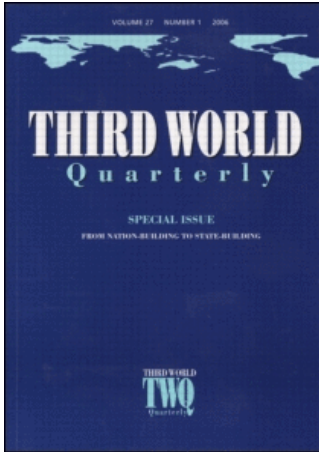


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# Shadow players: ecotourism development, corruption and state politics in Belize

ROSALEEN DUFFY

**ABSTRACT** *This article examines the way that developing societies have been increasingly incorporated into global networks, and the effect that this has had on the states themselves. The notion of a shadow state is used here to inform the ways that the state has been modified by the global networks represented by ecotourism development on the one hand and drug trafficking (and associated offshore banking sectors) on the other. Belize provides an excellent example of the way that these North–South linkages, in the form of global networks, undermine the ability of states to enforce regulations in offshore banking, drug trafficking and environmental protection that are demanded of the South by the North.*

The incorporation of developing states and societies into global networks has had a profound effect on these states themselves. Rather than acting as autonomous agencies capable of exercising ‘sovereignty’ over their own territories, they are better regarded as arenas in which complex and often illicit transactions are negotiated between locally-based elites and representatives of the global economy. Drawing on Reno’s concept of the ‘shadow state’, this article examines the workings of such transactions in the small Central American/Caribbean state of Belize, linking two important aspects of modern North–South relations, tourism on the one hand, and the international trade in narcotics on the other. It concludes that the networks through which these transactions are managed deeply subvert the possibility both of international regulation and of domestic accountability.

Ecotourism is promoted by governments of the North and South, international lending institutions and private business as an ideal development strategy that combines economic growth with environmental conservation. Developing countries have increasingly promoted themselves as potential ecotourism destinations. However, the optimism surrounding the commitment to ecotourism in the private sector, governments and non-governmental organisations (NGOs) has masked the important political challenges facing any attempt to implement environmental legislation in the tourism sector. This article will specifically address the clandestine political interest groups that operate in the ecotourism industry. It investigates the links between ecotourism development and the operation of

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clandestine links between international capital, local elites and individuals involved in illegal trading networks of money laundering and drugs, referred to as the shadow state, with reference to Belize.<sup>1</sup> The concept of the shadow state is borrowed from Reno's analysis of the links between international capital, and local political and economic elites in Sierra Leone. An analysis of the potential for the operation of the shadow state in Belize is important because it directly affects policy implementation.

There are obvious difficulties with drawing comparisons between developing states in sub-Saharan Africa and those in the Caribbean, but the specific history of Belize means that the similarities are sufficient to examine the validity of the notion of a shadow state. Belize shares with much of sub-Saharan Africa the British colonial history that bequeathed a highly bureaucratic and British-style government apparatus. Equally, kinship and familial ties have a central role to play in Belizean society, politics and economics that scholars have shown to be similar to patron-client networks in African societies. Finally, while Reno uses the example of diamond trading, the drugs trade in Central and South America displays some comparable features. Where Belize differs is in its international reputation as a holiday destination—Sierra Leone has been riven by civil strife, while Belize has experienced political stability since independence in 1980 and in the relative absence of large-scale political violence has allowed Belize to build up an ecotourism industry.

This article will first explore the salient features of the shadow state as a possible model for analysis of the links between licit and illicit business. Second, it will discuss the expansion of the shadow state in Belize through offshore banking and the development of 'warlordism' in the form of drug dealing and trafficking. Finally, it will examine the operation of the shadow state in the arena of ecotourism in Belize, assessing its implications for enforcing environmental legislation aimed at protecting the natural resources on which the ecotourism industry depends.

### **The shadow state**

In his study of the organisation of informal markets in sub-Saharan Africa, Reno formulated the concept of the 'shadow state'. Ultimately it is based on Jean-François Bayart's argument that any scholarly focus on the visible African state does not provide a basis from which to analyse political authority; instead Bayart's analysis examines what he terms the *politique du ventre* (the politics of the belly) which is the way that political elites use informal and invisible networks to exercise political and economic power.<sup>2</sup> Reno's examination of the growth of informal markets indicated that they sprang up partially in response to the decay of central state authority, demonstrating attempts by political leaders and elites to exercise authority in realms outside institutional state boundaries, and that this breakdown of state-society dichotomies appears even in, or especially in, the weakest formal states. He argues that shadow states are constituted by high ranking politicians and a few businessmen without state office (who may be local or foreign business operators) who manage to exercise significant political authority through the private control of resources in informal

and illicit markets. Such clandestine circuits sustain powerful political and economic networks, and can be used to manipulate policies designed to attract legitimate foreign investors who then serve to underwrite the emergent shadow state. The informal networks of exchange between these groups cross, and sometimes shadow, the boundaries of formal state, responsibilities and powers. As a result of the survival and growth of a shadow state, the postcolonial institutional state is no longer the principal authority in Africa.<sup>3</sup>

Reno's shadow state is created in the struggle to define and shape political power that was born with the founding of the colonial state. This shadow state grows outside the territorial boundaries of the colonial creation as new elites are added to the alliances between ruling elites, international business and local social groupings; these new elites include creditor officials and foreign investors.<sup>4</sup> Under development can be the product of internal social structures and class relations in developing societies; in particular local elites may act as comprador classes by inviting in foreign capital and exploiting other classes in their own society.<sup>5</sup> Part of the shadow state is the rulers' need for sovereign control that stands outside and above the political order, thus extralegal powers are the logical means of preserving a regime in crisis. The ruler struggles to define 'enemies' and find enticements to attract friends, and these enticements, as well as some of the allies, can be found in the form of international capital.<sup>6</sup>

Turning to the case of Belize, the growth of a shadow state is important because it directly impinges on policy implementation. Since Belize markets itself as an ecotourism destination, the possible links between a shadow state and policy implementation are especially important in terms of environmental and tourism legislation.

### **The shadow state in Belize**

Elites obtain control over lucrative resources by legal and illegal means, but one of the important factors, for the purposes of this article, is the corrupt allocation of benefits in the tourism industry by public and private sector elites. Corruption is not necessarily a pathological phenomenon, rather it is integrated into a particular path of political and economic development.<sup>7</sup> A useful working definition of corruption is behaviour that deviates from the formal rules of conduct governing the actions of someone in a position of public authority because of private motives such as wealth, status or power. The primary economic effect of such corruption is an allocative one if, as a result, the final user of the resource is someone other than one who would have had access to the resource otherwise. Economic models that attempt to explain corruption fail to take account of the political context, where the economic bargains between patron and client are determined by the political settlement within a country. Allocation of benefits by a patron (the state or the private sector) is driven by the relative political power of the patron.<sup>8</sup> A World Bank policy research bulletin highlighted the potential for public sector corruption to act as a barrier to development. The state's coercive capabilities gives it the power to intervene in economic activities, including the tourism industry and also provides it with the power to intervene arbitrarily. This power, coupled with access to information

that is not available to the general public, provides public officials with opportunities to promote their own interests.<sup>9</sup>

One area where the shadow state can flourish is in offshore banking and its development has caused a significant economic and political change for a number of small developing countries. In the 1980s, encouraged by the deregulation of the international banking system, and by successive British Conservative governments who argued it was a means of economic diversification, a few former British colonies and dependencies began to flourish as offshore centres. They provided the critical space for a growth of the offshore sector through guaranteeing client confidentiality, a favourable regulatory environment and a political climate of tolerance (unlike former French and Dutch colonies).<sup>10</sup>

The conditions under which offshore banking flourishes also provide an ideal environment for international illicit networks of criminal organisations. Under these circumstances organised crime often enjoys protection from all levels of government, because it has invaded the structures of the state and taken advantage of its power and resources.<sup>11</sup> In this way global networks that often inextricably link legal and illegal businesses manage to incorporate developing states into the fabric of their organisations. Criminal organisations are well placed to take advantage of looser border controls and lower trade barriers, and as a result these organisations have been able to create highly effective illegal financial and drug smuggling networks that advance their interests in the context of a world keen to reduce economic barriers.<sup>12</sup> The advancement of computer technology has facilitated electronic transfer systems that allow vast amounts of money to be transported around the globe in a matter of seconds.<sup>13</sup> This means that key figures have access to the financial resources to underwrite their emergent shadow state.

The importance of international investment in Belize is enhanced by its status as a major offshore banking centre (OFC). The deregulation of international banking during the 1980s has been identified as one of the key determinants of the rise in OFCs willing to accept deposits derived from illicit sources, and Belize is one such OFC.<sup>14</sup> The involvement of legitimate and illegitimate sources of foreign investment in tourism developments has been assisted by a legal framework that provides for total discretion about the source of the investment capital and the names of the investors. For example, Maria Vega (of the Belize Tourism Industry Association and a local tour operator) stated that an increasing number of hotels, restaurants and bars in the tourist areas are ultimately owned by absentee foreign investors, but they are leased on long-term contracts of up to 30 years. In addition, Belize is the site of a number of 'holding companies' that are not required to disclose who their investors are or from where the finance originated.<sup>15</sup> This is also mentioned in US government documents regarding the drugs trade and money laundering activities in the Caribbean. For example, the International Narcotics Control Strategy Report states that money laundering remains a potential threat in Belize, even through the 1996 Money Laundering Prevention Act criminalised money laundering and imposed record keeping requirements in banks regarding large foreign currency transactions.

The Government of Belize has been building an offshore services sector since 1992 and the Central Bank of Belize has received numerous inquiries about

offshore banking licences. However, patterns and changes in individual accounts are not seen by any Central Bank authorities unless specifically ordered and no registry is kept on offshore trusts.<sup>16</sup> The involvement of external capital derived from legal and illegal sources is a key feature of Reno's shadow state. It is clear that there is extensive foreign investment and ownership in Belize, and that, rather like the shadow state of Sierra Leone, foreign investors are required either legally or through necessity to utilise local economic and political links. Equally, these local elites have found it necessary to attract foreign capital in order to underwrite their emergent shadow state.

The links between the development of Belize as an OFC, drug trafficking and foreign elites became the subject of intense international debate in July 1999 with the highly publicised story of Michael Ashcroft. His influence in developing Belize as a major OFC was of particular interest to the British press because of his position as Conservative Party Treasurer. The controversy surrounded his company, Belize Holdings Incorporated (BHI), and his role in writing the offshore legislation that turned Belize into a financial centre.<sup>17</sup> In 1994 a Foreign Office adviser, Rodney Gallagher, was contracted by the Belize government to write a report on regulating a burgeoning offshore sector. In the report Gallagher warned against allowing too much freedom to the sector, fearing its use by criminal organisations, particularly drug traffickers.<sup>18</sup> He also expressed disquiet at the special status given to BHI, which did not have to disclose information about its accounts and had a 30-year exemption from tax. In fact, under the 1996 Offshore Banking Act and Money Laundering Prevention Act, BHI was the only company to retain this special status.<sup>19</sup> This was attributed to the immense political and economic power held by Ashcroft, in his capacity as a Belizean citizen (but resident in Florida), Treasurer to the British Conservative Party and major funder of the left wing People's United Party (PUP) in Belize.

It was reported in the local and international press that Michael Ashcroft was averse to interference by the Central Bank of Belize in the running of Belize Bank, a section of BHI. As part of his attempts to avoid such interference he sought permission to set up a separate bank in the Turks and Caicos Islands to take advantage of its lax regulations in the islands' offshore sector. It was reported that Ashcroft had threatened the British Conservative government in 1994 that, if he were not allowed to set up his own bank in the Turks and Caicos Islands, he would use his links to high-ranking politicians in the Commonwealth to cause trouble.<sup>20</sup> In addition, he paid for four conservative MPs to visit the Turks and Caicos, Cuba, Panama and Belize, giving rise to speculation that those MPs then tabled questions in the British Parliament that were favourable to Ashcroft's business interests.<sup>21</sup>

However, the press soon linked the rise of Belize as an offshore centre under the guidance of Ashcroft, to the transshipment of drugs and money laundering in the wider Latin American region. The US Drugs Enforcement Agency (DEA) had already indicated that Belize was attracting money launderers to its secretive offshore services sector, and that it was a major player in the transshipment of cocaine. *The Times* then led with a front page story 'Drugs Agency has Ashcroft on its files', indicating that the DEA had four separate investigations on Ashcroft and his companies over possible money laundering and drug smuggling, but was

keen to point out that, so far, no evidence of wrongdoing had come to light.<sup>22</sup> Michael Ashcroft then issued a libel writ against *The Times* for defamation and damage to his business interests, which was dramatically dropped after direct negotiations between the paper's owner, Rupert Murdoch, and Michael Ashcroft; as part of the deal struck between the two men, each agreed to pay its share of the £500 000 legal costs and *The Times* printed a 'no retraction' notice that indicated it had no evidence that Ashcroft was involved in drug running, money laundering or related crimes.<sup>23</sup> The Ashcroft case is an example of the influence of foreign elites in developing countries and, according to Reno, these elites are an essential component that allows the expansion of the shadow state. Certainly, in the international and local media, the reporting of the case indicated a perception that powerful foreign elites were able to induce policy changes favourable to their interests by issuing threats and possibly engaging in illicit activities.

The sector where the shadow state is at its most pervasive and its most effective in Central America is in drug trafficking. The organisations and the networks involved in trafficking have not only incorporated the state apparatus, but created a mutant set of state agencies that protect and support their activities. While Colombian drug cartels of the 1980s and early 1990s were highly visible and posed a direct threat to the state, the nature of trafficking in the late 1990s has changed significantly, and its focus has turned to Mexico. The new breed of traffickers are more discreet and set up smaller-scale organisations that are interested in co-opting key personnel within the political and judicial systems. Traffickers are also more likely to work through legitimate small businesses and contract out manufacturing and transport to specialist groups.<sup>24</sup> Drugs may be only one part of a broader criminal business that includes legitimate business on the one hand (such as tourism) and bank robberies, car theft, arms trafficking and kidnapping on the other.<sup>25</sup>

The US Department of State estimates that at least US\$85 billion in drug profits can be found within the banking system,<sup>26</sup> and the tourism industry has proved to be a place where illegitimate business interests can converge with corrupt public sector managers, because the arrival of tourism is often associated with an increase in crime, prostitution and an expansion in the supply of drugs.<sup>27</sup> Tourism development in Belize has been partially dependent on drug culture in the industrialised world on two levels: recreational drug taking by tourists, and funding of tourist developments by capital derived from dealing and smuggling. The demand and supply routes for drugs, particularly cocaine, have had a significant impact of the direction and rates of development in the tourism industry in Belize.

The Caribbean and Central America are two regions that have been targeted as trafficking routes by drug cartels. Within the Central American/Caribbean region, Belize has not been immune to the development of this illegal international trade in narcotics. The US Department of State identified Belize as a significant drug transit country. Since Belize lies between the producing countries of South America and the consumer countries of Europe and North America, its position marks it out as an ideal route for smugglers. In addition, the unique geography of the Caribbean, and especially Belize, means that chains

of hundreds of islands provide points to drop off and pick up consignments of drugs. Belize's contiguous borders with Mexico and Guatemala, large tracts of forested land, unprotected coastline, numerous Cayes and inland waterways, unpopulated rainforest and coastal areas, and a rudimentary infrastructure for combating trafficking and abuse present the opportunity for significant transshipment of illicit narcotics.<sup>28</sup> In the local press, the increase in trafficking of so-called hard drugs has been partially blamed on drug cartels utilising the old trafficking routes for marijuana through Belize to Mexico and ultimately through to the USA in order to target their markets for cocaine and heroin.<sup>29</sup> In fact it was reported in the Belizean press that officers from the US Counter Narcotics Cocaine Unit visited customs at the port of Belize and the sniffer dogs were so overwhelmed by the smell of drugs they suffered sensory overload and were unable to function.<sup>30</sup>

Belize has fallen foul of the internationally publicised US war on drugs and high-profile country certification process. The Belizean government was criticised for failing to curb the use of Belize as an entrepot state and this has affected relations between the two countries. The country certification process is an annual assessment of the 32 major drug producing and drug transit countries, in which the countries are judged according to the steps they have taken to enforce the goals of the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. Certification is used as a diplomatic tool by the US government to focus attention on producing and trafficking states rather than consumer states. There are three categories—full certification, decertification and a grant of 'vital national interests' certification. Belize was decertified by the USA for failing to be active in the war on drugs. However, US government documents indicate that Belize was granted the position of vital national interests, which meant that US aid was not suspended and that the USA would not vote against loans to Belize from the multilateral development banks.<sup>31</sup>

One of the striking features of the drugs trade is the way that growers, traffickers and dealers are increasingly paid in drugs rather than cash, meaning that transshipment countries will be subject to an expansion in the availability of drugs and its attendant problems of narcotic abuse and rising crime.<sup>32</sup> Belize certainly provides an example of this because the interrelationship between drug trafficking, money laundering (through offshore banking and construction of hotels) and the tourism industry could only be sustained by the existence of a shadow state. The expansion of trafficking in Belize has had an impact on the tourism industry. For example, it was reported that cocaine trafficking brought a new spurt of wealth to the local economy in Placencia, where the local press noted the appearance of new speedboats and the beginnings of a construction boom.<sup>33</sup> Similarly, there was local speculation, from critics of the involvement of foreign interests and possibly criminal elements, that entire resorts were bought with millions of dollars in cash, derived from the drug trade.<sup>34</sup> In 1999 James Kavanagh, a citizen of Colorado, was expelled from Belize and escorted out of the country by US Marshals and DEA officers. He had been a resort owner in Cayo District, but had been found to be engaged in money laundering and the drugs trade, using the resort as a legitimate business front for illegal activities.<sup>35</sup>



It is clear that the authorities in Belize were, on the one hand, overwhelmed by the extent of trafficking and, on the other hand, that elements in the formal state apparatus were complicitous, leading to the state's incorporation into global trafficking networks. For example, the US Bureau for International Narcotics and Law Enforcement Affairs stated that the ability of the government of Belize to combat trafficking was severely undermined by deeply entrenched corruption which reached into senior levels of government. In addition, it indicated that ministers in the government, as well as police officers, were complicitous in the drug trade in Belize.<sup>36</sup> The extent of trafficking in Belize is the direct result of complicity in the institutions that are intended to prevent smuggling. There is a perception in Belize that there are elements in the police force and Fisheries Department who are involved in the drugs trade.<sup>37</sup> The USA insists that local militaries and law enforcement agencies are involved in internal drug enforcement missions, but this increases the potential for corruption and human rights abuses. A number of interviewees remarked that they perceived elements in the Fisheries Department, the Belize Defence Force and the police to be engaged in the drugs trade. One interviewee, who was formerly involved with Fisheries, explained how it was possible to intercept drug drops, so that the relevant authorities would not know if a few bales of cocaine were not handed in, but were sold by the officers themselves. The ability to find and sell bales of cocaine were washed up on the shores of Belize's various Cayes was locally referred to as winning the 'sea lotto'.<sup>38</sup> This conforms to Reno's argument that a key feature of the shadow state is the creation of private armies to protect illicit trading networks from which political and economic elites draw their strength. It also indicates that the stipulations regarding law enforcement and control of the drugs trade that are expected by Northern interests are subverted by the very nature of these North-South linkages. As a result any possibility of controlling the drugs trade in the manner favoured by US interests in particular, is rendered impossible.

### **The impact of the shadow state on ecotourism policy**

The shadow links that are ultimately responsible for decision making in Belize indicate evidence of a process that is more formalised than simply a matter of *ad hoc* or unco-ordinated corruption. Rather the links between the public and private sector, local elites and external capital constitute a shadow state, and this is nowhere more apparent than in the inability of the formal state apparatus to enforce environmental legislation in the ecotourism industry.

Unlike Sierra Leone, Belize—once dependent on primary commodities—is a major tourist destination for North America and Europe. Tourism is a relatively recent development that really began with the expansion of tourist facilities in the 1980s, but it is now Belize's single largest foreign exchange earner, and the Belize Tourist Board (BTB) estimated that in 1994 tourism earned the country Bz\$150 million (US\$75 million).<sup>39</sup> According to BTB statistics, the three major tourist markets for Belize are the USA, Canada and Europe, and the number of visitors from the USA increased by 55% during the period 1991 to 1995.<sup>40</sup> The expansion of tourism has significantly changed the economies of the resort areas

with, for example, two of the principal areas, Caye Caulker and San Pedro, switching from dependence on fishing to a tourism economy.<sup>41</sup>

However, the purpose of this article is to examine the similarities and differences between the Belizean and Sierra Leonean cases. This article will investigate the possible existence of a shadow state in Belize through an analysis of the ecotourism industry, its relationship with external capital, local elites and licit and illicit investment and trading networks. The existence of shadow links between the private sector, the public sector and criminal elements means that enforcement of environmental legislation is problematic in Belize. Since the country is promoted as an ecotourism destination, enforcement of regulations to ensure that tourism developments do not damage the environment is important. Belize has an extensive framework of environmental legislation, including the Environmental Protection Act, and it has established a Department of the Environment whose stated aim is to prevent and control pollution.

A common complaint among locally based tour guides and the conservation community was that, while legislation was in place, it was rarely enforced. Godsman Ellis, President of the Belize Ecotourism Association, stated that policing was not carried out in the face of the country's low financial resources, limited manpower, inadequate technological and administrative resources, and its open borders, and that very few cases of environmental violations had been brought before the courts, despite the legislation that had been put in place.<sup>42</sup> One interviewee, who was involved in marine conservation in Belize, stated that, although environmental impact assessments were legally required for all new tourism developments, the government office responsible for monitoring such assessments was completely overwhelmed by requests for assessments because it was so poorly staffed.<sup>43</sup> In addition, when conservation authorities have tried to press for prosecutions for breaches of environmental legislation, they have faced opposition from powerful sets of interest groups.

One example of this was an Ambergris Caye, when there was a flurry of debate between the resident 'gringo' community, the local community and conservation officers over the fate of resort owners whose catamaran ran aground in the Hol Chan Marine Reserve, causing extensive damage to the coral reef. The incident occurred against a background of highly publicised environmental breaches by 'live-aboard' dive ships owned by external investors. The most high profile incidents involved the *Fantome* and the *Rembrandt Van Rijn* in the marine protected areas, Glovers Reef and Half Moon Caye (respectively).<sup>44</sup> The companies that owned the vessels were offered options to compensate for the damage they had caused or risk having their licences revoked, but the local press reported that there was a perception that the owners were not sufficiently punished because of their high profile connections in Belize.<sup>45</sup> The catamaran incident also occurred against a history of local resentment against foreign land and property owners who had settled on Ambergris Caye. A Department of Environment Report detailed that several foreign-owned resorts or hotels were not abiding by the legal requirements for construction and management of piers. This was especially contentious because several residents had complained that, while the regulations state all piers must

be open to the public, any Belizean who went to the pier would immediately be removed by the owners or managers of the establishment.<sup>46</sup>

In the case of the catamaran in San Pedro, those involved in the conservation community, such as Mito Paz, the Director of Green Reef, were highly critical of the catamaran incident and felt that the owners should be taken to court.<sup>47</sup> Those who opposed high levels of foreign ownership speculated that the catamaran ran aground because of the carelessness and general disrespect for the environment they associated with newcomers to the island.<sup>48</sup> In contrast, external investors in the tourism industry in San Pedro were concerned that the incident was being used by local opponents to criticise the gringo community as a whole. One member of the gringo community, who had assisted in pulling the catamaran off the reef, vigorously argued that it was an accident that could have happened to any boat.<sup>49</sup> In fact, the owners of the boat took the step of writing a public apology in the local *San Pedro Sun* in an attempt to quell rumours about negligence. In it they stated that the engine had failed and the winds had died, and so the boat ran on to the reef before the anchor could be dropped.<sup>50</sup>

Despite the arguments between different interest groups in the tourist areas of Belize, it was clear that ultimately there was a perception among both sets of interest groups that a shadow decision-making process was underway and that this would determine the outcome regardless of the legislation. This indicated a perception that breaches of environmental legislation and wider problems with criminality among foreign and local elites were either overlooked, tolerated or actively supported and encouraged by key members of state agencies, because parts of the state apparatus had been co-opted by these powerful networks of elites.

It is also important to provide the political context in which the shadow state operates. Within Belize it is essential to acknowledge the deep divide between supporters of the People's United Party (PUP) and those of the United Democratic Party (UDP). This division permeates local politics, can be exploited by foreign elites in the tourism industry and plays a central role in determining the coverage of certain issues in the Belizean press. In terms of the tourism industry it is important because key figures in either party are able to offer significant levels of patronage to their supporters. The stakes became higher in 1997 because it was an election year when the opposition PUP were feted to win (and they achieved a landslide victory). Political opponents and economic competitors in Belize have pointed to the role of the current and former Ministers of Tourism and the Environment as major players in the tourism industry. The former Minister of Tourism and the Environment, Glenn Godfrey (PUP), has been able to utilise contacts in his own constituency, which covers the two prime tourist areas of Caye Caulker and Ambergris Caye. In particular, the construction of a new airstrip and condominiums on Caye Caulker have been credited to Godfrey. Indeed, one interviewee suggested that conservation organisations in Belize were firm supporters of the PUP; political opponents of this party were keen to point out that conservation NGOs might have 'turned a blind eye' to his activities because they were PUP supporters.<sup>51</sup>

The shadow state has also affected organisations that engage in lobbying on

conservation issues, especially when they have fallen foul of the deep political divide between the PUP and UDP. The Lamanai Room Declaration of 1997, which detailed major environmental abuses in Belize and was signed by numerous local conservation agencies, including the Audubon Society and Coastal Zone Management Project, was criticised for political bias by those who supported the then UDP government. Victoria Collins, Editor of the *San Pedro Sun*, suggested that the Lamanai Room Declaration was perceived by UDP supporters as designed to strengthen the position of the PUP amid public speculation that an election was to be called. The then Minister of Tourism and the Environment, Henry Young, accused the parties at Lamanai of trying to topple the UDP government.<sup>52</sup> Over the course of the UDP government term, Young became a developer in Placencia, where large areas of ecologically important mangroves were cut to make way for tourism developments.<sup>53</sup> Political opponents of such developments speculated that local business elites and external investors were able to seek protection from prosecution for environmental breaches because of their links with politically prominent figures in Belize and with the ruling UDP. It is clear that, in accordance with Reno's model of the shadow state, local elites utilise informal networks to reward their clients. The ecotourism industry provides one example of the manner in which those elites can bestow political and economic favouritism upon their international and local supporters.

In promoting tourism as a development strategy, elites often aim to entice foreign investors and large international tour operators into the country to underwrite their own investments and patron-client networks. The involvement of foreign interests in the Belizean tourism industry has assisted the creation of a shadow state. The convergence of legal and illegal business interests with government interests is apparent in the development of coastal tourism. The dominance of foreign capital in the tourism industry is made possible by the compliance of and collaboration with local companies and the political and economic elite. This is especially the case in Belize, where there is a legal stipulation that international tour operators and investors must have a Belizean partner. In Belize a few key families own or are major figures in the operation of a number of tourism- and transport-related businesses, and as a result tourists brought in by overseas operators can be funnelled through a series of businesses all owned by one family or elite group which is ultimately reliant on international tour operators. Historically, on Ambergris Caye three key families, Blake, Alamilla and Parham, who were also related through marriage, have been economically dominant. They held sway over the development of the island through gun running to the Santa Cruz Maya in Mexico during the middle of the 19th century, and later thanks to ownership of coconut and timber plantations, and other land.<sup>54</sup> Furthermore, Gach Guerrero, Secretary of the conservation organisation, Green Reef, is also owner of Amigo Travel and manager of Island Air, a member of the Board of the Ambergris Caye Historical Society, an officer of the Belize Tourism Industry Association, and the 1997 and 1998 chairman of the International Sea and Air Festival.<sup>55</sup> Similarly, the Vega family on Caye Caulker own the tour operator Belize Odyssey and the Vega Inn, are involved in environmental and tourism consultancy and a fishing business, and members of the family sit on the BTIA, the Protected Areas National Council and the

Coastal Zone Management Programme.<sup>56</sup> However, it is not unusual in a country with a relatively small population to find that certain individuals and families have a major role in the public and private sectors.

An examination of the ways that land for tourism development is sold and resold in the coastal zone reveals the extent to which external capital is involved in the expansion of ecotourism in Belize. For example, large parcels of land on Ambergris Caye are owned by a US-based company, Sunset Coves Ltd. The role of Sunset Coves on Ambergris Caye was the subject of some debate in the local press, specifically the *San Pedro Sun*. Sunset Coves began as a San Pablo Town Board project, and the land was paid for by local islanders who were promised they would be full partners in its development. The scheme had support and assistance from the local MP (and former Minister of Tourism and the Environment) Glenn Godfrey.<sup>57</sup> However, Sunset Coves went into receivership in 1996 because of an unpaid debt of Bz\$300 000 (\$150 000), and as a result it was sold to Raymond Yusi of Western Caribbean Properties, based in California.<sup>58</sup>

This pattern of sale of land to external investors is common in the tourist dominated islands of Belize. The *State of the Coastal Zone Report* (1995) indicated that leased national lands were often sold to external investors or subdivided in joint ventures and then sold on to the highest bidders, who were primarily non-residents.<sup>59</sup> An examination of the tax and valuation rolls for Ambergris Caye revealed that there was a small number of US citizens, including Albert Dugan, Corrie McDermott, Gerry McDermott and Ian Ritchie, who owned or controlled the sales of large swathes of land on the island.<sup>60</sup> Ian Ritchie was formerly the owner of Southwinds Property, which facilitated the purchase of properties in Belize by external investors; he is also owner of a major resort (Captain Sharkey's) on Ambergris Caye and is beginning land speculation in Roatan in Honduras.<sup>61</sup> A Department of Environment Compliance Monitoring Site report for San Pedro states that:

Several foreigners who live or own hotels/resorts along the beach prohibit people from using or passing through the beach reserve ... totally disregarding the 66 feet reserve as required by the National Lands Act ... these people do not even own the beach and yet they lay claim to ownership by not allowing anyone to use the beach.<sup>62</sup>

In their election manifesto for 1998–2003, *Set Belize Free*, the PUP claimed that tourism had decline thanks to corrupt practices that allowed 'unscrupulous foreigners to side step Belizeans' and that the BTB had been 'plagued by mismanagement and corruption'.<sup>63</sup>

Caye Chapel (owned by a former mining millionaire from Kentucky) has proved to be a controversial tourism development that highlights the links between foreign investors, support from local political and economic elites and local perceptions of corrupt business practices. The island was completely re-landscaped and artificially expanded to provide an exclusive tourist resort. The development of the island included building a beach and a golf course, and dredging for sand to build the beach and to allow larger boats to dock at the island. In the process, the dredging stirred up the sea bed, disturbed lobster fisheries and destroyed Caye Caulker fishing grounds.<sup>64</sup> The island has been

perceived in Belize as an example of an environment being totally remastered in the pursuit of tourism development.<sup>65</sup> The alliances which form the shadow state in Belize ensured that the island could be overhauled to conform to the image of Cayes presented to potential visitors. There was a great deal of local speculation about the way in which the owner of the island appeared to be able to dredge around it and build a beach without proper permission. Those who opposed the development of Caye Chapel speculated that the owner was allowed to undertake such activities because he was protected by the highest political authorities in the country in return for free trips to the island, and that the owner had been careful to pay the relevant officials in order to avoid environmental regulations.<sup>66</sup> For example, one interviewee stated that Caye Chapel was a glaring example of what happened to the environment in Belize when a corrupt politician and a foreign millionaire co-operated, and that it was all about money and there was no-one willing to stop it.<sup>67</sup> Caye Chapel will have its own airstrip and casino to allow gamblers to fly direct from Miami to the island. Critics of such tourist developments have complained that while the USA and UK berate Belize for failing to tackle money laundering, drug trafficking and a possibly corrupt offshore sector, it is the citizens of these countries that are most likely to avail themselves of the facilities on offer in Belize.<sup>68</sup>

Another example of the links between local elites and external property investors was the highly controversial plan to build a dolphin park called Cangrejo Caye. Aspects of the process to create the park indicate that common forms of public consultation were circumvented in order to push through a major tourist development despite local opposition. Cangrejo Caye was to be developed by a Mexican company, Dolphin International, and it offered tourists an opportunity to swim with 'semi-captive dolphins', along the lines of the highly successful and lucrative dolphin park in Xcaret in Mexico. The residents of Ambergris Caye were first informed of the plans for the park when an advert appeared in *Destination Belize 1997* that encouraged tourists to visit it before it was even built. As a result Dolphin International embarked on a public relations campaign, and local business people who were the promoters of Dolphin International ensured that donations to local charities received favourable coverage in the local press, including when the company sponsored the San Pedro football team and it was renamed the Dolphins in honour of its new backers.<sup>69</sup> In addition, Dolphin International, which also used the name Cangrejo Caye Educational Experience Ltd, invited a number of Belizean 'movers and shakers' to a free weekend at its dolphin resort at Xcaret in Mexico.<sup>70</sup> Cangrejo Caye was part of a redevelopment programme for Ambergris Caye that included shrimp farming by Nova Shrimp Ltd, the construction of an airstrip and a new pier, all of which was to be developed under the auspices of the North Ambergris Caye Development Corporation (NACDC).<sup>71</sup>

The dolphin park was opposed by some local tour guides who viewed it as unwelcome competition and as contrary to the spirit of ecotourism in Belize. Tour operators Daniel and Elodia Nunez openly opposed the park because they disagreed with the idea of keeping wild animals in a captive environment to satiate tourist desires. They stated that they believed that the dolphins at Xcaret were slowly dying, partly because dolphins like to swim freely over large

distances in order to feed and so keeping them in pens would be cruel and detrimental to the environment, since the dolphins would eat out such a small area.<sup>72</sup> According to Daniel and Elodia Nunez, in 1998 the park was forced by local opposition to accept demands for a full environmental impact assessment before construction was begun.<sup>73</sup> This strong pro-conservation lobby was identified by Victoria Collins, Editor of the *San Pedro Sun*, as a major factor in preventing the construction of Cangrejo Caye.<sup>74</sup> Opponents of the development there were keen to speculate that the owners had failed to pay off the right officials in the opposition People's United Party (PUP), which was tipped to win the next election.<sup>75</sup> Indeed, after the PUP had won the general election of 1998, the Urban Planning Officer for Ambergris Caye, Al Westby, remarked that the investors from Dolphin International had been invited back once more to Belize to discuss the future development of Cangrejo Caye further.<sup>76</sup> The case of the dolphin park can also be viewed as an indicator of the extent of the shadow links between state agencies and the private sector.

### Conclusion

It is clear that Belize displays the broad features of a shadow state, as conceptualised by Reno. Even without any evidence of a shadow state, the perception of its existence among those in the tourism and conservation communities means that the relevant interest groups act in such a way as to assume its existence. Despite the obvious differences between the cases of Sierra Leone and Belize, the similarities are sufficient for useful comparisons to be drawn. Reno suggests that there is a set of shadow links between international capital and local elites that ultimately determines the direction of policy making. In Belize, despite an extensive framework of environmental legislation, the direction of ecotourism policy is determined by the informal links of the shadow state. The expansion of corrupt activities through tourism development means that enforcement of the environmental regulations on which ecotourism is founded is problematic. Government regulations designed to protect the environment are rendered ineffective when a junior arm of the state is opposed by more powerful interest groups that lie within and outside the state apparatus. The expansion of organised crime has resulted in the emergence of state facilitators and protectors of criminality and an institutional presence of massive drug producing, trafficking and money laundering entities. Consequently, these sets of interest groups are able to challenge elected governments for control of key state institutions, thereby ensuring that enforcement of legislation is impossible, and effectively preventing domestic political accountability.

### Notes

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- <sup>34</sup> Anonymous interviewees. This was a claim regularly made against the new owners of Blackbird Caye Resort and Manta Resort, which had previously been developed by Ray Lightburn, Ken Leslie and Al Dugan.
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