored privatization of public commodities such as communications, banking and finance, and agricultural enterprises, commonly known as Structural Adjustment Programs (SAPs).

There are four ways in which adjustment policies have contributed to the further impoverishment and marginalization of local populations, while increasing economic inequality. The first is through the demise of domestic manufacturing sectors and the loss of gainful employment by laid-off workers and small producers due to the nature of trade and financial-sector reforms. The second relates to the contribution that agricultural, trade and mining reforms have made to the declining viability and incomes of small farms and poor rural communities, as well as to declining food security, particularly in rural areas. The third relates to the retrenchment of workers through privatization and budget cuts, in conjunction with labor-market flexibilization measures; it has resulted in less secure employment, lower wages, fewer benefits and an erosion of workers’ rights and bargaining power. Finally, poverty has been increased through privatization programs, the application of user fees, budget cuts and other adjustment measures that have reduced the role of the state in providing or guaranteeing affordable access to essential quality services (The Policy Roots of Economic Crisis And Poverty: 173-187).

The economic policies that comprise the core of Structural Adjustment Programs have failed to engender the healthy economies promised by their architects. In fact, the overall impact of adjustment policies has included: the generation of increased current-account and trade deficits and debt; disappointing levels of economic growth, efficiency and competitiveness; the misallocation of financial and other productive resources; the “disarticulation” of national economies; the destruction of national productive capacity; and extensive environmental damage (Pisani 2003). Poverty and inequality are now far more intense and pervasive than they were 20 years ago, wealth is more highly concentrated, and opportunities are far fewer for the many who have been left behind by adjustment.

For the countries that have traveled down the adjustment road, the problem is that the reform process has failed to generate economic benefits. These benefits have tended to be concentrated in a relatively few hands, both domestic and foreign, while millions of other people have increasingly been deprived of the resources and opportunities they require to move out of poverty.

Nicaragua: A Case Study of Neoliberal Policies

SAPs were initiated in Nicaragua in the beginning of the 1990s as a new vision of development that incorporated an “outward integration” founded on a sustained growth of exports, a reduction in the state’s participation in the economy, the promotion of the private sector as the main investor, the privatization of public companies, and trade liberalization (Dubcovsky 1999: 2). This was in response to the Sandinista revolution in which the Sandinista government changed the country’s economic orientation through the state nationalizing domestic trade, foreign trade, and the financial system, and creating state corporations that were considered to be the “people’s property.” Under the Sandinista government, agrarian reform involved a third of the country’s land, by democratizing property and fostering collectivization of agriculture. The country’s history of armed conflict, American trade and financial embargo, and natural disasters prevented Nicaragua from implementing a successful development strategy, and SAPs were put into effect.

After the Sandinista government lost power in what was considered by foreign observers to be a free and democratic election in 1990, the United States stressed a foreign policy that reinforced development through democracy in order to cure ailments left over from the Sandinista gov-
 government such as poverty, poor health and education services. In reality, development through democracy failed, and the very conditions, which it was supposed to ameliorate, actually intensified and increased for many in Nicaragua. The next step towards development for Nicaragua was to encourage free-trade networks through structural adjustment policies set forth by the World Bank and International Monetary Fund (IMF). In 1991, the Nicaraguan government introduced a stabilization program that had three goals: to decrease the trade deficit, to lower inflation, and to stabilize the currency. To achieve these goals, the government enforced policies that devalued the currency, attempted to balance the budget, and restricted the money supply through SAPs.

The measures mandated by the IMF and administered by USAID produced a turn toward economic privatization and the shrinking of state-led social development. As correlates, this meant rising unemployment, ill health, and growing illiteracy for a majority, with only a small elite benefitting from new products on the market, new restaurants and clubs, and a new look to the capital city, Managua, where a third of the nation’s population lives (Babb: 1999).

For example, people living in La Libertad, Nicaragua, a town dependent on farming and gold mining, felt the crushing blow of SAPs through the privatization of utilities and schools. Many families could not afford to send their children to school since the cost of books, supplies, uniforms and food was now out of reach. Consider the 1996 statement by Maria, a mother of nine children aged three through twenty one: “We used to be able to send our sons and daughters to school where they were given a cup of milk every day. Now, we can’t afford the books or even material for uniforms, so my children must work in the fields or mine all day. They can’t get any milk anymore, and they can’t even go to the school at night, because we cannot afford to keep the lights on at the school.” Prior to 1990, the school in La Libertad had two shifts of classes, with an evening shift to accommodate those children who worked during the day in the fields or mine, and for adults who wanted to learn to read and write. The electricity was state-funded so that the school could operate into the evening. Moreover, this created a situation in which two shifts of teachers were needed, providing double the teaching jobs. The school policy was to provide two cups of fortified instant milk per day per student free of charge. When the Sandinistas lost power in 1990, not only were these opportunities taken away with the privatization of utilities and schools, but many teachers lost their jobs because of their Sandinista affiliation. The electricity for the evening shift was too expensive to keep up, eliminating half of the teachers’ positions.

Is Tourism a Way Toward Eradicating Poverty?

How does tourism fit into this framework—as an outlet to alleviate poverty, if not ameliorate it altogether, by the MDG-designated year 2015? Florence Babb, an anthropologist whose research in Nicaragua spans the past two decades, situates the concept of tourism as “a set of cultural practices that are under constant negotiation that may illuminate broader social and historical processes” (2011: 42). While her work consists of connecting current tourism mired with past representations and/or misrepresentations of revolution and long periods of instability and civil war, I use her work as a springboard to explain that economic practices associated with tourism do significantly influence and shape social and historical processes in Nicaragua, specifically by catering to foreign investors, while limiting labor laws to decrease workers’ rights to a fair wage. For example, The World Bank reports that the Minimum Wage Commission sets minimum wages, in which representatives of the unions, the government, and the private sector negotiate their levels. There are a total of twelve different minimum wages and are differentiated according to formal sectors of economic activity in an attempt to take into account the level of education of the labor force in each sector. The four largest sectors in terms of employment consist of: agriculture, manufacturing, community services and commerce. (Gutierrez, et al. 2008: 20-22). According to the Nicaraguan Ministry of Labor (MINTRAB), the current minimum wage for each sector ranges from approximately: US $1.26 per day for agriculture to US $10.35 per month for commerce. However, most Nicaraguans working in the service and tourism industries fall within the informal sector, and are usually paid in cash. In fact, the going rate for domestic workers (as of July, 2011) was approximately 1000 to 1200 cordobas per month. With the current exchange rate, this translates into roughly US $45 per month.

By the mid-1990s, the Nicaraguan Institute of Tourism (INTUR), in collaboration with the national universities, was promoting tourism as a key area for professional training. By the year 2000, the annual number of visitors to Nicaragua approached 500,000, which is significant in a country with a population of four million. The International Monetary Fund suggests that tourism in Nicaragua is evolving, as are policies keyed to furthering this activity. In this context, the government is promoting significant transformations concerning infrastructure in order to stimulate economic growth. A report by the IMF states that it “is also important to maintain levels of political and social stability so as to minimize the perception of risk among potential visitors. Thus Nicaragua may be attractive as an opportunity for internal and foreign direct investment, which will have an effect on the growth of the tourism industry” (IMF 2010: 30).
The government has a policy of offering incentives to small tourism projects and an intensive policy of positioning the country in the world economy, to which end the promotion of tourism is essential. Tourism has the potential to generate a multiplier effect in economic activities, generate employment and promote consumption, all of which contribute to the overall goal of fighting poverty. Tourism in Nicaragua received $40.29 million US for a six-month period in 2009, second only to free trade zones and energy projects. However, Nicaraguan labor and foreign investment policies do not address the increased cost of living, land displacement and legal marginalization of already impoverished Nicaraguan citizens; they instead promote economic growth by allowing for bargain real estate and investment opportunities for the Nicaraguan elite and foreign investors.

Moreover, tax incentives can be extended if a project undergoes extensive expansions. Additionally, the current labor policy (in place since 1990), does not include a government policy to protect workers’ rights. The imperfections of the system and the lack of an adequate legal framework create an adverse setting for the development of an efficient labor market. Today wages are inadequate in real terms, and working conditions carry implicit a high degree of risk for workers. In many regards the gaps between poor and non-poor are determined by an inadequate distribution of income and consumption. SAPs acted as a mechanism which alienated peasant smallholders, undermined the peasantry as a class, re-concentrated land, and fomented a new, modernized capitalist agribusiness sector between 1991 and 1999. These same credit and related adjustment policies have also undermined urban workers and small farm holders.

The main, economically profitable tourism industries attract and cater to foreigners and wealthy Nicaraguans. Montelimar is an excellent example. Montelimar, the premier Pacific beach destination, which was formerly owned by the Somoza family and then nationalized under the Sandinistas, was sold to the Spanish company Barcelo and turned into an exclusive, expensive, five-star resort complete with three ambient-temperature swimming pools, one of which is considered the best in the whole of Central America. It also has two children’s pools, tennis courts, a mini-zoo, horse riding, basketball courts, and a discothèque.

What the advertisements do not disclose is the fact that the locals from around the community are forbidden on the beach and that armed security guards patrol the beach 24/7. Locals living around the area of Motelimar complained to me as far back as 1995 that fishing, their main mode of livelihood to feed their families, has been taken away from them as a result of the resort with no compensation or voice in the matter. I encountered two men fishing just outside of the restricted barbed-wire fence boundaries set up by the Montelimar security office, further enhanced by signs stating “Prohibido el paso” (No Trespassing). I asked the men how the fishing was, and they stated it was better under Somoza. I asked what they meant, and they said, “Well, even when Somoza was here, we used to be able to fish when we wanted to. He let us get away with it, as long as we didn’t come here every day. There are not many fish here anymore, and sometimes the security guards raise their guns and tell us to move on. We need these fish to feed our families.”

**Economic Growth: Panacea or Calamity?**

As the developing world continues to rely heavily upon foreign aid and the global market to stimulate growth and generate wealth, it has not been without a disparity in terms of who will benefit and who will not. The global market has failed to amend the burgeoning disparity between substantial foreign investment in the developing world, and the limited resources available for domestic development. The modern concept of development is predicated upon a discourse of “problemitization” (Foucault, in Couzens Hoy 1986; Escobar 1995; Foucault 2001) which defined poverty as not only a problem to be fixed, but a social problem mired within the notion of “lack” or “deficiency.” Poverty was seen as representing the opposite of what rich nations had, and became a reminder that two-thirds of the world’s population was living in an undesired, undignified condition, for which the only remedy of escape was through the concept of economic structures based on others’ perceptions and experiences (Esteva 1993: 10). Predictably, the socio-economic index for defining poverty became quantitative and one-dimensional as the World Bank identified those earning less than $1.25 per day as living in “extreme poverty,” categorizing over one billion people as such. New and “unique” solutions became the panacea to “fix the poor” who represented a growing social problem for which economic intervention was necessary.

**Poverty as a Process Rooted in Social Relations**

Despite modest reductions in poverty in recent decades, significant progress has not been evident especially in low-income countries. A critical examination in A Sourcebook for Poverty Reduction Strategies of which policies best promote economic growth and reduce poverty in low-income countries, suggests that poverty is multidimensional, extending beyond low levels of income. It includes factors surrounding low levels of consumption and income; little or no improvements in health and education indicators; exposure to risk and income shocks that may arise at the national, local, household, or individual levels; and the capability of poor people and other excluded groups to partici-
pate in, negotiate with, change, and hold accountable institutions that affect their well-being (Klugman 2002: 1-3).

Poverty, however, involves a complex set of processes that reflect both qualitative factors such as loss of rights, political powerlessness and voicelessness, and quantitative factors, such as life expectancy, infant mortality rates, and gross domestic product (GDP) or real income per person. The latter became the mechanism for measuring economic growth vis-à-vis “development” and “progress.” GDP was used not only to indicate quantitative progress, but also inferentially as a qualitative measurement of development, as it was closely related to factors such as life expectancy, personal consumption, and educational achievement (Pender 2001: 398). Using multiple indicators to characterize poverty may not increase the number of people considered to be poor, but rather, it will highlight the fact that the poor suffer from multiple deprivations.

Economic growth, although touted as key, has not been effective in reducing poverty for three reasons. First, public policy in Nicaragua has not been traditionally pro-poor, and concomitantly has not been aimed at sustained growth with social responsibility. Second, in an effort to protect the economy’s productive sectors, the benefits to privileged groups in the form of tax shelters have outweighed the fiscal resources allocated to social protection. Third, low levels of technological progress have correlated with low levels of labor productivity.

For example, most of Nicaragua’s large-scale gold-mining industry, which is now foreign-owned, receives generous incentives, tax breaks and offshore accounts for export earnings that have minimized returns to the government. With foreign firms often the beneficiaries of privatizations of state holdings in this and other sectors, dual economies have emerged (or become more pronounced). The development of local industries has been threatened. Recently, however, structural violence is a term most popularly associated with Paul Farmer (1996; 2001; 2005). Farmer, a physician and anthropologist, looks beyond the details of fragmentary explanations to seek an integrated understanding of a complex reality. He states that structural violence is “a process in which the most basic human right—the right to survive—is trampled in an age of great affluence that influences the nature and distribution of extreme suffering” (Farmer 2005: xiii). Furthermore, he stresses that structural violence is shaped by historically given (and often economically driven) processes that conspire—whether through routine, ritual, or, as is more commonly the case, the hard surfaces of life—to constrain agency.

An example as this relates to my work follows. In an article in the newspaper La Prensa entitled, “Desmoralizada pero no derrotada” (Demoralized but not destroyed), published July 29, 2011, women in Nicaragua demanding justice for the numerous victims of violence were met with resistance in the Supreme Court of Justice. Specifically, the case involved Fatima Hernandez, a victim of rape, whose perpe-
Tourism exacerbates the processes I have outlined here. As long as the developing world continues to rely on global markets to stimulate growth and generate wealth, there will be a growing disparity between substantial foreign investment and the sparse resources available for domestic development. The global market alone has failed to reverse this trend. However, the size of the global economy is expected to quadruple in the next 50 years, with the majority of the growth intended to increase the financial and capital resources available to promote development in poor countries. For Nicaragua, tourism is included in this growth equation, however, not without a burgeoning disparity between substantial foreign investment and the limited resources available for domestic development, which the global market has failed to amend.

This provides an opportunity for anthropologists to further explore whether Nicaraguans are given the opportunity to increase their integration into the global market or to develop investment patterns that maximize their possibilities for economic growth, specifically through tourism. Examining internally-initiated projects, such as “Guacalito de la Isla,” a mega-tourist project which is being planned in the Department of Rivas (on the Pacific Coast) might be one way to determine if this model will shift ideas about development in terms of the kinds of interventions that might be seen as possible and legitimate—perhaps influencing relations between both local and international development agencies and projects in the near future. The owner and sole financier of the project, Carlos Pelas, is contributing US $250 million toward this sixteen hundred acre resort with boutique hotel, residences and golf course, which might employ one thousand people. Pelas suggests that currently, tourists spending approximately forty to fifty dollars (US) per day will not help Nicaragua out of poverty, and therefore that the three hundred dollars per day price tag for “Guacalito” will be a path toward eradicating poverty in the nation. He contends that if three hundred dollars is spent per day by each tourist, this will enable at least six people to become employed, as opposed to just one person at the forty to fifty dollars-a-day level. One major problem is that most service employees work within the informal sector, and are usually paid in cash. This eliminates the need to abide by any minimum wage standards.

Managua may, in fact, be a beautiful town, where you can buy a hacienda or an island for a few pesos down. However, tourism—embedded in this promise of economic growth as a vehicle for gaining competitive advantage and as a poverty reduction strategy—is not effective for those whose daily lives depend on more than play and fun.

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