

Economic Regulation and the Value of Concealment

Guillermo Ordóñez owned one of the garment workshops in which I spent time cutting and sewing garments in Tecpán Guatemala in 2009. A forty-year-old Kaqchikel Maya man, Guillermo specialized in making youth sweaters and sweatshirts featuring the logos of globally popular fashion brands, such as Abercrombie & Fitch and Hollister. Typical of the regional trade, his business occupied a cinder-block room built onto the back of his home. Teenage boys rode their bikes from the outskirts of town or from nearby hamlets each day to operate the half-dozen Juki sewing machines imported from Japan and the two Universal knitting machines from Germany, shouting to one another in Kaqchikel, the primary indigenous language spoken in this part of Guatemala, over the mechanical noise.¹ Although it could barely be heard, the radio played bachata and reggaeton music.

Guillermo's relationship to the apparel trade was forged in the early 1970s, when his father purchased a knitting machine from a salesperson in Guatemala City. For the next ten years, his father made baby hats and blankets at their home in Xenimajuyu', a small hamlet outside of Tecpán. He would leave the village late at night to arrive early in Guatemala City on market days. Guillermo's mother, Doña Eugenia, explained in Kaqchikel, "My husband walked the path from Xenimajuyu' to Tecpán. He carried the hats and blankets in a bag. Then he rode to Guatemala City to sell to *mayoristas*"—here, she used the Spanish word for "wholesalers"—"and some of the hats would go to El Salvador." Her eyes lit up when she

talked about how the little hats she helped her husband make ended up in another country. “There was no market for baby clothes around here back then because everyone made their own. But in El Salvador, they didn’t make these things, so we could always sell what we made.” At that time, the capital served as an international trading post for the Central American market. In many such stories that people told me about the early years of the apparel trade, Guatemala City is remembered as a vibrant center of economic life and a gateway to distant places.

Things changed quickly for Guillermo and his family when, in 1982, at the height of the country’s internal armed conflict, his father was killed not far from their rural home. His body was discovered in the woods outside Xenimajuyu’. Guillermo’s father was one of many in the region to meet his fate at the hands of soldiers, state-sponsored death squads, and armed civil patrols acting on government orders (Comisión para el Esclarecimiento Histórico 1999). The military strategically targeted indigenous professionals and business owners, though the particular circumstances surrounding Guillermo’s father’s death remain unknown.

This chapter recounts Guillermo’s story—the history of his family’s involvement in the apparel trade and the business style on which his modest success is based—and that of several other apparel manufacturers as a means of giving historical and ethnographic shape to an industry that is today largely and strategically hidden from outsiders. Maya manufacturers who once carefully conformed to state regulations now conceal their work from tax agents, police, and other state authorities, and sometimes also from one another. The regional trade has been transformed by state-sponsored violence and the more recent advent of free trade regimes that privilege multinational capital over local industry and encourage state government to target informal enterprises as sites of criminality and delinquency. The transformation of the trade from a state-regulated sector to one operating out of sight of state agencies runs counter to the master narratives that are so central to international projects of modernization and development, which tell of economies moving naturally and progressively from less formal to more formal relationships to the state. These narratives also include the idea that such an evolution brings about material benefits for the regulated, “developing” populations. At the same time as the historical processes and transformations evident in the apparel trade disrupt such neat accounts, the characterization of the trade as “informal” obscures ongoing and important relationships to the state and to legal regimes and ignores the regulatory practices of multiple sets of actors who exer-

cise control over apparel manufacturing, markets, and meanings of work on regional and national levels. This chapter draws on social scientific analyses of the informal economy in Latin America and anthropological studies of economic regulation to parse out the “regulating style” that structures highland business practice and business ethics, a style that contrasts with the models of development and regulation enshrined in international trade and legal agreements. This chapter thus contributes to economic anthropology by analyzing the historical embedding of an industry and particular modes of regulation and ways of doing business amid dynamic social and market processes and in view of a local moral world where norms and values other than those privileged in international development and IP law shape the kinds of work that people do and the business ethics that they espouse.

While Maya manufacturers place tremendous value on secrecy and the concealment of their business practices from outsiders, they also actively share business knowledge, information, and resources across networks of kin and neighbors in Tecpán and the surrounding region, and they teach what they know to younger Maya men, whom they encourage to start their own workshops. What I term the “pedagogical imperative”² is as much an ethical dictum as it is a means to several ends, including the spurring of what indigenous manufacturers describe as economic development in Tecpán and the maintenance of long-term social relations. In this chapter and the next, I describe the moral contours of sharing and pedagogy and demonstrate how this commitment has its own regulatory effects on the trade. I argue that the tension between, on the one hand, secrecy and concealment and, on the other, sharing and pedagogy conditions the dialectical movement through which business and regulating styles are elaborated in the highlands. This tension will be important in later chapters for understanding how copying matters for and is evaluated by Maya workshop owners.

ORIGINS

Guillermo’s family history is typical in many ways. Beginning in the late 1950s, Maya men and women in several highland towns—such as Totonicapán, San Francisco El Alto, Quetzaltenango, and San Pedro Sacatepéquez, to name the most prominent—took up nontraditional apparel production. Such activities were structured either as cottage industries or as small-scale, independent manufacturing firms (C. A. Smith 1984, 1989; Hendrickson 1995; Ehlers 2000; Fischer 2001; Ortez

2004; Goldín 2009). It was around 1960 that a handful of indigenous men in the rural hamlets around Tecpán bought semi-industrial knitting and sewing machines from dealers in Guatemala City. Many of these manufacturers focused their production on baby clothes or men's and women's sweaters in the early years, and the town continues to be well known for those items, even though workshops produce a wide variety of garments today. Tecpán's centrality, in relation to the capital city (88 kilometers to the southeast along the Pan-American Highway) and Western highland markets (Quetzaltenango, currently Guatemala's second largest city, sits 116 kilometers away), facilitated the integration of these businesses into Central American commercial networks. The burgeoning industry, which has been an "economic revolution for Tecpán," as one gray-haired manufacturer put it to me in 2007, offered new opportunities for Tecpán's indigenous population, whose traditional household economy, based in subsistence agriculture, was under threat by state-corporate alliances and a growing population.

As Carol A. 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 that were investing in export production for US and European markets. Wage labor options were historically limited to seasonal work arrangements on the highland coffee *fincas* and coastal sugar and cotton plantations (Fischer 2001). Unlike plantation labor, garment manufacturing allowed *tecpanecos* control over the means of production, an important cultural and moral value among Maya peoples (Watanabe 1992). Manufacturers need no formal education, which is important, since only half of the Maya children in the department of Chimaltenango (where Tecpán is located) who enroll in school complete their education through the sixth grade (Ministerio de Educación de Guatemala 2008). Also, the trade requires minimal capital investment. In 2009, a used manual knitting machine cost around one thousand quetzales (US\$125), and thread, yarn, and cloth distributors routinely sell on credit.

After Guillermo's father's death, Guillermo's mother, Eugenia, moved the family into Tecpán's semi-urban core, onto a small lot that a brother-in-law had purchased several years before. Their relocation from rural village to town center reflects wider trends in the apparel trade, and in Guatemala's history more generally. The initial wave of growth in the apparel trade took place in a handful of rural hamlets outside of Tecpán, though most manufacturers eventually moved their operations into the



FIGURE 6. Photograph from the early days of the highland apparel trade, featuring a workshop owner, his employees, and a young boy posing with semi-industrial knitting machines in a rural hamlet outside Tecpán, 1960s. (Photograph courtesy of CJ)

town center. Sometimes, these relocations were economically motivated; workshop owners 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 by the early 1970s. However, a massive earthquake hit central Guatemala in February 1976, forcing many of the small-time clothing producers who were still living in the hamlets surrounding Tecpán out of their crumbled adobe homes. Concrete-block structures organized around central courtyards and painted in vibrant shades of green, blue, and yellow—in keeping with the aesthetic effervescence of highland style—became the new architectural model for Tecpán thereafter.

Other producers, including Guillermo's father, 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, the Guatemalan Army stepped up its so-called counterinsurgency campaign. Official reports issued by the Catholic Church and the United Nations estimate that two hundred thousand Maya people were killed during the conflict, most of them during this four-year period of intensified violence. Indigenous business owners and political activists (individuals were often

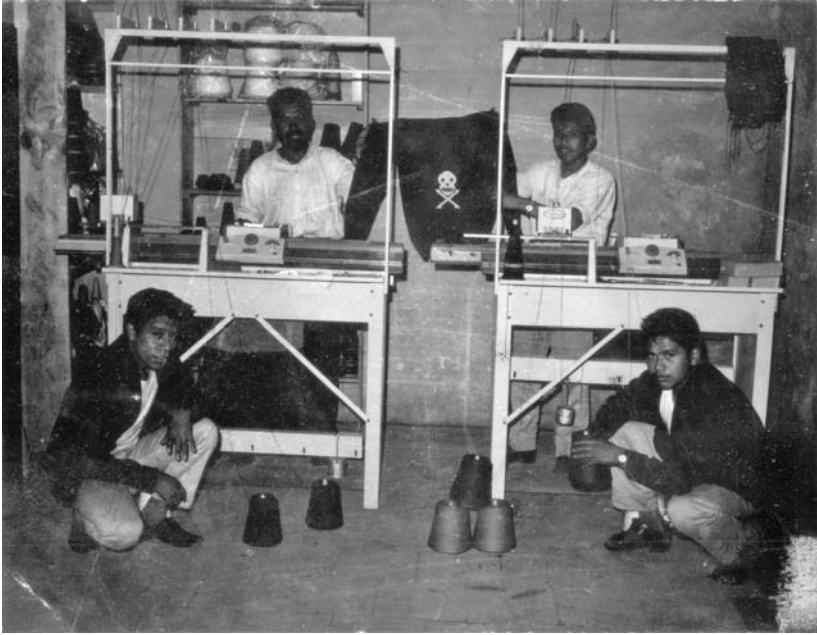


FIGURE 7. Another photograph from those early days, featuring workshop employees displaying a sweater with a skull-and-crossbones design, reminiscent of a pirate flag, in a rural hamlet outside of Tecpán, 1960s. (Photograph courtesy of CJ)

both) were frequent victims of kidnappings and killings (Comisión para el Esclarecimiento Histórico 1999). Rural indigenous populations were more likely to be suspected of guerrilla activity, and many families who had had some success in garment manufacturing in the hamlets moved to Tecpán's urban core at this time, attempting to escape the threat of the military's combination of scorched-earth tactics and targeted assassinations. The town has continued to grow at a rapid pace; the population doubled between 1996—when the peace accords that ended the war were signed—and 2010. These movements follow a broader trend of urbanization in Guatemala, as rural people migrate to towns and cities with the aid of kin connections, seeking new possibilities for education and wage-based work (O'Neill and Thomas 2011).

Guillermo's mother eventually built a small house, where she continued to make children's clothing, which she sold in Guatemala City to support her family, making her one of only a few women in Tecpán, past or present, to manage her own clothing business. Men are positioned generally as owners, managers, and salespeople within the regional trade. Young men

operate the machines. Women are relegated to doing hand-embroidery work, sewing on adornments, finishing seams, or packaging garments, tasks that are considered either more delicate or easier than the jobs the men do. Eugenia's five children worked alongside her in their home, each of them learning first how to sew buttons and mend sweater-knit fabric. Eventually, the three boys took over the role of operating the growing number of knitting and sewing machines in their workshop. When the children were old enough to attend primary school, their morning classes and afternoon homework took priority over garment production, as Eugenia considered education to be the primary means for the next generation to better its economic standing. She had learned to speak Spanish only after her husband's passing, when market dealings in Guatemala City demanded it. She learned to read and write in Spanish under the patient tutelage of a wholesaler in the capital, who, as she explained, "felt sympathy for her." Guillermo attended some university courses in the capital before marrying a Kaqchikel woman, at which time he received gifts of capital from his mother and uncle, which he invested in a set of well-worn industrial sewing machines. His sisters pursued teaching careers, but his brothers also remained in the garment industry. In 2009, one brother operated a set of industrial embroidery machines used to adorn other people's clothing stock with popular brand names, sports insignia, and cartoon characters; the other marketed school uniforms around the highlands. Guillermo's family history traces the rural-urban migration path followed by so many apparel producers in the early decades of the industry, and it highlights the importance of kin in the growth and expansion of the trade. The entanglements of state-sponsored brutalization and economic aspirations that drove these trends continue to shape how apparel manufacturing is organized and regulated at local and regional levels. An enduring ethos of sharing, networking, striving, and overcoming defines the industry in many ways and lies at the core of what it means to be a Maya businessman in Tecpán and throughout the highlands.

THE PEDAGOGICAL IMPERATIVE

The apparel trade in the highlands has expanded in large measure through kinship and apprenticeship connections. A commitment to training others and sharing knowledge, skills, and even material resources between individuals and across generations powerfully shapes the business style of indigenous manufacturers. As with Guillermo's family, people who are already established in the business help younger

men get started, teaching them the necessary skills and providing gifts of capital and loans.³ Kinship patterns in Tecpán are patrilineal, favoring the father's line (Fischer and Hendrickson 2002: 46). A new bride commonly goes to live with her husband and his family. It is customary for the new couple to remain with the husband's family until a proper home has been prepared for them on the family's land; due to this system, the plots get smaller with each successive generation. More commonly in Tecpán's semi-urban center, new rooms are built onto the house to allow space for the expansion of the family. In Guillermo's case, by the time he got married, his mother's house had already been added to and divided up twice in order to accommodate his older brothers' wives and children. Somewhat reluctantly, therefore, he and his mother agreed that he would build a house on land owned by his new wife's family (her parents had no sons to inherit the plot). This arrangement has been particularly difficult for his mother, who longs for him and his children to be under the same roof with her and as attentive as the other family members with whom she shares living space. Nevertheless, Eugenia is proud that the difficult years she spent making and selling clothing in a market dominated by men provided Guillermo and his two brothers with sufficient resources to earn a living.

Passing on not just capital but also the skills needed to earn a living is common across apparel manufacturing families, where sons work alongside their fathers (or mothers, in Guillermo's case) in their youth and are often given machinery and cash when they marry. Such an arrangement is part of a constant, informal flow of gifts and loans among parents and children in Tecpán and is not limited to the apparel trade, also extending into agriculture and other modes of livelihood (Fischer 2001: 174). From an early age, male children are expected to "pay back" the "life-giving generosity" of their parents through household labor, and in adulthood, the children are expected to demonstrate "filial piety in the form of gifts," including money, to their parents (144). This reciprocity may reach beyond blood relatives. If a new bride's family views her husband's work prospects as paltry, her parents or other kin may intervene to provide training and capital to get the couple started. For example, Guillermo recently gifted a rusty knitting machine, some lessons on how to use it, and a market contact to his wife's sister's husband, whose widowed mother had little to offer the young man and his wife.

Mutual aid relationships also extend to employees. Workshops generally employ young men of meager means and little education from the town center or, more often, surrounding hamlets. Employers often teach



FIGURE 8. Teenage workshop employee seated at a serger machine, which is used to finish the edges and seams of knit fabric, Tecpán, 2009. Note that he is wearing a knockoff Abercrombie & Fitch sweater.

what they know about operating and repairing machinery, crafting designs, and marketing to these teenage workers, many of whom eventually leave the workshops to start out on their own, sometimes taking along an old machine and a capital loan. This is again true of Guillermo's case. From my first day of work in his *taller* (workshop), it was clear that Guillermo had a distinctive bond with one employee in particular, Angel.

When the other employees took their bicycles home in the evening, Angel stayed on to dine with Guillermo's family and slept on a palette in the workshop during the week. Nineteen years old, tall and lanky, with sharp features and fashionably gelled hair, Angel had started working for Guillermo three years prior and had since been taken in by the workshop owner and his family as something of a son and brother. The distance between the workshop and Xeabaj, the rural hamlet where Angel's parents and younger siblings resided, only partly explained his stay overs in Tecpán. Guillermo saw something in this young man: a drive, some kind of energy, and a willingness to learn. In the case of some workers, he explained to me in Spanish⁴ during a trip to Guatemala City to sell clothing, "you have to tell them everything they're

supposed to be doing, but Angel finds work to do. If he finishes one thing, then he looks to see what else needs to be done.”

Angel’s dependability and work ethic were not the only reasons for the affinity between the two men. Simply put, Guillermo and Angel got along. They enjoyed joking with each other during the workday and playing soccer on the weekends. And one more thing: “With Angel, I speak mostly K’aqchikel,” Guillermo told me, “but not with the others. They know how to speak it, or at least they understand it, but some of them are embarrassed to speak K’aqchikel. For me, it’s an honor to have learned it, because it’s a language that we all should learn.” Guillermo appreciated and respected the fact that Angel spoke his indigenous language without shame, when others had seemingly internalized discriminatory attitudes that associate speaking K’aqchikel with being backward or uncouth. As I learned from my participation, observation, and interviews, the fact that the apparel trade is organized as an indigenous Maya industry populated by Maya (not *ladino*) business owners and employees mattered for Guillermo and for many other producers. Guillermo interpreted Angel’s style of self-presentation through language as concomitant with his own pride in being K’aqchikel Maya, the kind of pride that has been promoted by indigenous activists for several decades. In this way, the industry is informed by and connected to the social movement that took shape in the 1970s and achieved international attention and a measure of success in the 1980s and ’90s as indigenous Maya community leaders and activists—a significant number of them from Tecpán and nearby towns and hamlets—protested the stated violence and advocated for a set of cultural and political rights based in international law. The shaping of a powerful sense of ethnic solidarity in the midst of that movement and through the ongoing efforts of Maya activists, scholars, and indigenous political parties is part of what the sharing and networking so important to the growth of the industry are all about.

Three years into their working relationship, Angel had learned every part of the garment-production process from his employer. When Angel first arrived, Guillermo told me,

He could knit, but he had no experience in cutting, no experience in packaging, and his first few weeks were difficult. But my mom said to me, “Don’t rush him because you need something and it’s not getting done; have some patience.” And now he has become specialized in this type of work. When he’s not in the workshop, I worry. If there’s cutting that needs to be done, it might not happen if he’s not there. And when I work alongside him, in knit-

ting or sewing or cutting, it used to be that I showed him how to do it, and now he shows me! And this is a lot easier, because he is really specialized, and that's why I miss him if he doesn't come in one day.

Angel's "specialization," the term Guillermo used to describe his employee's skill in the various steps involved in making sweaters and sweat-shirts, not only guaranteed that Guillermo had someone who could manage production when he was on the road making sales in marketing centers in the Western highlands or the capital city but, in Guillermo's estimation, also mattered for Angel's future. Angel had accumulated sufficient knowledge of the garment trade to set up his own workshop if and when the time came. The teenager had a "serious" girlfriend, someone he had been seeing for nearly a year at the time I was working with him, and there was some expectation on the part of Guillermo's family that Angel would soon want to get married, perhaps rent a house in town, and get his own machines to start a workshop business. As noted above, this kin-based, lifecycle-linked trajectory is a pattern of expansion that *tecpanecos* have witnessed since the earliest days of the trade. "A lot of the time, an employee's workshop is bigger than his old boss's," remarked a manufacturer whose children's clothing business had been the launching pad for at least three relatively successful enterprises.

When the state-directed violence of Guatemala's armed conflict subsided in the mid-1980s, the garment trade took off. Employers, their sons and other kinsmen, and their well-trained former employees opened hundreds of small-scale workshops in the later years of that decade and throughout the 1990s. Edward F. Fischer (2001: 218) estimated that, in 2001, there were "between seventy-five and one hundred small sweater factories that employ[ed] between one and twenty workers." Based on my own counts and input from local producers, I estimate that there are now one hundred workshops in Tecpán's semi-urban core and perhaps two hundred more in the *colonias* on the outskirts of town and the hamlets that are part of the municipality. A yarn and thread distributor in Tecpán reported to me that he had around four hundred clients in 2009, although this number included workshops throughout the department of Chimaltenango (there are a few dozen just in the department capital) and some in the nearby departments of El Quiché and Sololá, whose owners travel to Tecpán to buy their inputs. Still, he estimated that about 80 percent of his clients are from Tecpán, putting the number of workshops in the town above three hundred. Tecpán has become as important to the domestic apparel trade as more traditional centers of tailoring

such as San Francisco El Alto and Guatemala City (C.A. Smith 1984; Goldín 2009). Nearly every family in Tecpán has some connection to the apparel trade, and entire families are sometimes employed in the workshops. The growth of apparel manufacturing has also led to the establishment in town of a slew of machinery importers, screen-printing shops, and textile and thread suppliers that deal in natural and synthetic fibers imported mainly from India, Peru, and Mexico.

The model of employee “specialization” that has underwritten the growth of the regional trade in highland Guatemala differs dramatically from the Fordist model of mass production that has defined the globalization of apparel manufacturing since the 1970s. Once-vibrant manufacturing sectors in North America and Western Europe have been outsourced over the last half-century to free trade zones in the so-called developing world, where low wages and lax labor and environmental regulations permit scales of profit accumulation and modes of profiteering and exploitation that union organizing, consumer advocacy, and robust state oversight tend to challenge and constrain in “developed” countries.⁵ Exempt from local and state taxes and tariffs on trade by special economic agreements, these large-scale garment factories that have been set up along the US-Mexico border and in postcolonial settings throughout Latin America, South and Southeast Asia, and, more recently, sub-Saharan Africa produce an incredible volume of clothing for export to consumer markets around the world, and especially in the Global North. While the opening of China’s economy to liberalization in recent decades and the expiration in 2005 of an international trade instrument (the Multi-Fiber Agreement) that imposed restrictions on apparel imports to North America and Europe from China mean that the southern coastal region of China is now home to the largest apparel-export industry in the world, Central America has been an important site of sweatshop labor and export production since the 1980s.

In Guatemala, *maquiladoras* (as garment export factories are known in Latin America) line the Pan-American Highway and are a major part of the contemporary export-driven economy. But to indigenous Maya businessmen involved in small-scale manufacturing in Tecpán, there are striking moral as well as material differences between *maquiladoras* and their own workshops. Attending to the distinctions related to worker training, compensation, and community embeddedness that these producers are inclined to make between their trade and the *maquila* industry also reveals that the kinship and apprenticeship models described above are not just a matter of course for indigenous manufacturers but also

carry the weight of an ethical imperative. Looking at where and how the two trades overlap in everyday practice is also helpful for explaining and situating the use of globally popular brand names by Maya producers within a broad picture of fashion and the fashion industry.

Maquila expansion in Guatemala, fueled mainly by US and South Korean capital, was rapid once the violence of the internal armed conflict subsided in mid-1980s (Petersen 1992). The number of export factories nearly doubled between 1992 and 1996. By the mid-1990s, 130,000 Guatemalans were employed in almost five hundred textile and garment factories, and 99 percent of the products they manufactured were exported to the United States (Traub-Werner and Cravey 2002). By 2005, Mexican and Central American *maquiladoras* supplied nearly 20 percent of all apparel sold in US stores (Abernathy et al. 2005). Yet this “flexible” industry has always been volatile. In the late 1990s, nearly one hundred *maquiladoras* closed and moved elsewhere in search of lower wage rates and more favorable regulatory climates (Goldín 2001), even as other factories were opening. Closures have accelerated in recent years, leaving only around 30,000 Guatemalans employed in the garment-export industry (Muñoz 2012). Factory closings are often sudden, and stories abound of employees showing up to work and finding the factory locked up, leaving them with no way to collect their final paychecks.

Maquiladoras make clothing for North Americans and Europeans. In theory, they do not compete with the Maya-owned *talleres* that supply Central American markets with less-expensive clothing. The small-scale workshops are connected to *maquiladoras*, however, via complex material networks. Rolls of cloth with minor imperfections, the rejects of the *maquila* industry’s tight quality control systems, sell cheaply in highland markets and retail stores in Guatemala City and constitute an important source of inputs for some Maya manufacturers. And since *maquiladoras* contract directly with foreign brand owners or their licensed subsidiaries or are subcontracted by production-sourcing firms or other authorized intermediaries, they often have stockpiles of tags and labels printed with the official, trademarked logos of popular, multinational clothing companies. These are sometimes smuggled out of *maquiladoras* by employees and end up in Maya-owned workshops, where they are incorporated into garments that are sold to Guatemalan consumers. Economists and law and business scholars refer to these movements of materials between authorized manufacturing and distribution sectors, such as the *maquila* industry, and informal economic sectors, such as the highland apparel trade, as the “grey market.” Grey markets in materials are common

throughout the globalized apparel industry (Hiebert 1994). The term captures the sense that, from corporate and legal perspectives, although the materials are “real” and “authentic,” the local markets where they end up are unauthorized and illegal (Mackintosh and Graham 1986; Phau et al. 2001; Huang et al. 2008). While Maya manufacturers sometimes benefit from the low-cost rolls of material and the branded tags and labels that flow out of *maquiladoras*, other aspects of the grey market trade challenge the competitiveness of the domestic industry. *Maquiladoras* often dump imperfect, finished garments and overruns into local markets, even though production contracts and state law generally prohibit this practice and demand that overruns and imperfect garment be disposed of in other ways. *Maquiladoras* thus undercut the highland trade by illegally flooding the marketplace with name-brand clothing made with high-quality materials that often sells at lower prices than the knockoffs and other fashions made by Maya workshop owners.

But these material connections and networks, although salient to the production and marketing decisions that Maya producers make, are not necessarily the most important relationships between the *maquila* industry and the highland garment trade that small-scale manufacturers cited in interviews and casual conversations. After an hour spent observing and chatting with the young men intensively engaged at the dozen sewing machines that made up his workshop, I walked with Roberto Tecun through the dusty courtyard of his home toward the kitchen door. Roberto and one of his brothers have done considerably well in the apparel trade due in large measure to a well-timed capital investment made possible by the sale of ancestral farmland (an option not commonly available to often-landless workshop owners). Their surname, which is associated with modestly priced children’s clothing and fashionable, screen-printed t-shirts, is now well known around town and across highland markets.

Pulling a chair up to the table, where his wife had arranged an assortment of pastries for Roberto and me, I inquired if any of his employees had worked in the *maquila* sector before coming to work for him. “Well, no. The problem with the *maquilas*,” he replied between sips of watery instant coffee, “is that they don’t pay what they should. They exploit people, and when they decide to leave town, they go without paying their debts [to employees].” He continued, “The other problem is that they don’t teach you very much.” At this point, he began to draw a sharp contrast between *maquiladoras* and Tecpán’s *talleres*, concentrating on a pedagogical imperative evident among workshop owners—

namely, that they impart knowledge and skills to the young men they employ that go beyond task-oriented training:

In the *talleres*, you have to learn how to finish a whole piece—a shirt, for example. You learn to attach the collar, the sleeve, the cuffs, bodice, buttons—everything that makes up a shirt. So, this person [trained in a workshop] could find work anywhere. But in the *maquilas*, the *muchachos* [boys] don't know how to work. He might be able to run one kind of machine, but *real* work is making a whole garment.

Roberto then recounted how he had just finished training a seventeen-year-old young man from one of the hamlets outside of town, who rode his bike to the workshop and then home after each ten-hour workday. As he told the story, Roberto fell into a steady rhythm of contrastive terms, emphasizing differences between the two types of garment manufacturing but also spatializing those differences in a way that drew attention to the fact that he himself belonged to a production community identified as indigenous and proximate:

Here, a person learns how to work. And my way of thinking is this: if a young man works with me and learns how to work, that's good. He doesn't have to work with me all his life, maybe two years. He does the work, and he leaves. Because then I've helped in his education; he has the tools he needs, the knowledge, and no one can take that away from him. But in a *maquila*, he could stay five years working, and [learn] nothing. Here, it's a question of putting together a bit of money and setting up his own workshop, and then he starts working on his own. He can take care of a family that way. There, in the *maquila*, if he made money, took care of his family, maybe even bought a few things . . . but when the *maquila* cuts him loose, what does he know how to do?

Moving back and forth between “here” and “there,” Roberto outlined important boundaries of social membership. Far from simply referencing the spatial coordinates of our position at the kitchen table, he marshaled a spatial metaphor that situated him comfortably within a particular kind of moral and geographical community, a thriving industry built on forms of sharing and networks of association, with a definite socio-moral meaning and ethical seriousness that is lacking on the assembly lines in the big factories.

Roberto was simultaneously reporting on the practical differences between the *maquila* industry and his own and participating in a genre of talk about community-centered “development” (Thomas 2012) that I discuss in more detail in the next chapter. He was also outlining shared parameters of gendered, moral personhood. As Richard Eldridge (1989)

has explained, the fact and experience of moral personhood revolves around one's ability to make sense of one's actions in light of held principles and to render oneself capable of self-responsibility and of "incarnating" values (78; see also Frimer and Walker 2008). Anthropologists have used the concept of moral personhood to describe the particular ways in which responsibility and ethical decision-making figure into what it means to be a person and part of a given community (Jaffe 2009). I find that Maya clothing manufacturers discursively posit multinational corporations as foils against which their moral personhood appears unblemished, allowing them to craft a story about a sense of community and a trajectory of collective upward mobility through reference to shared values and imparted practices and to establish a sense of a proximate and responsible self in contrast to multinational corporations. For Roberto, learning a trade, teaching others, taking care of family, consuming, and knowing "how to work" all defined what it meant for him to be an effective head-of-household, an ethical employer, and, simply put, a good man.

As our conversation continued, my curiosity about how Roberto imagined the *maquila* industry and why he thought its approach to employee training was so different grew. When I asked him about it, I could tell from his quick response that he had given the topic some thought. Young men and women trained in *maquiladoras* sometimes came by his home seeking employment in his workshop, but he had been reluctant to offer them work because of their specialization in only one particular task. He explained to me,

This [type of training] works to the benefit of the owner of the *maquila*, and this is what you have to think about: that it's better for the owner if the worker doesn't know everything, because in a little while, that worker is going to open his own workshop, going to need his *own* employees, and he's going to call on those that are in the *maquila*. This is why the Koreans and the Chinese don't teach everything, and this is why I don't fault the *maquilas*, even though I'm not in agreement with them.

While Roberto did consider *maquiladoras* to be a "problem," it was not because they might take workers from the highland apparel trade (a concern that other producers in Tecpán communicated to me). Furthermore, he did not criticize the *maquila* system on the same grounds as international social movements, which draw attention to the routine violation of workers' rights to fair compensation, reasonable hours, and job stability within the sweatshop industry. Rather, Roberto found fault with *maquiladoras* for not contributing to the process of development that interested

him (and other Maya manufacturers), one that is premised on training and supporting young men in ways that move them from workers to owners and employers in keeping with the growing needs and responsibilities presumed to come with getting older and getting married.

However, Roberto did not fault *maquila* owners in the same way that he might fault a fellow Maya producer if that person instituted a similar system of limited training and support. It seems to me that, for Roberto, export factories exist as part of a different social sphere, or even a distinct moral world (Kleinman 1999).⁶ He believed that the Koreans and the Chinese (he insisted on this national and perhaps also geopolitical, ethnic, or cultural difference, emphasizing several times as we talked that he was certain most of the *maquila* owners were Korean) were concerned with protecting their market position and ensuring a surplus labor pool. While these are business basics in neoclassical economics, they do not mesh with the kind of moral personhood and the spatialized sense of corporate community (Wolf 1957) and mode of development that preoccupied Roberto and his neighbors. The pedagogical imperative manifest in the practices of Maya manufacturers and highlighted in their talk about the industry's success and value formed part of their shared expectations for how neighbors would conduct business and thus shaped how business got done. It is one part of the plural regulatory context in which apparel production happens in highland Guatemala.

DISCLOSURE

The apparel trade in Guatemala is nothing more and nothing less than a set of stylized interactions among workshops owners, employees, wholesalers, retailers, consumers, extortionists, government agents; the kinship structures and debt relations that build up among and around individuals from these groups; the technologies that make their way to the highlands; and the technical routines and material qualities of production and marketing. As decades of research in economic anthropology and sociology have demonstrated, social and material relations are just as important to market systems as dynamics of supply and demand, if not more so.⁷ Moral imperatives related to kinship, community, and a particular kind of development have helped structure Tecpán's apparel trade in ways that might escape neoclassical economic analysis. Moreover, regulatory mechanisms related to senses of morality and personhood have been meaningful at a time when the market for low-cost garments has been largely and effectively unregulated by state authorities.

State tax agents sometimes visit large towns in the highlands to look for unregistered businesses, levy fines, and demand back taxes, but these officials seem to be fighting a losing battle. Partly because of the investigative practices of these agents and partly in spite of them, most garment workshops did not display business signs on their doors at the time of my fieldwork. Marketing activity was limited to face-to-face interactions in municipal markets and the wholesale districts of the capital city. My 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 families, they generously introduced me to kin and neighbors who operated workshops. After several months of fieldwork, I attempted to expand my network with the aid of two research assistants from Tecpán. We spent countless hours walking through the streets of town. Treading slowly, we went block by block, listening for the hum of knitting and sewing machines, obscured by music blaring from radios, through the concrete walls. When we located what seemed to be a workshop, I would knock at the door.

The Guatemalan government—especially the department-level offices that administer and enforce tax policy in the highlands—does not have the resources to carry out this kind of careful, time-consuming investigation. If the owner happened to know my research assistants or their families, my knock was met with a friendly invitation to see the workshop. More often, however, my inquiries were rebuffed with a suspicious look and a mumbled question about my possible affiliation with either the SAT (Superintendencia de Administración Tributaria, the state tax administration) or Nike (a frequently copied brand name). My *gringa* appearance led to questions about whether or not I worked for a North American apparel or footwear company. Such questions were generally followed by repeated denials that any business was operating inside the home (cf. Crăciun 2013).

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. First-generation workshop owners who began to make clothes in the 1960s and early '70s recounted in conversations with me that they had registered their businesses with the state as a matter of course as their workshops grew from family operations to employers of up to forty young workers. The trade has thus undergone what some social scientists call a process of “informalization” (Portes et al. 1989; Meagher 1995). When asked about their personal biographies and the history of the apparel trade,

workshop owners and others I talked with in Tecpán indicated that what began as a market sector more or less subject to state authority now operates overwhelmingly out of sight of state officials. But to say that the apparel trade has become less formal over time risks obscuring the relatively definite “form” that the sector has taken around the defining tension between sharing and concealment.⁸ Calling the trade “informal” also ignores the significance state institutions have had in shaping the everyday practices of apparel producers (as discussed below), however hidden these businesses might be from state agents.⁹

The classic social science explanations of informalization link the phenomenon to macroeconomic processes. For example, Manuel Castells and Alejandro Portes (1989) have proposed that the expansion of the informal economy in many world regions in recent decades—following a long period of state regulatory control over industrial sectors—is a symptom of advanced capitalism (see also Fernandez-Kelly and Garcia 1989; Benería 1989; Meagher 1995; F. Wilson 1993). Informalization, they contend, is largely an effect of the reorganization of global capital that has taken place as the capitalist elite has strategically attempted to undercut labor power in formal sectors. When unionization rates increase, for example, industries shift to informal work arrangements, with people laboring out of their homes and from other unregulated sites, and, in this way, avoid state labor laws and union contracts that cut into corporate profits.

However, that explanation does not describe the particular history of Guatemala’s apparel trade. The formalized relationships that apparel producers had to state agencies in an earlier era were never an inevitable feature of Central American industrialization. Nor were those relationships the result of a strong or efficient state bureaucracy that supported formal employment as part of a national development strategy, even though informalization in the country has coincided since the late 1980s with a neoliberal program of devolving regulatory authority to local and regional government officials who are often without the necessary funding to carry out their mandates. Rather, as I detail below, the fact that apparel producers formally participated in the market had to do with the aggressiveness of authoritarianism and the technologies of surveillance employed by a dictatorial, militarized state during an internal armed conflict.

The concept of informality is itself problematic, and the sense of dissatisfaction with the term that I share with other anthropologists and social scientists reflects both the broadness and fuzziness of the term. Lisa Peattie (1987) argues that the concept says more about the difficulties

economists and governments have faced in trying to quantify and capture the value created through smaller-scale, less privileged, sometimes more “casual” and less successfully surveilled forms of work than it says about the organization of economic practice in a given setting. Indeed, Keith Hart’s (1973) original use of the term was, at least in part, a response to the inadequacy of concepts in economics to account for the “complex” income and expenditure patterns that he observed in his fieldwork among poor residents of Accra, Ghana. He understood the informal sector to comprise all forms of self-employment in urban Ghana, from petty capitalism to petty theft, which he interpreted as ways people made do in a city beset with rampant poverty and inequality. Initially a critique, then, of economists’ focus on the problem of “unemployment” at the expense of richer conversations about marginalization, urbanization, and the uneven distribution of resources in the Third World, the concept was soon picked up by development economists and international institutions, especially the International Labor Organization (1972), to describe a sector that was understood to be outside of the “real” or “regular” economy and considered to be a barrier to economic growth and modernization.

A short time later, as Julia Elyachar (2005) highlights in her historical and ethnographic study of squatter settlements and small businesses in Cairo, the “informal economy” took center stage in national and international economic growth and development strategies, fueled by Hernando de Soto’s (1989) popular argument that the entrepreneurial potential of the poor would be unleashed if government regulations were swept out of the way and land titles and business licenses were distributed freely to squatters and the self-employed. In the 1980s and ’90s, Elyachar (2005: 74) wrote, “[international organizations] supervising the state’s retreat from the economy realized that the practices through which the poor in Egypt had always managed to survive were a good thing, and could become the basis of a ‘safety net’ for those who might fall through the holes made by [structural adjustment programs].”¹⁰ International institutions thus had a vested interest in promoting and developing the “informal sector,” a project states could be recruited to help with via a simple change in vocabulary. Whereas the language of “informality” called attention to the state’s failures to fully regulate its national economy, the language of “microenterprise” that came to replace it in development discourse played on state sympathies for business promotion. Rather than focusing on the extra-legality of the poor, the term “stresses individuals and their entrepreneurial qualities” (82). In Guatemala, support for microenterprise and entrepreneurship has

come through a series of initiatives, programs, and foundations established by the World Bank, the United States Agency for International Development, and the Inter-American Development Bank.¹¹ A host of private, nongovernmental microloan agencies also operate throughout the country, offering credit and business training programs alongside monitoring, evaluation, and reporting procedures (see chapter 4).

Even though microenterprise and small business ownership are promoted in Guatemala as keys to economic development, “informality” continues to be targeted by government officials and international institutions as a source of inefficiency, illegality, and noncompliance. Reform programs directed by the national government and supported by the same development institutions and agencies referenced above focus on regularizing and formalizing relationships between the state and the private sector, increasing tax revenue from small businesses, and shutting down illegal piracy and counterfeit markets. The story of the highland apparel trade is not a simple tale of “informalization,” but the neoliberal turn to the promotion of microenterprise does not fully describe the situation that Maya apparel manufacturers face either. Rather, the history of the industry winds through an authoritarian past and a present in which the business style of Maya “entrepreneurs” continues to be targeted and evaluated by states and international institutions as “not quite” right (Bhabha 1984: 126), and sometimes even as utterly antithetical to national progress and global economic development.

In spite of the difficulties and costs that applying for a business license and paying taxes entailed (compounded by limited access to formal education and a low degree of literacy among many manufacturers), it was important, older producers told me in interviews, that each manufacturer operating an apparel workshop in the 1960s and '70s had papers with him during the weekly trips made up and down the Pan-American Highway to visit clients in various market towns. Police frequently intercepted indigenous businessmen with their bundles of garments packed into sedans or minibuses or loaded on the top of passenger buses to ask for a set of documents that included 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 have harassed folks who did not have their papers “in order.”

In at least 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 *guerrilla* supporter, these

papers were an answer to the deadly demands of the counterinsurgency apparatus. After learning that the then president Efraín Ríos Montt had offered amnesty to *guerrilleros* and their supporters,¹² he sought to redeem himself in the eyes of the army so that it would be possible for him to rejoin his family members who were living in Tecpán. He recalled,

When Ríos 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,” he responded, “to show that I was not a *guerrillero*. To say, ‘Look, I am a workingman. I spend my time working.’” The papers, plus a hundred-quetzal note to grease the commissioner’s palm, were sufficient, in this instance, to get Carlos’s name erased from the list.

Apart from the security and mobility that papers could provide apparel producers, registering with the state was also part of an 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 and selling them 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 to the capital city and sell his wares. By the early 1970s, Elías’s 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. So he built a concrete-block house in Tecpán with a two-room workshop attached to it and rented out a retail location next door. His family settled into their new home, and Elías named the factory and retail shop after his newborn daughter, Carmen. He hung a sign and applied for a business license with the help of a local accountant. Elías quickly became known around town for the quality and stylish colors of the sweaters, hats, and baby clothes he made and sold.

Maya manufacturers who set up their operations in Tecpán around this time tended to give their businesses names (which also served as

brands for their clothing lines), to pay regular taxes to state and local governments, and to secure business licenses. Some of these businesses remain today, and their brand names are well known and generally respected across the highlands among wholesalers, retailers, and, in particular, older consumers.

I asked many active garment producers why older manufacturers had incorporated their businesses and traded under unique brand names while the current generation generally avoids these modes of disclosure and publicity. 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 replied to similar questions by mentioning the importance of papers relative to interactions with police and military. 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 at the time, made it impossible to hide their activities. Fewer than forty clothing workshops were operating in Tecpán’s semi-urban core in the early 1980s (Cadenas 1981). Furthermore, 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 over doorways and tags displaying family names sewn into sweater collars 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, having a formal relationship to the state was a prerequisite for doing business with retail shops and also with many wholesalers in Guatemala City and larger highland towns. These buyers demanded numbered receipts for all transactions—the kind of receipts or invoices (*facturas*) that list the manufacturer’s name, contact information, and tax identification number. This continues to be an important impetus for larger producers in Tecpán to maintain registration. As one manufacturer 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 a thousand shirts, let’s say, if I can deliver that with a *factura*, then I can get the contract.” Working with government agencies, formal retailers, Guatemala City wholesalers, and nongovernmental organizations on a contract basis makes it easier for larger

workshops to maintain regular cash flow and plan capital investments because these clients generally pay on delivery or within thirty to sixty days. Workshop owners who do business with regional wholesalers and market vendors that operate outside the purview of state authorities must consign goods to their buyers on credit. These wholesalers and market vendors may not pay their consignment debts on time, and sometimes they do not pay at all. There is little recourse for manufacturers when this happens, and some workshops go under when debtors fail to pay (Thomas 2009).

Therefore, according to this research, disclosure of one's business to the state emerges as a historically strategic marketing and financial decision, a defensive tactic to avoid harassment (or worse), and an important mode of publicity. In the face of so much evasion of state authority in the contemporary marketplace, older producers often explain and perhaps justify disclosure as an inevitable part of doing business—a teleology that, to their minds, 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, when their time comes, begin to pay.” The implication here is that each business begins small but eventually prospers to an extent that paying taxes becomes possible or inevitable; when the workshop owner has the means to pay taxes, he moves ahead with registration and properly reports his business activities to state authorities. In the historical context of the 1960s and '70s, 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 does not accurately reflect contemporary market conditions and state-citizen relations.

CONCEALMENT

As J. T. Way (2012: 7) writes, the informal economy in contemporary Guatemala “would be more appropriately called *the economy* itself.” In 2009, out of the hundreds of workshops that were active in and around Tecpán, no more than a few dozen operated with business licenses and factory names or utilized accounting practices in line with state requirements (on these accounting practices, see chapter 4). The ones that did

have formal regulatory relationships with the state were generally the second or third generation instantiations of that first wave of workshops that opened in the 1960s—businesses that needed to continue as formal enterprises because the state already had them on its rolls. These were typically the largest and best-known operations in town as well, such that history, size, and reputation combined to structure how a given workshop interfaced with the market and the Guatemalan government.

In recent years, concealment has emerged as a value and a normative framework that shapes the apparel marketplace in highland Guatemala and forms part of the regulatory context in which production happens. In the next chapter, I discuss the ways that norms about egalitarianism and ethnic solidarity encourage people to keep their business success a secret. These norms have been described in Maya communities for a long time, but they have come to matter differently as the “regional class system” (C.A. Smith 1984: 194) has undergone rapid change due to the sheer number of indigenous men involved in capitalist enterprise in towns such as Tecpán. In this section, I attend to structural conditions such as population growth and increased competition within the apparel marketplace that encourage concealment from state agents and other regulatory authorities. Castells and Portes (1989) contend that informalization takes place in relation to structural dynamics and a changing capitalist landscape, but their focus on the tension between labor and capital and rational choice logics of profit maximization does little in the way of explaining the specific conditions that have led apparel producers to avoid and evade state bureaucratic surveillance. The relationships to the state and ways of doing business that are evident in the highland apparel trade have been shaped more powerfully by racialized patterns of discrimination that limit educational and employment options for indigenous people than by a generalized structural contradiction between increasing labor power and the profit motivations of capital. Even the conditions of increasing competition that I describe here demand a culturally sensitive and historically particular analysis of business practice in order to be understood. As anthropologists have shown, competition is not a uniform experience or condition across cultural settings, but rather a set of social relations defined by senses of community and belonging and interpreted in light of values, norms, and expectations that take shape over time and in relation to diverse modes of rationality and cultural logics.¹³ What is more, the relationship of indigenous business owners to state agents and to the idea of “the state” cannot be understood without taking into account the decades of military violence that these men and their families have endured.

Secrecy and informality are questions of degree rather than kind. Even among apparel workshops registered with the state, it is common for some aspects of the production and marketing processes to be out of sync with state law and out of sight of state agents. During my fieldwork, I observed that labor practices were not generally in compliance with state guidelines having to do with work hours, vacation days, or employer contributions to social security. Most workshops also relied to some extent on household labor—even if they employed a dozen or more waged workers from outside the household—and so could be classified as “informal” in that sense as well (see Hart 1973). As I detail in chapter 4, workshop owners were selective about when they issued receipts and when they did not and about which earnings they reported to the tax administration and which they kept off the books.

There are practical reasons for owners to hide their workshops and not to comply with state mandates. In Tecpán, population growth has led to increased business in the areas of construction and commerce and to an expanding municipal market, but it has also meant that there are a large number of people concentrated in a few economic sectors—one of these being apparel production. The growth of the trade since the late 1980s—which has been premised on limited employment and education options for young indigenous men, low market-entry barriers, and the model of kinship and apprenticeship outlined above—means that apparel manufacturers today can take advantage of expansive production and marketing networks. At the same time, the rate at which new workshops are opening has contributed to difficult feelings of competition among neighbors, and the crowded marketplace makes it hard for most people to grow their businesses beyond an average size of two to ten employees. Most businesses never achieve production scales sufficient to attract state surveillance, so concealment comes easily. As a small-time producer whose workshop occupies a corner of his home expounded, “The SAT doesn’t bother small workshops. It doesn’t even know about them.” There are also distinctive strategies for ensuring that one’s workshop does not draw attention. In order to conceal business activities from the state, workshop owners encourage their employees to park their bicycles inside the home-workshop’s courtyard rather than out in the street, for example. And the loud music blaring from old radios inside nearly every workshop serves to both distract the workers from their tedious tasks and camouflage the noise of the sewing and knitting machines, which helps keep unsuspecting government employees away.

Competition at an international level—the consequence of free trade initiatives that have prioritized foreign investment in *maquila* production over domestic industrialization and allowed the influx of low-cost imports—also motivates against the disclosures that accompany formal market participation. When I asked active producers why they did or did not use a company name to publicize their workshop, they did not talk about branding in terms of marketing strategy, even though the older, formalized workshops built up their reputations for quality and stylishness 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 business. “After a long time, everyone knew the name and paid more for your products,” he conceded. “But most people don’t put their name on the products now because [registering a business or brand name is] expensive, and no one knows the name anyway. The *consumidor final* [end user] does not care if something says, ‘Made in Tecpán.’” This producer sensed that the proliferation and popularity of global brand names in the Guatemalan marketplace had made it difficult for local brands to yield any market advantage for the producer, in spite of the fact that “Made in Guatemala” and authentic indigenous identifiers might be important aspects of branding traditional woven goods for tourist markets and international consumer publics (Nash 1993; Little 2004). In this way, the globalization of the apparel industry has had the effect of inhibiting impulses to conduct business in “formal” ways and has motivated producers in places like Tecpán to perceive more value in globally recognized brands than in local labels. These are crucial factors, as I continue to describe in later chapters, for understanding why and how piracy happens.

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 the use of globally popular brands. The grey market trade with *maquiladoras* has facilitated the use of tags and labels by domestic producers at the same time that these foreign-owned sweatshops dump imperfect (but branded) garments on the national marketplace, increasing the visibility of popular brands in highland markets and city streets. The flow of secondhand clothing into Guatemala also significantly impacts the regional apparel trade, bringing authentic, branded goods to market at prices that are affordable for a wide swath of the indigenous population.

The worldwide trade in second-hand clothing has grown exponentially over the last four decades. Between 1980 and 2001, global revenue from

the sale of secondhand clothes increased from US\$207 million to nearly US\$1.5 billion. The United States is the world's largest exporter of used clothing, and it is the largest exporter of these products to Guatemala. Between 1990 and 1997, worldwide exports from the United States more than doubled, from US\$174 million to US\$309 million (Hansen 2004). In 1997, Guatemala ranked tenth in the world in the amount spent in the used clothing trade (US\$1.5 million) and fifth in the world in metric tons of clothes imported (Ehlers 2000). Countries such as India, Indonesia, and the Philippines have banned the importation of used garments because of what are viewed as adverse effects the trade has on domestic textile and apparel industries (Hansen 2004). In interviews, garment producers in Tecpán often lamented the low price and availability of used clothes in the highlands. Tracy Ehlers (2000), writing about domestic apparel production in another highland town, documented that the influx of *paca*, as second-hand clothing is called because of the thousand-pound bales (*pacas*, in Spanish) in which it arrives to Guatemala City importers, has put many garment workshop owners out of business. It has also contributed to a decline in the number of indigenous women wearing traditional *huipiles* and *cortes*. Whereas a handwoven *huipil* costs anywhere from several hundred to several thousand quetzales (up to a few hundred US dollars), and a sweater made in either San Pedro Sacatepéquez (where Ehlers carried out her research) or Tecpán runs from 40 to 150 quetzales (approximately US\$5 to US\$20), it is easy to find a secondhand blouse or sweater for 5 or 10 quetzales (US\$0.75 or US\$1.50). In addition to the used-clothing retail stores, with names such as Megapaca, in Guatemala City and other urban areas, vendors and shopkeepers throughout the highlands buy bundles of *paca* from capital city distributors to break open on market days. Brand-name jackets, sweatshirts, sweaters, jeans, and shirts that are in good condition are sorted by size or style and displayed on racks in shops and on sidewalks. Lower-quality *paca*, including socks, ragged t-shirts, and worn-out pants or shirts are piled on tarps in the middle of the street and often sold for a single quetzal apiece. Not only must Maya producers compete with *paca* pricing, but they must also compete in terms of the perceived stylishness of brand-name garments, albeit used ones.

The importation of new clothing also shapes the brand landscape in Guatemala and makes informality and illegality a sensible business strategy. Imported clothing threatens the viability of small-scale domestic manufacturing. Mexico and China are Guatemala's two largest trading partners after the United States and the Central American Common Market countries. Mexico supplies approximately 11 percent of Guatemala's

imports, and China supplies more than 7 percent. While clothing has been entering Guatemala from Mexico for a long time, Maya workshop owners reported to me that the quantity and quality of clothing being imported from other countries began to impinge on their own businesses in the late 1980s. Free trade agreements signed with Mexico in 2000 and Taiwan in 1997 and 2005 ensure that textiles and apparel continue to be significant imports to Guatemala from these regions. Between 2000 and 2014, imports to Guatemala from China increased by more than 1500 percent, with upwards of US\$1.8 billion worth of products arriving in 2014 alone, including US\$430 million in textiles, apparel, and footwear (Observatory of Economic Complexity 2016). Markets, city streets, and retail shops throughout the highlands are full of Mexican sweaters and East Asian casual clothing, some of it from brands that are not marketed globally (such as Victoria from Mexico, Vanessa from Korea, and Gardenr from Taiwan), and some of it with unauthorized reproductions of brands such as Levi's, Diesel, and Nike. Chinese and Korean immigrants are also active in the wholesale garment markets in Guatemala City, where they deal primarily in imported goods. Arab immigrants from various countries operate wholesale clothing businesses in the capital as well and often trade in East Asian imports brought to Guatemala from the free trade zone in Colón, Panama. *Tecpanecos* told me that imported garments are of variable quality and price, but many agreed that Chinese and Taiwanese imports, for example, are constructed of better-quality material than what is available in Guatemala yet sell for lower prices than domestic goods. Mexican sweaters, which have been very popular among Maya women, who match them by color and style with their *huipiles* and *cortes*, are generally more expensive than locally made sweaters and are commonly said by both producers and consumers to be more stylish, especially the plush acrylic designs that are valued both for their softness and warmth and for the brilliance of the yarn colors. Tecpán's manufacturers work with some Mexican yarns, but they complained that they do not have access to the same range of inputs as their Mexican counterparts. Even so, they often tried to replicate the look and feel of the Mexican designs. Replicating these imported garments, a process I describe further in chapter 3, often involves copying a logo or brand name.

More frequent encounters with brands have been coupled with the greater availability of branding technologies. Used screen-printing and embroidery machines became affordable in Guatemala in the 1990s, a result of North American and European textile and apparel manufacturing sectors closing their doors at the same time as free trade agreements

opened Guatemala's borders to European and US technology imports. In this context of *maquiladora* overruns, imported knockoffs, 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. And businesses that copy popular brand names have no interest in having a relationship with a state that has recently criminalized this practice. The ubiquity of branded garments in the Guatemalan marketplace, then, motivates activities now labeled "piracy" and contributes to a context in which concealment has become a mode of regulation and part of a regionalized regime of economic value, aesthetic styles, and practices of business building and marketing.

"THE STATE" AND OTHER TROUBLES

The majority of highland clothing producers I spent time with talked about state law and tax codes as unnecessary burdens that were to be avoided. More localized styles of reasoning about justice, rights, and business ethics held sway, but state laws and regulations were not matters of great concern. The government seemed distant to most manufacturers, but when it got close, it appeared threatening. Police patrols on the Pan-American Highway continue to stop workshop owners and inspect their goods, and many producers reported that the police attempted to extort bribes from them regardless of whether they had their papers in order, which is consistent with research on postwar policing (Glebbeck 2009). In discussions about law and crime, producers repeatedly commented to me that their primary concern was not with their own possible legal transgressions but rather with the state's failure to address the country's rising violent crime rates and rampant impunity for violent crime. In other words, they politicized the meaning and reach of the state and the visibility of what seemed to them to be a dire situation of dysfunction and disorder.

A producer who operated a registered workshop helped me understand how contemporary crime and violence motivated some workshop owners to conceal their activities. Many business owners around the highlands have received extortion threats related to their businesses in recent years. This particular workshop owner relayed to me that gang members look for signs of prosperity or business activities and then call up the proprietor to levy threats against his family members (whom the caller claims to have been following for some time). These threats and

perpetual payments of *impuestos* (taxes) to extortionists have come to constitute a form of nonstate regulation and redistribution within the apparel trade and across the country. The Guatemalan judiciary, plagued by police corruption, citizen mistrust, and overcrowded prisons, has been unable to respond effectively to the problem. In Guatemala City and in large towns such as Tecpán, extortion has become part of everyday life for bus drivers and business owners and 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 to expose their families to potential harm.¹⁴

Several apparel producers I spoke to about extortion compared these threats to contemporary police bribes and the road blocks set up along the Pan-American Highway during the armed conflict, where soldiers demanded money or valuables in exchange for passage. Jean and John L. Comaroff (2006: 5) have interpreted the proliferation of illegal activities carried out by state and nonstate actors in South Africa as a symptom of the “troubled dialectic . . . of law and dis/order” in the postcolony, meaning that liberal politics and the rule of law too often prop up and justify exploitative economic systems that perpetuate the marginalization of formerly colonized populations. People who are excluded from systems of accumulation within neoliberal capitalism, as the Comaroffs explain, do not always or even usually rebel or resist legal and market logics; rather, they often create “parallel modes of production and profiteering, sometimes even of governance and taxation, thereby establishing a simulacra of social order” (9). In Guatemala, 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 has a relationship to the state that has been characterized over time by equal parts of authoritarianism and abandonment (O’Neill 2011). Gang membership and extortion rackets cannot be understood without taking into account the structural and societal conditions that perpetuate a situation of deep economic insecurity and precarity throughout the country (Benson et al. 2008; O’Neill and Thomas 2011).

Some Maya workshop owners pay *impuestos* more faithfully to gang members than to state agencies, a fact that some have resigned themselves to and others justify in terms of the corruption of government officials and institutions. “A million quetzales in the pockets of some official are gone in under a year, spent on failed projects and luxuries,” said one manufacturer. “A hundred quetzales in the pockets of an entrepreneur,”

he continued, “it multiplies. The official who steals is really the guilty one.” Rachel Sieder (2003: 141) has made 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 contextualize the fact that the current situation of physical and social insecurity in Guatemala does not compel people to seek out the state and the legal protections it might offer. One might 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 of workshop owners, which sought to comply with bureaucratic and authoritarian demands for documentation in order to preserve their lives and livelihoods. To the current generation, however, even those who are registered with state agencies, a recent history of direct state violence and contemporary conditions of impunity and widespread corruption make the idea that the nation-state wields legitimate authority and administers the law according to a set of rationalized premises seem rather peculiar and even menacing.

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, ethics, citizenship, and the state in Guatemala. The fact that highland apparel entrepreneurs have come to 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 limited kinds of economic opportunity available to so many residents and the violence of the country’s internal armed conflict—a war in which people “both acted on and acted with . . . weapons of concealment, secrecy, and masquerade” (D. Nelson 2009: xxii)—have generated both citizen mistrust of the state and practical indifference to the state’s regulatory functions. In the midst of these conditions, informality and illegality have become effective business strategies.

On its website, the state tax administration represents tax evasion as a problem of education, efficiency, and communication (Superintendencia de Administración Tributaria 2013). The Facebook page devoted to the administration’s *Cultura Tributaria* (Tax-Paying Culture) initiative reads:

Since 2005, the Superintendencia de Administración Tributaria has developed an integrated program for the development of a tax-paying culture, a program intended to inform, educate, and raise awareness among Guatemalans about taxes, but, especially, about the values that underwrite conscientious compliance with one's tax-related obligations. (Superintendencia de Administración Tributaria 2014a)

The characterization of this program and of the tax administration's mission more generally in terms of the targeting and transformation of a culture of noncompliance misses the point of entrepreneurial concealment. As Georg 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 has undermined 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). Educational campaigns about paying taxes and other public relations efforts aimed at concealing that which "presents itself so suddenly and unavoidably" about state governance in Guatemala (i.e., a history of violence and terror and compounded conditions of inequality and insecurity) fail to address the structural conditions and dilemmas that lead apparel producers into informality in the first place.¹⁵

It is in the face of so much historical and practical knowledge about the state (in the context of systems and structures that continue to marginalize Guatemala's indigenous population) and in relation to forms of community and morality that matter more dearly than national forms of citizenship that highland apparel producers have strategically concealed their businesses and earnings from formal authorities. As intensifying 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 has come to not only make sense but also take on an air of decency and discretion, with gauche displays of economic success judged, at times, as evidence of improper if not occult dealings, a theme I explore in the next chapter. The dynamics of concealment evident in the apparel trade thus trace both a history of violence and the practical reshaping of regulatory power and business style in the postwar period.