Economic regulation and the value of concealment in highland Guatemala

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Abstract
In this article, I contribute to conversations in anthropology regarding the dynamics of secrecy that so often attend to informal and illegal practices. Tracing the historical unfolding of an industry that involves indigenous Maya men who make clothing to sell in regional markets, I am interested in the contemporary value of concealment for clothing producers whose work was once regulated by the state, but is now regulated by an array of market and non-market actors. I find that practices of concealment hold particular value for Maya men whose relationships to various forms of political and economic authority have been marked largely by violence and exploitation.

Keywords
Informal economy, secrecy, concealment, clothing, Maya, Guatemala

Introduction
In this article, I contribute to conversations in anthropology regarding the dynamics of secrecy that so often attend to informal and illegal practices (Feige, 1990) in discerning the value of concealment for a population of clothing producers in highland Guatemala. Since 2006, I have conducted research with a group of several hundred indigenous Maya men who own small-scale workshops that commonly consist of one or two rooms at the back of the owner’s home.1 Inside, anywhere from two to twenty employees make low-cost sweatshirts, sweaters, t-shirts, polo shirts, and hats – many of them featuring unauthorized reproductions of brand names and logos such as Abercrombie & Fitch and Lacoste – to sell in open-air markets and retail shops throughout Central America. In what follows, I focus less on recently criminalized forms of brand “piracy,” which I have explored in depth.
elsewhere (Thomas, 2009, 2012, 2013), and more on the apparel trade’s place within Guatemala’s informal economy.

Manuel Castells and Alejandro Portes (1989) usefully argue that the informal economy is a process rather than an object, one that unfolds in relation to formal, regulated market activities. They contend that the informal economy has been expanding in many world regions in recent decades, and this is not because informal activity is some kind of holdover from traditional relations of production, but because of institutional changes in government and the formal sector. Unregulated garment workshops in North America, for instance, are not the residue of classical capitalism, but are symptoms of advanced capitalism, having emerged following a long period of regulatory control in manufacturing sectors (Fernandez-Kelly and Garcia, 1989). This argument is rather illuminating in the case of Guatemala’s apparel trade. In oral history interviews in the central highlands, I found that the apparel industry has undergone a process of informalization; that is, what began as a market sector more or less subject to state authority now operates overwhelmingly out of sight of state officials.

There may be institutional explanations for this transformation. In the 1980s, Guatemala implemented structural adjustment reforms that limited state services. Informalization has also coincided with a democratic transition and political decentralization program following decades of internal armed conflict in which military leaders carried out a genocidal campaign against Maya people in the highlands. The result has been the devolution of regulatory authority to local and regional officials throughout the highlands, often without the necessary funding to carry out their mandates. These structural changes are not sufficient, however, to explain the particular regulatory history of the highland apparel trade. Nor is it sufficient to describe this history, simply, in terms of a move from more formal to less formal status.

An informal relationship to the state does not necessarily imply an “informal” or “unregulated” economy. As Roitman (2005: 18) has so eloquently discussed, “informal economies,” upon ethnographic investigation, often turn out to be sites of the “pluralization of regulatory authority.” In her field site, the Chad Basin of Central Africa, a variety of personnel – from soldiers to rebel leaders to the merchant elite – actively direct the financing and material organization of economic activities, and these groups both compete with state authorities for control over regional economies and supplement the state by generating rents and shaping possibilities for redistribution. In highland Guatemala, a similar array of actors including national and local police (who are not formally charged with the kind of regulatory authority they exercise), gang members, market intermediaries such as wholesalers and supply vendors, and workshop owners themselves exercise control over the accumulation of wealth and the distribution of resources within and beyond the apparel trade.

Here, then, I trace the local effects of structural changes affecting this regional economy as well as the realm of everyday experience in which particular modes of regulation persist even as the state’s authority over clothing production has
transformed and perhaps waned. Agreeing with Granovetter (1985: 502–504) that economic practices “have more to do with [social] relations” than with “market processes,” and that structural change manifests in varied ways depending on webs of social relations and the cultural and moral values they generate, I concentrate on how Maya apparel producers negotiate a pluralistic regulatory environment both practically and discursively. I find that producers generally avoid interactions with state authorities for a variety of interconnected reasons, not least of which is the fact that increased local and national competition limits the size and scale of their operations such that they are able to remain below the radar of state tax administration surveillance. And in an experiential context in which the government has little or no legitimacy, this is understood as a good thing. Practices of concealment, which the Guatemalan state and international agencies who count these types of things label “informality,” are produced alongside clothing in highland Guatemala, and, in turn, hold particular value for Maya men whose relationships to the state’s political and economic authority has been marked largely by violence and exploitation.

Disclosure

Garment production in highland Guatemala happens within a market network that is, for the most part, unregulated by state authorities. While trademark law enforcement, meant to counter the ubiquitous appropriations of global brands noted above, is scant and sporadic in Guatemala, tax agents will sometimes visit larger towns around the highlands to look for unregistered businesses, levy fines, and demand back taxes. These officials seem to fight a losing battle. Partly because of their investigative practices and partly in spite of them, most garment workshops do not display business signs on their doors. Marketing activity is limited to face-to-face interactions in municipal markets and the wholesale districts of the capital city. My own entry into the field was facilitated by introductions to several families involved in the apparel trade by fellow anthropologists who had conducted research in the region for some time. Once I established rapport with these initial contacts, they generously introduced me to kin and neighbors who operated workshops. After months of field research, I attempted to expand my network with the aid of a young research assistant. We spent countless hours walking through the streets of Tecpán, a large town that is well known in Guatemala as a center of garment production. Treading slowly, block by block, we listened for the soft hum of knitting and sewing machines through the concrete walls.

The Guatemalan government and especially the department-level offices that administer and enforce tax policy in the highlands do not have the resources to carry out the same kind of careful, time-consuming investigation. My knock on the door was met with a friendly invitation to see the workshop if the owner happened to know my research assistant or her family. More often, my inquiries about the person’s work were rebuffed with a suspicious eye, a mumbled question about my possible affiliation with either Nike (a frequently copied brand name, my gringa
appearance lending itself to questions about whether or not I worked for that company) or *la SAT* (the state tax administration), and repeated denials that any business was operating inside the home.

Historically, workshops were not so difficult to find. In an earlier era, many indigenous producers reportedly regarded registering their businesses and paying taxes as a routine part of the trade. In conversations with first generation workshop owners who began to make clothes in the 1960s and early 1970s, these men recounted that they had registered their businesses with the state as a matter of course as they grew from family operations to employers of up to forty young workers. This was not simply a side effect of a large state apparatus, a tax administration that was well equipped to survey the population’s economic activities. It did have to do with the aggressiveness of authoritarianism and the technologies of surveillance employed by an authoritarian state in the midst of an internal armed conflict (see Nelson, 2009).

In spite of the difficulties and costs that applying for a business license and paying taxes entails (compounded by limited access to formal education and low degrees of literacy among manufacturers), it was important, older producers told me in interviews, that each manufacturer have papers with him during weekly trips up and down the Pan-American Highway to visit clients in various market towns. Police frequently intercepted indigenous entrepreneurs with their bundles of garments packed into sedans and microbuses or loaded on the top of passenger buses, and asked for a set of documents including a business license and receipts detailing the purchase of supplies and sale of goods, which, according to the producers with whom I spoke, were meant to prove that the goods were not stolen. Police officers were said to harass folks who did not have their papers “in order.”

In one case, that of Carlos Reyes, a producer who fled his small rural hamlet outside of Tecpán for Guatemala City in the late 1970s after being denounced to the army as a guerilla supporter, “papers” were his answer to the deadly demands of the counterinsurgency apparatus as well. After learning that then-President Efrain Rios-Montt had offered amnesty to guerrilleros and their supporters,1 he sought to redeem himself in the eyes of the army in order to make it possible to rejoin his family in Tecpán’s urban center. He recalled,

> When Rios Montt came to power and issued the amnesty, then families could come back to their homes, and I went straight to the military commissioner. I told him, “I’m working here in Guatemala City. I’m not doing anything wrong.” “No,” [he replied], “the people say that you are a guerrillero. How can you prove that you’re not?” …Well, when I had first arrived in Guatemala City, gracias a Dios, I had gone to register with the fiscal authorities to get my papers. So, I went to the commissioner again, and I showed him my papers.

> “Why had you even obtained papers in the first place?” I interjected.

> “To be legal, to show that I was not a guerrillero,” he responded. “To say, ‘Look, I am a working man. I spend my time working.’”
Papers, plus a 100-quetzal note to grease the commissioner’s palm, were sufficient, in this instance, to erase Carlos’s name from the list of suspected insurgents.

Apart from the security and mobility that papers could provide apparel producers, registering with the state was also part of a distinctive entrepreneurial culture framed around practices of disclosure, where business success depended on building a reputation through publicity. Sometime in the early 1960s, Elías Cua began making sweaters on a used knitting machine to sell in Guatemala City. At the time, he was living in a wood-framed adobe house, in a rural hamlet outside of Tecpán, with a wife and three young sons. He walked two kilometers to the center of town each Thursday morning, carrying a bundle of finished sweaters on his back, to catch the bus into the capital city and sell his wares. These were the earliest days of the industry. Elías was one of the pioneers of garment manufacturing in the region around Tecpán. His business grew rapidly. As Smith (1984) documents, more and more indigenous Guatemalans were being pushed out of traditional agriculture in the mid-twentieth century through land privatization schemes orchestrated by the state in tandem with large-scale agricultural enterprises investing in coffee and sugar cane production for the international market. A growing cohort of poor men turned to petty capitalism or factory work to earn a living. Elías was part of this cohort, and he sold his manufactured sweaters to its members as well. Clothes were no longer something that everyone made at home; their production was more and more often outsourced to people like Elías. He had identified a lucrative market niche.

By the early 1970s, Elías had moved to Tecpán’s town center. His business was growing faster than his rural home could accommodate. A location in the center of town would better facilitate transportation to and from Guatemala City and provide him the opportunity to market his goods locally as well. Elías built a concrete-block house with a two-room workshop attached to it and rented out a retail location next door. As his family settled into their new semi-urban lifestyle, Elías named the factory and retail shop after his newborn daughter, Carmen. He hung out a sign and applied for a business license with the help of a local accountant. Don Elías quickly became known around town for the quality and stylish colors of the sweaters, hats, and baby clothes he made and sold.

Many first generation manufacturers share Elías’s story. The initial wave of growth in the apparel trade took place in a handful of rural hamlets outside of town, and manufacturers eventually moved their operations into the town center for a number of reasons. Some, like Elías, wanted to be closer to bus routes and potential customers, have more space for employees, and hook up to electricity to run the newer, more industrial machinery that had become available in Guatemala. Maya manufacturers who set up their operations in Tecpán around this time tended to give their businesses names that also served as brands for their clothing lines, to pay regular taxes to state and local governments, and to apply for business licenses, again with the aid of local accountants. Some of these businesses remain today, and their brand names are well-known and generally respected among wholesalers and retail vendors across the highlands.
I asked many active garment producers why older manufacturers had incorporated their businesses and traded under brand names, while the current generation avoids these kinds of disclosure whenever possible, as discussed below. Younger manufacturers offered varied, sometimes nostalgic, responses, explaining that the older generation complied with the law and paid taxes because they felt a sense of duty to “cumplir con sus compromisos (meet their obligations).” Older producers to whom I posed similar questions proffered a variety of responses, including their interactions with police and military noted above. They also indicated that the size and prominence of their businesses, together with the fact that there were only a few dozen workshops in operation (fewer than forty clothing workshops were operating in Tecpán’s semi-urban core by the early 1980s; see Cadenas, 1981) made it impossible to hide their activities. Further, they insisted, the publicity that came with advertising one’s location and products via prominent signage was more important than avoiding taxes; transactions often took place on market days when people from the surrounding hamlets and larger towns along the Pan-American highway came to Tecpán, a regionally significant market for many decades, to trade and shop. Signs hung out over a doorway and the tags sewn into sweater collars that displayed family names helped to guide clients to the right merchandise.

There were other strategic reasons for producers to register their businesses in those early decades. For example, a formal relationship to the state was a prerequisite for doing business with retail shops and also many wholesalers in Guatemala City and larger highland towns. These actors demanded numbered receipts for all transactions, the kind of receipts (facturas) that list the manufacturer’s name, contact information, and tax registration number. For larger producers in Tecpán, this continues to be an important impetus to maintain registration, since formally regulated retail shops, urban wholesalers, non-governmental organizations, and government agencies work on a contract basis and pay on delivery or within 30 days. As one producer whose family name is displayed above the doorway to his home and workshop explained, “The system demands it. I can’t buy or sell to important clients, to lucrative clients, if I don’t use facturas. If the municipal government wants 1,000 shirts, let’s say, if I can deliver that with a factura, then I can get the contract.” Working with the government or formal retailers on a contract basis makes it easier for larger workshops to maintain regular cash flow and plan capital investments. In contrast, workshop owners who do business with wholesalers and market vendors operating outside the purview of state authorities must consign goods to their buyers on credit. The workshop owner records these debts in a notebook he carries to the market each week to collect what is owed to him. Wholesalers may or may not pay on time, and sometimes do not pay at all. There is little recourse for manufacturers when this happens, and some businesses go under when debtors fail to pay (Thomas, 2009).

Disclosure emerges from this research, then, as a strategic marketing and financial decision, a defensive tactic to avoid harassment (or worse), and an important mode of publicity. It is often explained and perhaps justified by older producers in
the face of so much evasion of state authority in the contemporary marketplace as an inevitable part of doing business, a teleology that simply has not played out yet for younger manufacturers. As one rather well-to-do clothing producer who had started out in the 1960s explained, “Today, most of the businesses are not registered, and it’s because they are very small and don’t produce very much. So, after all is said and done, they don’t have much [money] left to pay taxes. What happens then is that they get larger and larger, and eventually they register and, in their own time [a su momento], begin to pay.” The implication here is that each business begins small but eventually prospers to an extent that paying taxes becomes inevitable: the workshop owner has the means to pay taxes and so moves ahead with registration and the proper filings. In the historical context of the 1960s and 1970s, and in the particular cases of the producers who got off to a strong financial start in those decades, this was indeed the story. But the idea that manufacturers today have the same opportunities for rapid growth and the same reasons to (eventually) comply with state law is a misreading of both contemporary market conditions and state-citizen relations.

Concealment

At the end of an hour-long interview with one workshop owner, I was asked,

You know that you are lucky that I am talking to you, don’t you? There was another foreigner here a few years ago, asking questions about our businesses, and when we found out that she was telling the government everything that we were doing – where the workshops were, who wasn’t paying taxes, who sells the popular brands – everyone got together and threw her out.

In a recent publication in *Qualitative Research*, I analyze this warning in terms of the skills and competencies that anthropological investigation requires, especially when the research touches on illicit practices. Although I thought I had followed procedures to mitigate the risks to informants implied by my research and avoid this kind of response to my questions about the widespread and illegal use of trademarked brand names in Guatemala’s apparel trade and manufacturers’ informal relationships to the state, my timing was off. It was too soon in our relationship for me to broach such topics with this particular manufacturer; hence, his thinly veiled threat. Timing, it turns out, is an important aspect of doing fieldwork, one that is simply not captured in talk of “cultural competency” or Institutional Review Board training and approval processes (Benson and Thomas, 2010). My premature foray into these subjects was insensitive to this manufacturer’s desires to conceal his informality and illegality from outsiders – and these are not just his desires for concealment, but collective desires shared among a community of clothing producers and indexed by his use of the first person plural.
Today, out of the 250 or so workshops in and around Tecpán, no more than a few dozen operate with business licenses and factory names or utilize accounting practices in line with state requirements. The ones who do are generally the second or third generation instantiations of that first wave of workshops that opened in the 1960s, which must continue as formal enterprises now that the state has them on its rolls. These are generally the largest and best-known operations in town as well, such that history, size, and reputation combine to structure how a given workshop interfaces with regional markets and the Guatemalan government.

It is important to note, however, that formality is a question of degree rather than kind in apparel producing towns around the highlands. Even among workshops registered with the state, it is common for particular aspects of the production and marketing processes to be out-of-sync with state regulation. Labor practices are not generally in compliance with state guidelines having to do with work hours, vacation days, or employer contributions to social security. Most workshops also rely to some extent on household labor, even if they employ a dozen or more non-household wageworkers, and so could be classified as “informal” in that sense as well.

Miguel, the son of a first generation workshop owner, provides a useful example of how even “formalized” businesses operate at the margins of state regulations. Miguel uses sales receipts to keep track of revenue for the children’s clothing he makes. He pays a business tax to the national government every three months as well as local taxes assessed annually. Miguel is selective, however, about when he issues a receipt and when he does not. For example, if he delivers an order to a mayorista (wholesaler) in an open-air highland market, he is unlikely to provide a receipt, which effectively hides the transaction from the government, relieving both him and his client from the obligation of paying taxes. This is the kind of tax evasion that the national ¡Pida su factura! (Ask for your receipt!) campaign, launched by former President Álvaro Colom in 2009, attempted to root out. Just the latest of many postwar attempts to reform the tax system and increase state revenues from private enterprise in compliance with World Bank and International Monetary Fund missives, the campaign included the wide distribution of signs and posters as a reminder to retail customers to demand receipts, as well as television and radio advertisements and signs at the airport proclaiming the importance of facturas for the national economy.

Of course, tax evasion and other forms of noncompliance and irregularity are common throughout Guatemala, as in many parts of the world. Anthropologists have explained the widespread informalization and illegality of work as endemic to postcolonial contexts, a symptom of the “troubled dialectic . . . of law and dis/order” (Comaroff and Comaroff, 2006: 5) that motivates against citizens’ compliance with state law while fueling the proliferation of paralegal regulatory bodies that model state authority. This dialectic is indeed evident in Guatemala. As discussed below, the Guatemalan government is “bereft of authority” in the eyes of many Maya entrepreneurs (Sieder, 2003). At the same time, various non-state regulatory mechanisms, some of them enduring across generations, others only
recently instantiated, structure market behavior in ways that promote concealment as an important entrepreneurial value. The explanatory power of this dialectic must be tempered, however, with the particular history of the apparel trade in highland Guatemala, where social relations and market competition have been as important in shaping the dynamics of concealment as any macro-level regulatory developments.

Many of the small-time clothing producers who were still living in the hamlets surrounding Tecpán in 1976 were forced out of their crumbled adobe homes when a massive earthquake hit central Guatemala in February of that year. Concrete-block structures organized around a central courtyard became the new architectural model for Tecpán thereafter. Others remained in the hamlets until the late 1970s, when genocidal violence against the Maya people began as part of the internal armed conflict. Between 1979 and 1983, hundreds of thousands of Maya men and women were killed by the Guatemalan Army, and over two million more were displaced from their homes. Indigenous business owners and political activists (the two often going hand-in-hand) were frequent victims of kidnappings and killings (CEH, 1999). Rural indigenous populations were more likely to be suspected of insurgent activity, and many families who had had some success in garment manufacturing moved to Tecpán’s urban core at this time, attempting to escape the threat of the Army’s combination of scorched earth tactics and targeted assassinations.

It was not only those early manufacturers who moved to Tecpán after the earthquake and during the genocidal conflict. Hundreds of families moved into the town center in the 1970s and the town has continued to grow at a rapid pace, the population nearly doubling between the signing of the Peace Accords in 1996 and today. Here, Tecpán follows a broader trend of urbanization in Guatemala, as rural people migrate from hamlets and villages to towns and cities in response to the privatization of land once used for subsistence farming and with the aid of kin connections in urban centers, seeking new possibilities for education and wage-based work (O’Neill and Thomas, 2011).

In Tecpán, population growth has meant increased business in the areas of construction and commerce, an expanding municipal market, but also a large number of people concentrated in a few economic sectors – one of them being apparel production. The reasons for this concentration are complex. Constraints on employment and education options for indigenous people moving to town meant that scores of men opened up workshops after the armed conflict subsided in the late 1980s and throughout the 1990s. A kinship model that encourages the sharing of knowledge and resources among family members has motivated many workshop owners to set up their sons and sons-in-law with used equipment and operating capital to get them started in the apparel business, rather than sending them off to find another trade (Thomas, 2012).

This model of social and economic reproduction has enabled both market expansion and increased production at the same time that it increases the level of local competition. Indeed, the rate at which new workshops have opened
contributes to intense feelings of competition among neighbors, while the crowded marketplace makes it difficult for most to grow their businesses beyond an average size of about half a dozen employees. Workshop owners struggle to earn a “minimum income” (Scott, 1976), the level of economic security that petty capitalists seek to maintain amid market pressures and given sentiments of community solidarity (Thomas, 2012). As such, most businesses never grow large enough to attract state surveillance. As a small-scale producer whose workshop occupies a corner of his home expounded, “The SAT doesn’t bother small workshops. It doesn’t even know about them.” Many workshop owners oscillate between garment production and marketing activities and continued subsistence farming activities performed on the small plots of land they own or rent and cultivate in the rural communities from which they migrated to town.

Increasing competition has been paralleled by the evolution of a local business ethic that forms part of a regional regulatory regime and also encourages practices of concealment among workshop owners. Neighbors look at the wealth that older manufacturers display in larger houses, a car, or children going to college, and wonder how anyone could achieve that level of success without dealing in the occult or engaging in unscrupulous behavior. Entrepreneurs thus hide their work not only from state authorities, but also from one another at a time when the “regional class system” (Smith, 1984: 194) is undergoing changes and when the specter of conspiracy hovers over some houses and workshops more than others (Thomas, 2012: 798). In order to conceal work activities from the state, workshop owners encourage their employees to park their bicycles inside the homeworkshop’s courtyard rather than out in the street so as not to attract attention, for example. And the loud music blaring from an old radio inside nearly every small-scale workshop serves to both distract the workers from their tedious tasks and camouflage the noise of the sewing and knitting machines, helping to keep unsuspecting government employees away. To conceal transactions from neighbors, workshop owners depart before dawn to make their deliveries, hoping that no one sees how many bundles of sweaters and sweatshirts they load into the trunk of a beat-up sedan or microbus. Others sell in distant markets, where the chances of meeting a neighboring producer in the midst of a lucrative transaction are somewhat reduced.

Competition at an international level, the consequence of free trade initiatives and the prioritization of foreign investment over domestic industrialization, also motivates against the disclosures that accompany formal market participation. When I asked active producers why they do or do not use a company name, they did not talk about branding in terms of marketing strategy, even though the older, formalized workshops built up their reputations for quality and style based on their use of family names as brands. A second-generation manufacturer told me that it used to make sense to have a company name as a way to promote your workshop. “After a long time, everyone knew the name and paid more for your products. But most people don’t put their name on the products now because it is expensive, and no one knows the name anyway. The consumidor final [end user]
does not care if something says, ‘Made in Tecpán’.” Here, this producer senses that the proliferation and popularity of global brand names in the Guatemalan marketplace makes it difficult for local brands to yield any market advantage for the producer, in spite of the fact that traditional woven goods made by “authentic” Maya men and women have tremendous appeal internationally (Nash, 1993; Little, 2004).

As I have demonstrated elsewhere (Thomas, 2013), the impetus to work with one’s own brand name, and thus to have that name registered with the state as a business entity, has given way over the past twenty years to “pirated” global brands. The influx of maquilas – large-scale factories where name-brand clothing is made for export – to the region in the late 1980s and 1990s fed into a grey market trade where authentic tags and labels, not to mention imperfect (but branded) garments, flowed out of the maquilas and into local markets. Second-hand embroidery and screen-printing machines were increasingly available and at lower prices, since the North American and European textile and apparel manufacturing sectors were in the process of closing their doors at the same time as free trade agreements opened Guatemala’s borders to European and American imports. Eventually, the flow of second-hand clothing would also impact the local apparel trade, bringing authentic, branded goods to market at prices affordable for a wide swath of the indigenous population. And, finally, unauthorized reproductions of globally popular brands are common to imported clothing entering Guatemala from China and Mexico. In the context of maquila overruns, “piracy” imports, and US hand-me-downs, it has become difficult to sell a garment in Guatemala without a brand name that has recognizable currency in a globalizing marketplace. Family names and other local business monikers simply do not have the same cachet. In addition, businesses that copy popular brand names have no interest in a relationship to a state that has recently criminalized this practice.

Insecurity

The majority of highland clothing producers today view conformity with state law and tax codes as unnecessary burdens, something to be avoided. More localized modes of reasoning about justice, rights, and ethical business practices hold sway, but state law and regulation are not matters of great concern. The government seems distant to most manufacturers, and when it does get close, it appears threatening. Police patrols on the Pan-American Highway continue to stop workshop owners and inspect their goods, and many report that whether or not they have their papers in order, the police attempt to extort bribes from them, a finding consistent with other research on postwar policing (Glebbeek, 2009). In discussions about law and crime, producers repeatedly commented to me that their primary concern is with the state’s failure to address the country’s rising violent crime rates and rampant impunity for violent crime, not their own possible legal transgressions.
The murder rate in Guatemala now far exceeds the average number of deaths per year during the internal armed conflict, and the context of rampant impunity, where more than 99% of violent crimes go unsolved and unpunished (HRW, 2011), leaves most Guatemalans convinced that the current state of affairs will continue for some time. Internationally assisted processes of institutional reform in the judiciary and anti-corruption campaigns in the police ranks and court system have yielded few tangible results for the Guatemalan people. Crime and violence appear to many Guatemalans as deeply entrenched in daily life, as if a natural part of how Guatemala functions. And more violence – a militaristic approach to rooting out the drug traffickers and transnational street gangs that have overwhelmed Guatemala City and certain rural regions – has been a popular solution promoted by right wing parties in recent elections and seems to many the only sensible response (Benson et al., 2008; O’Neill and Thomas, 2011).

Alberto Ixim, who operates a registered workshop, helped me understand how violence and crime motivate some workshop owners to conceal their activities. Alberto and many others around the highlands have received extortion threats related to their businesses in recent years. He relayed to me how extortionists look for signs of prosperity or business activities, then call up the proprietor to levy threats against his family (which the extortionist claims to have been following for some time). “They come to ask for money,” said Alberto.

It’s not worth it to risk your life; for 500 quetzales per month, it’s not worth it to risk your life. They let us work, but it costs us… It’s difficult to take care of your family [under such conditions] and, because of this, we keep a close eye on our children, we don’t want to expose them to risk. Because they watch us. They know our names. “Give us money or we’ll kill you,” they say.

These threats and perpetual payments of impuestos (taxes) now constitute a form of private regulation within the apparel trade and across the country. The Guatemalan judiciary, plagued by police corruption, citizen mistrust, and overcrowded prisons, simply cannot respond effectively to the problem. In Guatemala City and in large towns such as Tecpán, extortion is part of everyday life for bus drivers and business owners, an increasingly common cost of doing business, and many apparel producers prefer to hide their work and their profits behind plain facades and razor-wire fences than expose their families to potential harm.  

Several apparel producers with whom I spoke about extortion compared these contemporary threats to the roadblocks set up along the Pan-American Highway during the armed conflict, where armed soldiers demanded money or valuables for passage, and the police stops they endure today. Not only do legal and illegal actors engage in the same sorts of crime. Extortion and theft are also echoes of the kinds of “plunder” (Mattei and Nader, 2008) that colonial and postcolonial legal structures enabled in Guatemala, including the confiscation of community lands and the exploitation of indigenous labor. In contemporary Guatemala, the
monopolization of force by authoritarian regimes has given way to what I have described elsewhere as the “neoliberalization of violence” (Benson et al., 2008). As Comaroff and Comaroff (2005: 5) note regarding similar processes in the South African context, those who are “excluded from the spoils of neoliberal capitalism” do not always “repudiate the rule of law or the licit operations of the market.” Rather, they are just as likely to appropriate the very forms of democratic governance and market systems to create “parallel modes of production and profiteering, sometimes even of governance and taxation, thereby establishing simulacra of social order” (9). Bribes paid to gang members function as a sort of cash transfer program, a system of regular payment to an urban underclass that moves perpetually in and out of prison with no hope of gainful employment in formal, legal sectors and a relationship to the state defined over time by equal parts authoritarianism and abandon (O’Neill, 2011). Indeed, some clothing producers in Guatemala pay impuestos more faithfully to gang members than to state agencies, a fact that is justified by workshop owners in terms of government corruption. “A million quetzales in the pockets of some official are gone in under a year, spent on failed projects and luxuries,” said one manufacturer. He continued, “A hundred quetzales in the pockets of an entrepreneur, it multiplies. The official who steals is really the guilty one.”

Sieder (2003) makes the point that “most Guatemalans rightly [tend] to see the law as something that operates to the benefit of powerful individuals and groups.” Her observation helps to contextualize the fact that the current situation of physical, legal, and social insecurity in Guatemala does not compel people to seek out the state and the legal protections it might offer. One could assume, for instance, that business owners facing extortion threats and robberies along the highways they travel to sell their goods would file police reports, bring lawsuits, and otherwise intensify their relationships to the state in order to secure some measure of safety. This sort of strategy is not too far afield from the one adopted by a previous generation that sought to comply with bureaucratic and authoritarian demands for documentation in order to preserve their lives and livelihoods. To the current generation, however, a recent history of direct state violence and contemporary conditions of impunity make the idea that the nation-state wields legitimate authority and administers the law according to a set of rationalized premises seem rather peculiar.

Transparency

Understanding the history of apparel production, why and how the regulation of this trade has been reconfigured over the past fifty years, reveals a great deal about law and ethics, citizenship and the state in Guatemala. The fact that highland apparel entrepreneurs now avoid state regulation (rather than simply remaining part of a formal market structured by the business practices of a previous generation) says something about how economic reforms designed to promote international competition, together with the violence of the country’s internal armed
conflict and the limited kinds of economic opportunity available to so many residents, have generated both citizen mistrust of the state and practical indifference to its regulatory functions.

If apparel producers value concealment as a business strategy, however, the state claims to be in the business of revealing secrets. In line with a global discursive push for greater transparency in governance, Guatemala’s previous and current administrations have expressed concern over the “problem” of an uninformed citizenry from whom information about budgeting and program performance is too often concealed. National leaders consistently launch complaints about the endemic problem of bureaucratic corruption, what Nuijten and Anders (2007) call the “secret of law,” and which they analyze not as aberrance but as a structurally constituted and institutionally embedded feature of the modern nation–state. As part of its transparency push, the state tax administration launched an initiative in 2007 called Saqb’e, a term that translates in both K’iche’ and Kaqchikel (the two most widely spoken indigenous languages in Guatemala) as “white path,” and which the government appropriates metaphorically to connote its commitment to transparency and the fight against corruption. The allusion to Maya language and culture is about forging trust relations between the state and the country’s indigenous population as well as generating tax revenue from precisely the kinds of enterprise I describe in this article.

The state tax administration’s representation of thwarted state–citizen relations as a problem of efficiency and communication, as indicated on the agency’s website (SAT, 2013), misses the point of entrepreneurial secrecy, however. As Simmel (1906: 450) wrote in his sociology of secrecy, “Confidence, as the hypothesis of future conduct, which is sure enough to become the basis of practical action, is, as hypothesis, a mediate condition between knowing and not knowing another person.” In the case of Tecpán’s apparel producers, it is precisely their knowledge of the state that undermines their confidence in state institutions. Simmel continues, “[A] knowing process often goes on with reference to another so automatically, its result often presents itself so suddenly and unavoidably, that the best intention can do nothing to prevent it” (456). Transparency campaigns, I suggest, offer not quantitatively more information about the Guatemalan state, but qualitatively different information about the state, a poorly disguised public relations effort aimed at concealing that which “presents itself so suddenly and unavoidably” about Guatemala’s governance (i.e. a history of terror and compounded conditions of inequality and insecurity).

It is in the face of so much information that highland apparel producers strategically conceal their businesses and earnings from state authorities, and, in turn, raise community-level suspicions about whether what is locally visible is indeed all that there is (cf. Benson, 2004; Nelson, 2009). As intensifying market competition at local and global levels layers onto conditions of physical, financial, and sometimes existential insecurity, hiding one’s business from both state agents and private factions not only makes sense, but also takes on an air of decency and discretion, with gauche displays of economic success judged, at times, as evidence
of improper and even occult dealings. The dynamics of concealment evident in the apparel trade, then, trace not only a history of violence but also the practical reshaping of regulatory power and practice in the postwar period.

**Funding**

This work was supported by a Fulbright-Hays Doctoral Dissertation Research Award, the Charlotte W. Newcombe Doctoral Dissertation Fellowship, the David Rockefeller Center for Latin American Studies, Weatherhead Center for International Affairs, and Department of Anthropology at Harvard University, Foreign Language and Area Studies grants, and the Department of Anthropology at Washington University in St. Louis.

**Notes**

1. This research includes a yearlong investigation in 2009, when I interviewed, in Spanish and Kaqchikel Maya, more than 100 workshop owners, employees, and others involved in the trade (and had informal conversations with many more). In addition to participant observation in workshops and markets, I worked on an unpaid, flexible basis in two workshops. Names and identifying characteristics have been changed to protect informants’ identities.

2. But see my discussion of enforcement efforts targeting market vendors in Guatemala City (Thomas, 2013).

3. Rios Montt’s offer stood from 28 May to 30 June 1982, after which the *Fusiles y Frijoles* (guns and beans) program was instituted, marking the beginning of “the most ruthless phase of the war” (Garrard-Burnett, 2010: 70).

4. On the *maquila* industry in Guatemala, see, for example, Petersen (1992), Green (2003), and Goldin (2009).

5. For comparison, see, for example, the rich literatures on the *pizzo* paid to extortionists in Italy (Schneider and Schneider, 2003).


**References**


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