

Passport to Development? Local Perceptions of the Outcomes of Post-Socialist Tourism Policy and Growth in Nicaragua

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ABSTRACT *Enduring decades of dictatorship under the Somoza dynasty, several highly destructive natural disasters, a major “unnatural” disaster in the form of revolutionary conflict, and a subsequent civil war have all taken a serious toll on Nicaraguan society. Today overall poverty is second highest in the hemisphere, with 80% of the population surviving on less than US \$2 a day. Crippling debt contributes to a desperate need for foreign exchange, and with an attractive tax incentive package promoting external investment, the government is turning to tourism as its passport to development. After a virtual absence in the 1980s, tourism quickly skyrocketed to the top of Nicaragua’s export list in less than a decade and has remained there since 2000. Yet after more than a decade of open-door policy to foreign investors, the wealth distribution remained the second most unequal on the planet. This paper briefly describes Nicaragua’s history of dictators, disasters, and delayed development, and how this relates to the nature of tourism development taking place there. Through exhaustive review of development research, government agency documents, personal work experience as an assistant ecotourism administrator, and ethnographic research with rural residents involved in the tourism industry just north of the Costa Rican border, it is concluded that tourism is not delivering on the assumed promise of economic development. By placing well-heeled travelers in a carefully controlled idyllic setting where they are presented with bargain real estate speculation and investment opportunities along the country’s Pacific coast, tourism as it is currently developing in southwestern Nicaragua appears to be exacerbating inequalities by allowing greater accumulation of capital among both wealthy Nicaraguan elites and a growing number of foreign/ex-patriot investors, while furthering impoverishment of rural residents through increasing costs of living, land displacement, and legal marginalization.*

Introduction

Latin America is a region currently undergoing a “globalization crisis”. Despite the related imperatives such as privatization, deregulation, neoliberalism, and free trade that attempt to reverse decades of squandered development opportunities (Keeling, 2004), mass poverty persists and is even increasing in terms of percentage and absolute numbers (Loker,

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1996; Gasparini *et al.*, 2005; IFPRI, 2009). Tourism has been promoted as an economic driver in underdeveloped countries for decades (deKadt, 1979; Carbone, 2005; Hawkins and Maun, 2007). To the extent that it confronts the issues of poverty, inequality, and the related exhaustion of natural resources, tourism may serve as a significant force for development. Through its linkage with ideologies of free trade, economic globalization and the spread of capitalist relations of production (Mowforth and Munt, 2008), tourism has grown into the world's largest industry (UNWTO, 2010), is a top-five export for 83% of countries, and is the number one export for 38% of those (Christ *et al.*, 2003).

The cultural richness of the Latin American region, typified by the remnants of Aztec, Mayan, Incan and other indigenous civilization, has made it a popular destination for cultural tourism for decades, with spectacular ruins including Machu Picchu, Chichen Itza, and Tikal serving as the focal points. Yet given the region's high endemic biodiversity (Myers *et al.*, 2000), the popularity of Latin America as a tourism destination was greatly enhanced with the explosion of ecotourism, the fastest growing sector of the tourism industry (Weinburg *et al.*, 2002). It is in this region where ecotourism activities continue to be arguably largest in scale and diversity (Stronza, 2008).

The Central American country of Nicaragua, one of the poorest and most wealth-disparate in the western hemisphere, endured over a decade of armed conflict from 1979–1990 which brought the already light visitation to Nicaragua to a screeching halt. Now, due to a debt-driven need for foreign exchange, even former Sandinista isolationists are embracing tourism as a driver of development (Carroll, 2007). The change in attitude coupled with neoliberal policy shifts and tax incentives encouraging foreign investment resulted in tourism skyrocketing to the top of the export list (INTUR, 2009a).

This paper tackles the question of whether or not tourism is making meaningful contributions to poverty alleviation, reduction of inequalities, or conservation of biodiversity in Nicaragua. More specifically, it is argued here that the production of tourism, and in particular conventional resort as well as newly popular forms of residential tourism development, are 1) exacerbating regional processes of capital accumulation and land accumulation among Nicaraguan elites and wealthy resident ex-patriots; 2) furthering the relative impoverishment and displacement of rural Nicaraguan residents through uncompensated loss of subsistence access; and thus 3) contributing to increased environmental degradation in the regions of tourism development.

Research Methods

This paper draws first on the author's experience as an assistant ecotourism administrator in the Matagalpa highlands in 2005 to speak to the broader tourism context in Nicaragua; ten months of archival research from 2007–2009 to speak to large-scale trends of capital accumulation; and five months of field research in 2008 to speak to on-the-ground impacts on poverty in the Department of Rivas. This exploratory fieldwork was conducted as part of a NSF-sponsored cross-cultural analysis of community participation in ecotourism. It yielded qualitative information from participant observation of tourism enterprises; 60 structured interviews with rural residents, tree plantation workers, and tourism employees; and 17 additional ethnographic interviews with tourism developers, real estate agents, private landowners, and ex-patriot foreigners in the municipality of San Juan del Sur in 2008. Coupled with archival data, the voices of those most directly affected by tourism development in the region collectively indicate that the development of tourism is perpetuating the same mechanisms described in political ecology research on the outcomes of agriculturally oriented development programs in numerous regions of Latin America (Painter and Durham, 1995).

Disasters, Dictators, and Delayed Development

Nicaragua has been in a state of near constant crisis for four decades. An earthquake in 1972 leveled the colonial center of the capital Managua, resulting in a loss of life around 20,000 individuals (EM-DAT, 2010). The aid money that flowed into Nicaragua following the earthquake was pilfered by then dictator Anastasio Somoza Debayle. Such abuses of power contributed to a popular uprising in 1978–1979, incited by the left-leaning Frente Sandinista de Liberación Nacional (FSLN) which later assumed governmental control during the 1980s. The subsequent counter-revolution undermined popular support for the Sandinistas, though not before another 70,000 people perished in a country whose population at the time was a mere three million (EM-DAT, 2010).

The country remained ravaged in the 1990s and struggled to recover from civil war. Abject poverty left the population vulnerable to natural disasters (Pielke *et al.*, 2003), and within the decade this was perfectly demonstrated by category 5 Hurricane Mitch which made a direct hit in 1998. Mitch blew out hydroelectric dams, buried entire villages in mudslides, washed out roads, killed 11,000 people in Nicaragua, and left three million homeless in the region (EM-DAT, 2010). International aid flowed in and again it was pilfered by unscrupulous head of state Arnoldo Alemán. Frustrated by lack of progress during three terms of liberal rule, Nicaraguans re-elected former Sandinista ruler Daniel Ortega to the presidency in 2006.

As a result of these events, Nicaragua stands as the poorest country in the western hemisphere behind Haiti. With one of the highest foreign debt ratios, Nicaragua desperately needs foreign exchange. Implementation of structural adjustments in the 1990s did little to address wealth disparities. These policies favored small group of elites (Dijkstra, 1999), led to increased deforestation (Hawkesworth and García-Pérez, 2003), caused a decline in earnings (Pisani, 2003), and led to post-socialist re-stratification via “distress” land sales by beneficiaries of agrarian reform (Jonakin, 1996).

Recent years of relative political stability have led the country to gamble on tourism’s ability to contribute to pressing development needs such as poverty alleviation, wealth redistribution, and reduced environmental deterioration. Along with the colonial town of Granada and the island of Ometepe, the white sand beaches surrounding the picturesque seaside community of San Juan del Sur in the department of Rivas serve as the nexus for tourism development in this region (INTUR, 2009a). With the second decade since its re-establishment in 1990 coming to a close, tourism’s contribution to these outcomes should now be readily apparent.

Power, Poverty and Tourism

In order to guide this discussion of tourism development in Nicaragua, this section describes the theoretical framework of the political ecology which is then adopted in the subsequent analysis of the Nicaragua situation. As an “approach to research that attempts to understand cultural adaptation by taking into account other societies as part of the environment” (Townsend, 2009, p. 44), political ecology “necessarily involves a clarification of the impact of unequal power relations on the nature and direction of human-environment interactions in the Third World” (Bryant, 1997, p. 8). Incorporating elements of human ecology and political economy, political ecology originates in the writing of Wolf (1972) and came of age with the publication of Blaikie and Brookfield’s 1987 book *Land Degradation and Society*. These authors demonstrate how the persistence of poverty can be traced to exhaustion of natural resources or to underdeveloped economies (1987), conclusions later echoed by Bebbington (1999). While developing nations are

often blamed for resource exploitation, political ecologists assert that environmental problems in the Third World are not a result of policy failures in those countries, “but rather are a manifestation of broader political and economic forces associated notably with the spread of capitalism (Bryant, 1997, p. 8).

Peet and Watts (1996) illustrate how the spread of capitalism through the development of non-traditional agricultural exports aimed at increasing foreign exchange earnings contributed to deforestation and land degradation. Painter and Durham (1995) present the complex mechanisms responsible for these outcomes in a remarkably concise conceptual model composed of two feedback loops (Figure 1). The first cycle relates to processes of capital accumulation. Driven by foreign and domestic market demand, the commercial production of ranching, logging, export crops, or any combination of these, expands into forest areas causing land degradation. Increased revenue from this expansion allows for reinvestment into the means of production and the acquisition of new lands, further concentrating land ownership among wealthy elites. Inevitably economies of scale facilitate increases in production. Eventually the cycle is repeated as higher returns from increasing deforestation perpetuate forest loss. The accumulation of land

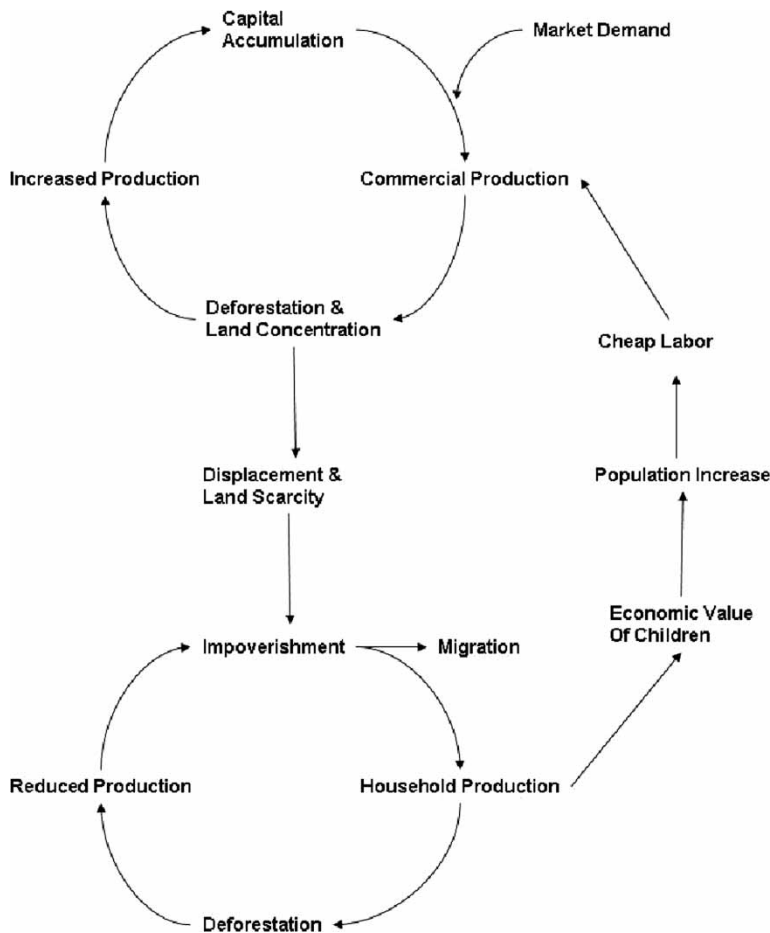


Figure 1 Diagram of the Social Causes of Environmental Destruction in Latin America
Source: Durham, in Painter and Durham, 1995.

in the hands of powerful interests, and the degradation caused from increasing production lead to land scarcity and forced displacement of local populations into increasingly marginal areas (Durham, 1995).

Through this concentration of land and displacement of the poor, a link is created from the first cycle of capital accumulation to a second pathway of impoverishment. Forced into less productive areas, the displaced poor must place greater demands on the household and their surroundings in an effort to maintain subsistence production, elevating the economic value of children as a form of household labor. Attempts to expand, intensify, and diversify household activities ultimately place unsustainable demands on already marginal soils. With no means to acquire new productive lands, even increasing household efforts result in a vicious cycle of decreasing yields. As subsistence agriculture activities are abandoned, a new pool of wage seekers emerges, and when these are coupled with the population growth created from the increased labor value of children, an overabundance of cheap labor develops. Many wage laborers are forced to migrate elsewhere for work, while others take low-level employment from those with increasing control of the growing means of commercial production. The competition for the wage positions effectively subsidizes the labor expenses of wealthier producers, thereby feeding back directly into the previous cycle of commercial production.

The unequal power relations and associated environmental destruction exposed by the political ecology perspective have been documented in a number of development sectors including agriculture (Stonich, 1995), forestry (Hecht and Cockburn, 1989; Moran *et al.*, 1998; Trejo and Dirzo, 2000), and disease ecology (Pedersen, 1996) to name but a few. Yet since tourism is also an industry strongly linked to the spread of capitalism (Mowforth and Munt, 2008), a few scholars have recognized the utility of the political ecology approach for examining tourism. Stonich (1998) and Campbell (1999) looked at tourism development in rural Central America and found that locals have little influence on decisions related to the nature of tourism development in their own communities, and that little improvement in quality of life results from participation in tourism except among previously wealthy elites. Logan and Moseley (2002) likewise demonstrated how existing power structures greatly diminish the ability of certain participants in Zimbabwe's Communal Areas Management Program for Indigenous Resources (CAMPFIRE) to achieve the goals of poverty alleviation. Young (1999) and Belsky (1999) demonstrated how pre-existing tensions over access to resources are perpetuated through ecotourism in Mexico and Belize. Place (1998), Kent (2003), and Duffy (2002) reveal that conflicts over rights to resources related to ecotourism and environmental preservation usually favored power-advantaged external interests and came at the expense of locals' loss of access to resources.

Being the "largest scale movement of goods, services, and people that humanity has ever perhaps ever seen" (Greenwood, 1989, p. 171), tourism by its very nature involves unequal power relations and, for better and for worse, directly influences human-environment interactions. While political ecologists have often addressed "impoverishment of poor agricultural workers due to the extractions of elites and the commodification of 'Third World' peoples and environments at the behest of international capitalists" (Gwynne, 2004, p. 808), the approach is well-suited to research on tourism. The fact that tourism appears as an export on balance sheets coupled with the virtual absence of tourism in the country in the 1980s, it is best characterized as a non-traditional export in Nicaragua. The use of a political ecology perspective here is thus consistent with its use elsewhere in research on other non-traditional exports in the agricultural sector (Stonich, 1995; Painter and Durham, 1995).

A Political Ecology of Tourism in Nicaragua: Tourism and Capital Accumulation

Located in the middle of an isthmus book-ended by two of the world's most recognized ecotourism destinations (Costa Rica and Belize), Nicaragua's natural resource base positioned it well to take advantage of the worldwide growth in market demand for tourism (UNWTO, 2010). It is the largest and least densely populated country in Central America (INIDE, 2007) and is blessed with the world's tenth largest freshwater lake, a string of landscape-dominating volcanoes, virgin white sand beaches, cool mountainous forests, and large tracts of rainforest along the southeastern border with Costa Rica which form the largest lowland rainforests outside of the Amazon (Barany *et al.*, 2001). Yet through the 1980s tourism remained virtually non-existent in Nicaragua due to the ongoing civil war between the Sandinistas and the Contras.

With the end of the conflict and the Sandinista loss in the 1990 election, the tourism outlook changed dramatically in the 1990s. The Nicaraguan government is now actively seeking to tap the market demand for tourism through a package of substantial economic incentives and tax breaks in the 1999 *Ley de Incentivo para la Industria Turística* (Law 306), and later in the 2004 *Ley General de Turismo* (Law 495) (INTUR, 2009b). Among the incentives for developers and operators are complete exoneration from importation, sales, materials, equipment, vehicle and property taxes for both foreign and Nicaraguan individuals and businesses involved in tourism-related activities.

As a result of these policy shifts, between 1997 and 2009 the commercial production of tourism began in earnest. Between these years, tourist arrivals to Nicaragua increased more than 250% from 358,439 to 931,904, and revenues from those arrivals more than quadrupled from \$74.4 million to \$345.9 million (INTUR, 2009a). Tourism soared to the top of the export list in 1997 where it has remained 12 of the last 13 years (2009a). Though comprehensive tourism statistics for individual departments and municipalities are lacking, one indication of the concentration of tourism development is the number of lodging establishments and rooms available in each of the country's departments. Despite having the fewest residents of any of the five Pacific coast departments, Rivas is second only to the capital department of Managua with respect to quantity of overnight accommodations (INTUR, 2009a).

The tax vacations offered by Laws 306 and 495 are particularly attractive for speculators interested in vacation home and rental properties, resulting in large-scale construction of multi-plot residential tourism complexes in the municipality of San Juan del Sur. With 70-plus developments along approximately 40 km of coastline, the supposedly public beachfront in this municipality is largely accounted for (Figure 2). The march of tourism development, and the related deforestation and land concentration, continues northward into neighboring municipality Tola and adjacent department Carazo. These regions were at one time predominantly dry tropical forest, one of the most endangered ecosystems (Janzen, 1988; Trejo and Dirzo, 2000). Elaborate constructions involving dozens or even hundreds of home plots and a Jack Nicklaus-designed golf-course (Nicklaus, 2009) strongly favor the remaining green, idyllic dry tropical forest over degraded agricultural landscapes.

Nicaragua was one of few countries that experienced increased production of tourism, that is, positive growth in an economically turbulent 2008 (WTTC, 2008). It currently ranks second in Latin America in terms of forecasted tourism growth, and has the region's highest 10-year annual real growth in Travel and Tourism GDP *and* employment (WTTC, 2010). Cruise ship visits have been arriving in increasing numbers to San Juan del Sur, with 34,184 tourists disembarking from 42 cruise ships there in 2009 (INTUR, 2009a). Infrastructure being developed in San Juan del Sur includes a boardwalk-style



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06. Marsella	42. Brasilito
07. El Toro	43. Brisas de Palermo
08. Bahía Nacascolo	44. Cala Azul
09. Bahía San Juan del Sur	45. Casa Marina
10. Remanso	46. Coco's Beach
11. Tamarindo	47. Congo Hills
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13. Las Tablas	49. Costa Paraiso
14. Escamequita	50. El Bosque
15. Yankee	51. El Carisal
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Figure 2. Tourism Development on the San Juan del Sur Coastline

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welcoming area with street lamps and sidewalks, all in the interests of mass tourism and cruise ship arrivals. Meanwhile, a large portion of the population living in the vicinity of San Juan del Sur, including most interviewee households located a mere 5 km away, lack necessities such as potable water and electricity.

As recently as 2002, the richest 10% of the population continued to control 48.8% of Nicaragua's wealth, while the poorest 10% accounted for a mere 0.7%, representing one of the most extreme disparities in the world at the time (World Bank, 2002). Furthermore, 45.1% of the population survives on less than US\$1 per day and a staggering 79.9% live on less than \$2 per day (UNDP, 2005). Increasing foreign exchange leads the government to aggressively court investors. By favoring aesthetic enhancements over community-identified needs, tourism restricts the capital accumulation to those already involved its production, namely the wealthy. With opportunities for local residents restricted to either the initial construction efforts, or later worked in security and vigilance, the nature of tourism development only exacerbates the extreme wealth divide in this country. Economies of scale favor increased production, and with many of the large developments in Figure 2 awaiting investment for further constructions, a self-perpetuating cycle of tourism production is ensured.

A Political Ecology of Tourism in Nicaragua: Displacement and Land Scarcity

Land speculation has become highly visible in San Juan del Sur, with realty marketing encouraging investors to "get in before it's too late." The offices of US-based realtors Caldwell Banker, Century 21, and REMAX, as well as their Nicaraguan counterparts, line the streets of San Juan del Sur. In relation to the international market for tropical, white-sand coastline, the prices in Nicaragua are considered highly under-valued. Land is parceled for development as individual home or condominium lots, as one beachfront hotel employee describes, "they are buying all the properties. There are no virgin beaches anymore. Lobster and stuff like that is already gone. They are eating everything. This place is going to turn out like the US!" Likewise a fishing boat operator notes, "There are investors. They are like cigarettes—one isn't bad, but a lot of them can harm your health! They keep taking away access." Along the coast of Nicaragua few property owners from 20 years ago remain.

The intense poverty in Nicaragua is used to leverage land sales from the poor at under-market values. Disputed land claims and an ineffective legal system have led to even more unfortunate situations. One rural San Juan del Sur residents recalls how his family was forcibly dislodged by wealthy ex-patriots developing a hotel nearby, "before that farm used to be my father's. I worked there, from 1978–1988. The family lived there during the Agrarian Reform. It was 720 manzanas (approximately 495 hectares). When we would not vacate the property, 200 men showed up with AK-47s, shotguns, machetes, and made us leave." Under pressure, residents move inland and away from coastal and forest resources, as another rural San Juan del Sur resident explains: "There are more buildings. Before, it used to be populated with fishermen's houses or tradesmen. Now there are buildings up to the hills. The people have sold their homes only to end up far away where there are no jobs. . . they didn't know anything about it. If they had realized what it was all about, they wouldn't have sold their land." When displacement onto marginal, less productive lands is coupled with scarce access to other important marine and forest resources, the yield of traditional subsistence activities plummets.

A Political Ecology of Tourism in Nicaragua: Pathways of Impoverishment

Impoverishment has long been institutionalized in Nicaragua. Per person income, which reached a peak of US\$814 in 1977, tanked during the Sandinista revolution and US-

sponsored counter-revolution of the 1980s, falling as low as \$453 by the end of the decade (UNSTAT, 2008, in Gapminder, 2010). A resort worker remembers that “after the war there was total poverty. There was nothing to eat, to take home to the family. Hunger was the only thing that mattered at that time.” While incomes have risen in the years following the counter-revolution, reviewing purchasing power parities reveals that the 2007 gross national income per person of U\$1707 still only represents half of the purchasing power of the 1977 peak at U\$3349 and little improvement over the 1950 levels of U\$1616 (Gapminder, 2010). The cause is clear for this rural resident of San Juan del Sur, “nowadays all the things have gone up in price—a bag of cement costs way too much. The gringos have bought up everything and that is jeopardizing us. People no longer talk in córdobas here, they talk in dollars.” Among a subset of 20 impoverished households surveyed along the road leading to Majagual Beach, a route which serves as primary transportation artery for popular surfing beaches and numerous luxury tourism developments, 95% reported unemployed family members. Even in the heart of tourism development, the situation is increasingly difficult, as one neighboring woman succinctly describes, “we are even poorer, but there is more work.”

Impoverished households, many experiencing displacement pressure due to nearby hotel developments, are put under strain to increase household production via expansion, intensification, and diversification of subsistence activities. Yet the land scarcity resulting from its accumulation among wealthy interests leaves residents little option but to seek wage labor outside of the household to augment diminishing returns on subsistence activities. In the words of a hotel employee, “the biggest threat is the poor people have to leave the place. The tourists buy, and keep buying, and afterward the only thing there is, is tourism. In San Juan del Sur they even want to do away with fishing!” Other unemployed households survive on family contributions or credit with local stores. This weighs heavily on one rural single mother, “we take things out of the store—they give us an account but since we are not working, we don’t have any money to pay with. We are depressed. It’s already been several months without work. The account is only for 15 days.”

While most residents were reluctant to report their involvement in hunting, few people fault subsistence hunters for acting on necessity as one resident here explains, “look, the people here in Nicaragua lack many things. When they see an animal walk by and they are hungry, they take them.” A neighbor points out how the conservation policies aimed at providing wildlife viewing opportunities for tourists are depriving rural poor of their subsistence needs, “taking care of animals is one thing, but mistreating people is another.” Residents recognize the disappearance of not just the wildlife populations but also marketable tropical hardwoods outside of private reserves and formal tree plantations. There is consensus among them about the destination of this wood, “the people deforest in order to sell wood to the gringos.” As a result, “the animals have to go some other place. Nowadays hardly anyone knows the animals.” The lack of trees contributes to other negative effects. As a resident living adjacent to a high-end “ecolodge” explained, “there are many forests that have been cut down. The rivers and wells dry up. There is no shade.” Recognizing the hydrological disruption, some are concerned that “if there are no trees there is no rainy season.”

Displacement, deforestation, and reduction in subsistence hunting resources, along with new policies unjustly applied to the poor, contribute to decreased production of rural households. Indiscriminate deforestation has led to a permitting process for legally cut timber in Nicaragua. Even when for personal use on private property, the expenses incurred by filing of paperwork and traveling to agency offices to obtain these permits are prohibitively high for rural poor, thus these policies effectively criminalize them for cutting trees for home repair or for selling wood cut on their own land. For affluent hotel and resort investors

obtaining such permits, legally or otherwise, presents a negligible economic obstacle to clearing extensive tracts of tropical forest. An employee of one such hotel explains “the only place the law is applied is to the most humble people—those that don’t have the resources to pay. They impose a fine on them. On the great exporters of wood there is no penalty. That is the great corruption here.” A similar class-based double-standard exists for hunting which is allowed only for members of exclusive hunting clubs but is prohibited for those relying on it for subsistence.

Efforts to seek wage labor elsewhere leads to abandonment of subsistence agriculture as well, leaving no cultivation to fall back on when work is scarce. Nationally, the cost of the *canasta basica* a calculation of the costs of a collection of basic living expenses required to feed a family for a month, “is more expensive than ever,” rising by 12% in the first ten months of 2008 due to the worldwide food crisis (INIDE, 2008). Several hotel employees confirm that the increases are even higher in areas of tourism development, “the exact same thing, like a plate of food or some property, are much more expensive around here than in other parts (of the country).” Another worker illustrates the double-edged sword of tourism in the area, “they come here to invest and that is fine. But the prices go up. They can pay but we can’t.”

Feedback Mechanisms

Economic difficulties have long motivated Nicaraguans to seek better incomes via migration to neighboring Costa Rica, where they currently comprise 8% of the Costa Rican labor force (Gindling, 2008). Despite their employment at an ecolodge, several individuals expressed their intentions to return to Costa Rica for work because the hotel “is almost the same thing as going to Costa Rica to work. You only see the family every three months.” Ironically, the paucity of jobs in other areas of Nicaragua stimulates in-migration to this corner of the country. As one tree plantation worker phrased it, “they come to sit down at the table that is already prepared.” Migrant workers swell the ranks, devalue local labor, and bring an unrecognized presence to the area. Locally they are cited as responsible for increased aggravated crime against tourists in recent years, including a violent attack and kidnapping of an ex-patriot family in San Juan del Sur, leading to an elevated travel advisory for Nicaragua.

Population increase in San Juan del Sur has been dramatic. In 1971 it was a small fishing village of 6,891 residents. Due to the tumultuous situation in the country, the next census was not conducted until 1995, by which time the town had grown to 13,125 residents, and then to 16,694 in 2004 (INIDE, 2008). Yet this census data fail to capture the large foreign resident population, the transient vacation home owners that collectively account for both a notable increase in the population and much higher per capita resource consumption, or the influx of construction workers. More competition among local resident for fewer jobs makes it all too easy for large producers to take advantage, thus linking this poverty feedback loop to that of commercial production and capital accumulation (Figure 3).

Discussion and Conclusions

Despite its attractiveness as a foreign exchange earner and “Passport to Development” (deKadt, 1979), the tourism industry has long been dominated by wealthy countries (Turner, 1976). The UN World Tourism Organization has been accused of data manipulation that “hoodwinks people about the supposed benefits of tourism” (Pleumarom, 2001, p. 7). By giving the nod to foreign investors, Nicaragua is hoodwinking its rural poor. The government incentivizes tourism but leaves the planning up to investors. This

quadrupled in the past decade, economic gains to date are more likely a reflection of the low baselines provided by the staggering poverty than of any specific efforts to address institutionalized poverty, inequality, or environmental degradation. As it serves as a test-ground for tourism elsewhere in the country, further research on tourism development in this region, and in particular comparative analysis of impacts in rural areas and urban centers, is critical to the future on tourism in Nicaragua.

Rather than banking on the eco-friendly tourism success enjoyed by its neighbor during the 1990s, Nicaragua is instead taking its cue from the latest trend of residential tourism and sand, sun and sex model being adopted along Costa Rica's northern Pacific province of Guanacaste in recent years, as documented by Honey *et al.* (2010). This form of large-scale development presents a dangerous threat to that country's green image. Yet as tourism zoning, restrictions, and awareness of the negative consequences of overdevelopment increase in Costa Rica, a balloon effect makes Nicaragua an increasingly attractive option for large-scale investors, already highly incentivized to develop there by Laws 306 and 495. Thus the large-scale residential resort concept could come to dominate the tourist imagination of Nicaragua as well.

Just as it has in other sectors (Blaikie and Brookfield, 1987; Peet and Watts, 1996; Painter and Durham, 1995), the work presented here demonstrates the utility of a political ecology approach for revealing discrepancies between aggregate macro-economic indicators of growth and the on-the-ground environmental and social consequences for those most directly affected by development. Since tourism has developed so recently in Nicaragua, continuing research is needed to verify the claims put forth here. Furthermore, aspects of the conceptual model not overwhelmingly supported by qualitative information here, such as the economic value of children, could be more closely examined in the context of tourism. Since the framework was originally developed to describe agricultural development programs, it is natural that children contribute economically, in the form of labor, to household production. In a service-oriented industry such as tourism there may be fewer opportunities for children and therefore their contributions, in the form of labor or income, may not offset their additional economic burden. Clarifying the impacts of tourism on younger generations certainly warrants additional research.

In closing, the rapid nature of tourism development in Nicaragua, coupled with institutionalized inequality and lack of prior planning or research, yields many concerns. Following in the footsteps of previous development paradigms, the exportation of non-traditional commodities with high market value including tourism, despite offering early gains for small producers, eventually leads domination by larger producers who harness economies of scale to consolidate the means of commercial production (Painter and Durham, 1995). Although additional empirical evidence gathered over time is needed to substantiate this initial effort, tourism's current place at the top of the export list, and the continued growth of tourism in Nicaragua despite the worldwide economic downturn, provide little indication that these processes will change any time soon.

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