

INTERNATIONAL INSTITUTIONS AND THE CHIXOY DAM PROJECT ERASING PEOPLE IN PLACE¹

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ABSTRACT

In early 1980, a campaign of terror began against the Maya Achi living in the community of Rio Negro. The campaign coincided with construction of the dam across the Rio Chixoy. The project was deeply flawed on many counts, and a connection between the project, the Guatemalan National Electrification Institute (INDE), and acts of terror has been firmly established. Project documents do not suggest that international financial institutions, consultants, and contractors played a direct role in the terror, but they do reveal a multidimensional ignorance (that seemed at times willful) about the meaning of place for Maya culture and economy on the one hand, the civil war unfolding in the area, and the evolution of Guatemala's predatory state. The project process as it evolved in the post-Bretton Woods world made inscrutable what in retrospect seem like obvious and highly problematic contextual issues. Did project funders and contractors have an obligation to know about these issues? Can the failure to know be considered a moral failure? T

I. Megaprojects and International Institutions: From Panacea to Problem

The rage against International Financial Institutions that exploded in the early 1990s was fueled not just by structural adjustment policies, but by the big infrastructure

¹In 2003, working with with the International Rivers Network, I searched project documents to find out what the InterAmerican Development Bank (IDB) and the World Bank knew about the history of violence in the project area, and in particular what the World Bank might have known about INDE's role in state sponsored violence when it decided to fund the project. Some of this information is incorporated into Aguire and Johnson's (2005) carefully constructed and detailed chronology of the project process. I am grateful to IRN and to Barbara Johnston for collecting and archiving project documentation. In this paper, I will be quoting from a number of reports and studies available in the IRN archives.

projects—and in particular hydroelectric projects--fostered by the bank since its inception. A particularly tragic example of the big project run amok is the Chixoy Dam in Guatemala—a project associated with the massacre of over 400 Maya men, women and children, and the destruction of communities in the project area—communities whose very existence was predicated on an intimate relationship to place.

Over the past decade, the International Rivers Network, Witness for Peace, and other human rights and environmental NGOs in Europe, Central and North America launched a campaign to seek reparations for Maya survivors. They have tried to build a case against the World Bank and the Inter American Development Bank, arguing that these institutions were aware or should have been aware that their collaboration with Guatemalan state institutions during a period of ethnic violence would inevitably exacerbate that violence. In 1996, the Bank sent a team to Guatemala to investigate complaints of genocide. In a letter to the NGOs, Bank President James Wolfensohn summarized of the 1996 team findings:

Although team members had read about the events in Guatemala, and in some cases had worked there, they were deeply affected by their experience and the account of the events which they heard. The widespread destruction of indigenous organizations in Guatemala, the murders and repression were vividly recounted and have made a lasting impact. What happened is not questioned. In 1982, women and children from Rio Negro were brutally murdered by civil patrols from a neighboring village. Why they were murdered is less certain. Some people attributed the deaths to counterinsurgency efforts, others to the fact that the people of Rio Negro were politically organized, and some to the fact that they were opposed to resettlement. Others saw a confluence between these forces. It is evident, however, that the civil disorders which wracked Guatemala in the late 1970's and 1980's were not focused on or confined to the population displaced by the Chixoy Hydroelectric Project. Most resettled communities were not subject to violence and many communities in the vicinity, with no connection to Chixoy, experienced murder and repression. In 1982, the year of the massacre, neither the Bank, nor other observers, knew the extent of

the violence and terror that were occurring in Rabinal, nor did Bank staff associate the violence, of which it had only general and limited knowledge, with resettlement activities. The Bank at the time attributed these actions to the ongoing insurgency/counterinsurgency struggle. To this day there are still varying and conflicting interpretations of the causes of the violence which occurred.” (P. 1-2)

Wolfensohn’s letter reveals a conceptual separation of the project and its context that is made possible by ignorance. I would like to raise several questions about this ignorance and its ethical implications.

I proceed from the assumption that the development project as it took shape in the 1950s and 1960s had a moral dimension—that global inequality was a concern, and that big infrastructure projects were viewed as instruments for reducing inequality. In the early postwar period, development theorists saw hydropower development—even in authoritarian states as motors for economic growth and instruments for poverty reduction, democratization, and environmental protection. TVA administrator David Lilienthal spent the 1950s sharing his enthusiasm and recipe for success with national governments throughout the world, and attempts were made export the TVA recipe to the Indus Valley, Iran, Colombia and the Dominican Republic (Neuse 1996, ch. 12). Yet, these projects did harm, and this harm was seldom foreseen. My first question, is to what extent was the knowledge gaps that Wolfensohn referred to fundamental to the project process? Writing in 1968, A.O. Hirschman referred to knowledge gaps as “the hiding hand,” a phenomenon which he saw as largely benign. Second, if Hirschman’s hiding hand is endemic to project planning, can we argue that it enabled violent displacement and the erasure of place-based communities as well as engineering obstacles? Did knowledge gaps inherent in the project

process represent ethically dubious conduct, or was the road to megaproject hell paved with good intentions?

To address these questions, I wil

EVOLUTION OF THE CHIXOY PROJECT

The Chixoy Dam project--officially known as the Pueblo Viejo-Quixal Hydroelectric Project--was conceived during the optimistic development decade of the 1960s, but its implementation took place during the most violent period (1975-85) of Guatemala's 30-year civil war, and the case has become an important one in the field of environmental rights.² The Dam is located about 75 miles north of Guatemala City in the province of Baja Verapaz; its catchment area stretches north into Alta Verapaz, provinces where conflict between the military and Maya communities was brutal. When completed, the dam flooded approximately 1400 ha. of valley land. It was the largest hydro facility in Guatemala.

The project involved a large number of institutions--government and private, European, American, Guatemalan, and international. It was executed by the Instituto Nacional de Electrificación (INDE), a parastatal agency created in 1963 to provide power for the state electrical agency (INE). INDE's Board of Directors once consisted of civilian administrators until 1982, when the agency was placed under military control. In the mid-1990s, INDE was privatized. The project was funded in large part by loans from the

² See www.cmm.com/2004/WORLD/americas/09/08/guatemala.dam.reut for reporting on the 2004 occupation of the dam site. On the relevance of the Chixoy case for the delineation of environmental rights, see *Human Rights Dialogue* special issue on "Environmental Rights" (Series 2, Number 11 Spring 2004)

InterAmerican Development Bank (IDB) and from the World Bank as part of its broader energy plan (Table 2). Total financing came to \$924.3 million (IBRD 1992), over a third of which (\$350 million) came from international grants and loans.³

Responsibility for project design and implementation lay with the private contractors. Fifteen firms from nine countries were involved in project construction, all but two of which were at least partly foreign (Table 1). The governments of West Germany, Italy, and Canada made large grants for project development, and firms from these countries are well represented. Most of the work was done by these firms or contracted out to private consultants by the firms or directly by INDE. As implementing agency, INDE acted both as a pass-through for huge tranches of international funding and as the intermediary between the firms and the government of Guatemala. It represented the government of Guatemala on the ground and acted as a coordinator of private sector activity, but it is not clear to what extent it had leeway to choose its contractors.

The project was to provide some 60 percent of Guatemala's electricity. It was viewed as the energy source that would permit exploitation of copper and nickel deposits—and possibly oil—in the northern transverse strip. Project documents reveal that the effort was plagued by delay, engineering error, and routine bureaucratic incompetence, but the full extent of the project impacts would only be revealed after the 1994 Oslo Accord, which ended Guatemala's 30-year civil war, called for an inquiry into human rights violations and

³ \$105 million from the InterAmerican Development Bank, \$ 72 million from the World Bank. Additional project funding came from the governments of Germany, Italy, and Canada, from the Central American Bank of Economic Integration and the Investment Fund of Venezuela.

acts of violence.

Dam projects typically have long gestation periods, and the Chixoy project was no exception. The project entered INDE's (and the World Bank's) energy portfolio in the 1960s,⁴ where it remained for nearly a decade, a period when Guatemalan economy appeared to be growing, despite growing civil unrest. The IFIs saw the 1973 oil crisis as a potential brake on expansion; they promoted hydropower development as an environmentally friendly route to energy self-sufficiency. Industry would benefit as would the growing population of Guatemala City. Moreover, a large infrastructure project would help to consolidate the presence of the state in the Maya highlands.

In 1972, the West German government made a grant to Guatemala to draft a plan for hydropower development (Aguirre and Johnston 2005, vol 2 p. 7). Consorcio LAMI, group headed by Lahmeyer International, a West German engineering and consulting firm, carried out a hydrological study in the Chixoy watershed (Aguirre and Johnston 2005, 2).⁵ LAMI's

⁴In 1961, the United Nations Special Fund and the World Bank financed a study of electric power and irrigation in Guatemala. Two years later, the World Bank approved a loan to Guatemala for a survey of energy development projects. Among other things the survey projected growth in demand for power and recommended the development of sources of renewable energy (Aguirre and Johnston 2005). Project documentation refers to Alliance for Progress support for energy development maybe as early as the late 1960s.

⁵The German-based Lahmeyer, International, became a transnational company 35 years ago. According to its website, Lahmeyer operates in over 100 countries and has "evolved into one of the leading engineering and consulting companies for complex large-scale projects and infrastructure schemes in the fields of energy, hydropower and water resources, transportation and infrastructure as well as technology and environment. (www.lahmeyer.de/e/company/history/tour/1972.html). With project offices, subsidiaries and associated companies in over forty countries, Lahmeyer sees itself as "a global player in the engineering and consulting business." <http://www.lahmeyer.de/e/company/history/history.html>. Other consortium members included the Swiss firm MotorColumbus, SA, and the San Francisco based International Engineering Co (Aguirre and Johnston 2005). The study was financed in part by a World Bank loan made in 1968 for the development of a national energy plan.

1973 report shows no evidence of concern over potential social impacts, nor was there any community consultation in the initial stages of project identification. However, a LAMI document noted that a helicopter inspection of the Chixoy valley above the dam site revealed the presence of “considerable land under cultivation even on steep valley walls.” (Consortio LAMI, INDE 1973: Annex A:p1, cited in Johnston and Aguirre 2005).

The project moved forward in a context of increasing demand for power and heightened competition for investment sites fueled in large part by the 1973 oil crisis.⁶ Pressure to move money out the door was strong enough to impede adequate engineering studies. As was often the case, environmental and social impact assessment was a marginal activity at best. In 1974, a team comprised of an American tropical ecologist and a British medical doctor did a two-week environmental reconnaissance for LAMI (Goodland and Pollard 1974).⁷ In some ways, this study reflects 1970s best practice in environmental impact assessment. The two natural scientists addressed potential social impacts of the project in a two-page section on human ecology and public health. A longer section on archaeology and history lists Maya sites that would in danger. The report’s brief history of the watershed is confined to the early colonial period. No mention is made of the recent history of the Maya populations in the area or their relations with the Guatemalan state. The team concluded that

⁶For a general discussion of this phenomenon, see Linder (1994), who writes that the number of sites where large dams can be feasibly constructed is by nature limited, so the construction sector and its financial backers tended to focus their efforts on the small number of sites that appeared attractive from an engineering standpoint.

⁷According to the report, field studies and on-site inspections took place from April 18-24, 1973 (Goodland and Pollard 1974:7).

the region is remote from population centers and comparatively few people will have to be relocated; only 210 dwellings will be affected. Public health in the area is reasonable at present and should improve with completion of the project. No major adverse effects on the plants and animals are predicted (Goodland and Pollard 1974:7).

The report's summary treatment of contemporary social issues suggests that neither the IDB, INDE or LAMI felt that these merited serious social science investigation, much less a study by social scientists who had worked with the Maya and could speak local Mayan languages.

In the same year, INDE prepared a development plan which called for feasibility studies for four possible project sites, one of which was Pueblo Viejo-Quixal—the Chixoy Dam site.⁸ The following year, INDE approved the Chixoy project. The German and Guatemalan governments signed an agreement for development of a master plan for the Chixoy project with the aid of foreign consultants.⁹ When in 1975, INDE applied for a project loan from the InterAmerican Development Bank, LAMI prepared bidding documents for construction and equipment, evaluated tenders, carried out financial and engineering studies and developed the project design and specifications, but contracts were apparently

⁸INDE, Departamento de Planeamiento, Guatemala City. Plan de Desarrollo 1975-85. Hydroelectrica Pueblo Viejo-Quixal (Desarrollo: Chixoy Medio) n.d. , probably written in 1974 . No clear title page on document.

9. The German government contracted out the work of advising the Guatemalan government to four engineering firms (Lahmeyer International, Salzgitter Consult and Fichter Beeratende Ingenieure, and Motor Columbus) (Aguirre and Johnston 2005). According to the web site of its current parent company (UBS), "Motor-Columbus is a financial holding company whose only significant asset is a 59.3% interest in the Atel Group. Atel, based in Olten, Switzerland, is a European energy provider focused on domestic and international power generation, electricity transmission and energy services as well as electricity trading and marketing. Motor- Columbus also holds several other small finance and property companies."

http://www.ubs.com/1/e/investors/interactive_report/04q3/industrial_holdings/motor_columbus.html. The Guatemalan Government created a special executive body (Plan Maestro de Electrificación Nacional) to work with the European contractors.

put out to bid before the engineering study was complete (Aguirre and Johnston 2005: 8).¹⁰

The Guatemalan Institute of Anthropology and History did an archaeological survey and conducted a salvage program (Partridge 1983), and an IDB special mission studied geological aspects of the project, but there is still no record of a social impact assessment nor mention of a resettlement plan.

In January 1976, the IDB and the government of Guatemala signed a loan contract for \$105 million or about a third of the projects projected costs. Construction began in 1978, and INDE informed communities in the watershed that they would have to move. The following month a severe earthquake struck Guatemala. The international development community responded with an outpouring of aid, much of it in the form of additional funding for projects seen as contributing to economic revitalization. Chixoy was one such project, and the World Bank added \$72 million to the IDB loan, but as a condition of the loan the Bank called for a resettlement plan. INDE submitted a resettlement plan in 1979, estimating that 450 residents would be displaced by reservoir.

The project process was not smooth. Chixoy suffered from huge cost overruns attributed in part to corruption, in part to design flaws attributed to an accelerated project process that entailed a large number of firms doing work at the same time, and sometimes without adequate communication. In 1983, the dam began operation, but soon closed

¹⁰According to a 1991 INDE report, "this was done in order to create pressure for rapid completion by using time during the construction phase for studies, research, trials and direct observation of hydrological conditions (p. 76). A 1991 World Bank report concluded that "the project preparation process appears to have been hurried in 1975 and 1976 due to a growing sense of urgency reflecting the fear of further "oil" shocks and of growing needs for future generating capacity" (IBRD 1991:48).

when dam proved to be unstable and had to be reinforced. In 1985, the World Bank approved a second project loan of \$44.6 million to cover cost overruns, and the reservoir began to fill. By 1988, Chixoy loans represented 40 percent of Guatemala's debt (McCully 271).

INDE also failed to make good on its obligations to those displaced by the dam. These failures are amply discussed in the reparations campaign literature. More worrisome were decisions by local firms to buy security from the military, INDE's own close ties to the military, and the willingness of the IFIs to continue project funding in a period when systematic state-sponsored violence against Guatemala's rural indigenous population was escalating.

III. The Project Process and the Erasure of Place¹¹

Those harmed by project were largely Achi Maya, but the communities that suffered worst were those that had expressed opposition to their displacement.¹² One such community was Rio Negro. From 1980 to 1982, INDE and the Guatemalan government responded to Rio Negro's unwillingness to move with revocation of their title to their lands,

¹¹Data for this section come largely from Batres et al. (2000) COHRE (2004); Witness for Peace (1996); and the Report of the Commission for Historical Clarification (1999). I share Escobar's (2001) definition of the erasure of place and his assertion that "culture sits in places."

¹²Although the dam was completed in the 1980s, as recently as September, 2004 Achi Maya occupied the dam demanding restitution and compliance with unfulfilled promises. In January 2005 Carlos Chen, leader of the Coordinadora of Communities affected by the dam, was arrested. He was released, but the charges against him were not dropped. According to Rights Action and the International Indian Treaty Council, Chen was jailed on "trumped up" charges. These were illegal detention and of and threats against two Chixoy dam operators, false entry into INDE offices, actions against public services, and actions threatening the internal security of the nation.
http://www.treatycouncil.org/new_page_5244111211111111.htm

theft of their documents proving title, and the murder of some 440 Rio Negro community members—men, women, and children—in a series of massacres. These events occurred during a period when government atrocities in the countryside were mounting, particularly against Maya communities in the Northern Transverse strip, where evidence of government atrocities was mounting (Sanford 2004). In 1980, army garrisons were established in rural areas, rural communities were ransacked, community leaders tortured and executed. Estimates of death vary widely, but Human Rights groups estimated about 50,000 killed, up to a million were displaced.¹³ This period also saw coercive recruitment into “civil patrols,” and struggles between insurgents and the military in the project zone. In December 1981, the Guatemalan army occupied the resettlement community of Pacux. In 1982, when Efraim Rios Montt was elected president, some suggested that conditions might improve, and in a show of support for the new government, the Reagan administration removed its block on International Development Bank loans to Guatemala. In 1983, the U.S. ended its five-year embargo on the sale of arms to Guatemala.

The Maya who survive today are still living in substandard housing, reduced to conditions of poverty. The lands they have received in compensation for those flooded are generally unsuited for agricultural production, and hunger has become endemic. Prior agreements to provide free electricity to one of the resettlement communities were not honored.

It is worth recounting the story of Rio Negro in some detail. In 1976, INDE officials,

¹³See Grandin (2004), Brockett (1988), Sanford (2003, 2004) Manz, etc. on this topic.

accompanied by Guatemalan troops, arrived in Rio Negro by helicopter and told residents that their homes and lands would be flooded by the dam, now under construction (Aguirre and Johnston, vol 2, p. 22; Chicruz Community Report 2004; Chen 2000). Between that time and early 1979, a community committee and INDE met several times to negotiate the terms of resettlement. With logistical support from the army, INDE carried out survey research to gather demographic and socioeconomic data on the communities facing displacement as well as on ethnicity, religion, and attitudes toward the project.

In 1979, the climate changed. According to the testimony of Rio Negro survivors, INDE officials demanded that Rio Negro citizens hand over their land titles and promised to return them. Months later, the community asked for the titles back. INDE officials claimed not to have received them. In 1980, incidents of intimidation in the project area grew more frequent; military police working under contract to the project shot seven Rio Negro residents. Villagers chased the police away, one of whom drowned in the river. INDE and the Guatemalan Army accused Rio Negro of murdering the police officer and supporting guerrillas. That summer, two representatives of Rio Negro community, at INDE's request, visited the dam site to present their "Libros de Actas" –their only other proof of title to their lands. The book also contained the resettlement and compensation agreements signed with INDE. A week later their mutilated bodies were found, the Libros de Actas were never recovered. Testimonial statements made in the 1990s implicated INDE project staff and vehicles in the disappearances.

By February 1982, Rio Negro and INDE had reached an impasse over resettlement. The local military commander ordered 73 men and women to report to an upstream village.

Only one returned home. The remainder were tortured, raped, and murdered by the local Civil Defense Patrol—a paramilitary unit established by the Army. A month later, 10 soldiers and 25 civil patrol members came to Rio Negro, rounded up remaining women and children, marched them to a hill above village where they were subjected to torture and rape. Seventy women and 107 children were killed. Two women escaped and became witnesses to the atrocities. When the patrols arrived, village men assumed that they would be the targets and most hid out in the hills surrounding the village. Eighteen children survived and were forced into servitude. In May, 82 Rio Negro residents massacred in nearby village; fifteen were taken away by helicopter and never seen again. Witnesses testified that the perpetrators were government soldiers and civil patrols who arrived in a truck owned by a subcontractor to INDE working on the Chixoy project. Later in September, 35 orphaned children from Rio Negro were among 92 people machine gunned and burned to death in another village near the Chixoy Dam.

In sum, 440 Maya Achi were murdered. The remaining residents of Rio Negro fled and went into hiding. Soon afterwards the dam began to fill. Slowly, the Rio Negro survivors filtered into the designated resettlement site of Pacux—a “model village” more aptly described as a subdivision of substandard housing located just behind a military base on the edge of the town of Rabinal. According to one NGO, for years afterwards, “survivors were frequently beaten or raped or both by military personnel as they walked past the military base to Pacux,” and the community faced continual harassment from soldiers stationed at the base (COHRE 2004). Maya Achi from Rio Negro who refused to move to INDE’s resettlement site were subjected to intimidation by paramilitaries and military police

While the record of violence against the Achi Maya of Rio Negro cannot be contested, causal explanations vary. Some suggest that Rio Negro was singled out for abuse because of a history of conflict with Xoxoc, the community that hosted the civil patrol unit. If so, the story could be chalked up to a history of ethnic conflict. A 1996 World Bank review conducted in response to questions about its complicity in the Rio Negro violence argued that the plight of Rio Negro was an example of state-sponsored violence against rural indigenous communities that had nothing to do with the dam. Drawing on evidence from the 1999 report of the Commission for Historical Clarification, entitled "Guatemala: Memory of Silence", several environmental and human rights groups are making the case that the abuse of Rio Negro community members was a direct result of INDE's implementation of the project and its resettlement policies. Their position is supported by a number of Rio Negro survivors who have argued that INDE encouraged the violence so that its officials could appropriate compensation funds due to the displaced.

In studying the documents, I concluded that the epistemological and social preferences of IFI and contractor personnel as well as their institutional practices steered them away from building the knowledge that would have led them to question the wisdom of the project. Hard as it is to believe in retrospect, IFI staff and international contractors may have been unaware that INDE was complicit in violence against local residents of the dam area, despite mounting evidence to the contrary. Paradoxically, these values and practices seem to be borne out of ideologies that seemed quite progressive in the immediate postwar period.

III. Reparations campaign

Although the military still exercised control over the countryside and human rights violations continued, the election of Vincinio Cerezo in 1986 meant that for the first time in thirty years, human rights issues could be aired in Guatemala. It was in this slightly more relaxed environment that the reparations campaign on behalf of those displaced by the dam began. The campaign was supported by the findings of the Commission for Historical Clarification which investigated human rights violations that had occurred during the country's 35-year long civil war.¹⁴ The commission recommended that actors who gave financial and other forms of support to the Guatemalan military governments should contribute to reparations (Rights Action 2002).

At the same time, Guatemalan and international NGOs joined in a campaign to force attention to the plight of the Rio Negro survivors and to force the IFIs and the Guatemalan government to abide by promises made in resettlement agreements and to provide just compensation to project survivors for losses of family members and or arable lands.¹⁵ A 1996

¹⁴The commission found that 42,275 men, women, and children of all class and ethnic backgrounds were victims of human rights violations, 23,671 Guatemalans were arbitrarily executed, 6,159 were victims of "forced disappearance", 83 percent of fully identified victims were Mayan, the Guatemalan State was responsible for 93 percent of documented atrocities, and that the Guatemalan military had committed crimes of genocide against peoples living in the Chixoy project area.

¹⁵Guatemalan NGOs included Rights Action Guatemala, the Center for Legal Action in Human Rights (CALDH), the Center for Popular Education Padre Hermengenes (CEPAHER), CONGCOOP, Campesino Unity Commission (CUC), the Asociacion Campesino Rio Negro 13 de Marzo Maya Achi (ASCRA), the Asociacion para el desarrollo Integral Nueva Union Maya Achi (ADIVIMA), the Pacux Comitè de Desarrollo, and the Coordinadora de Comunidades Afectados por la Represa Chixoy. International NGOs included Witness for Peace, the International Rivers Network, the Center on Housing Rights and Evictions (COHRE) based in Geneva, la Campagna per la Riforma della Banca Mondiale, an Italian NGO, and Rights Action (Johnston 2003).

Witness for Peace Report documented dam impacts, and in response, the World Bank sent its commission to investigate causes of violence and implementation of resettlement plans. Local NGOs working with Rio Negro survivors collected oral histories and testimony that documented INDE's role in the disappearance of Rio Negro residents.

In 1998-99, the Archbishopric of Guatemala's Office for Human Rights published a ten-volume report on the violence, based heavily on forensic anthropology and oral history. Evidence from exhumations corroborated local testimonies about the Rio Negro massacres. Drawing on the Commission's findings, a coalition of local and international NGOs, including The Maya of Rio Negro, although still very much in danger, were with support from the international NGO community in a position to begin to make claims against the perpetrators of the violence by the year 2000. In 2003, the American Association for the Advancement of Science (AAAS), which supported the first Guatemalan forensic team working with the Historical Clarification Commission, sent a team to Guatemala to assess damages to and the continuing needs of Chixoy-Dam-Affected communities.

It was impossible to hold INDE accountable for its actions, because the agency was privatized in the late 1990s. Income from the sale of INDE's infrastructure enabled Guatemala to pay its loans (IRN 2005), but with privatization, INDE's Resettlement Agency closed its doors and INDE distanced itself from its performance as a parastatal agency. For this reason, among others, the reparations campaign focused sharply on the "deep pocket"--the World Bank and the IDB--and sought to hold them accountable for wrongs that could be attributed to INDE or its contractors. To pursue this strategy, the campaign would have to prove at a minimum that the IDB and the WB considered obligations with regard to the loans

to have been met even in the absence of evidence that the dam-affected had received just compensation as defined in the loan packages. A stronger case could have been made if it could be proven that the IFIs knew when they made the loans that the project would become or was connected to the campaign of state-sponsored terror and that the rights of the Achi Maya were systematically violated. But this case could not be made from the welter of available documentation. Rather, what is revealed is a pattern of silence, tolerance of knowledge gaps, that is less deliberate than a “don’t ask, don’t tell” policy, but this pattern appears to be inherent in the project process and supported by the institutional culture of the IFIs and the international contractors or experts whom the IFIs continually turn.¹⁶ It is a form of Hirschman’s “the Hiding Hand”, but far less benign.

IV. How the Hiding Hand Worked

The knowledge gaps that allowed the project to move forward in a toxic political environment can be attributed to the self interest of the various actors, including INDE and the major contractors, others to the institutional culture of the contractors and the IFIs and to the ideology of progress that informed this culture. The LAMI Consortium, hired to do the first prefeasibility and feasibility studies, surely had an interest in getting the contract for the project, and no interest in seeing it shelved. It would have had little interest in exploring or drawing attention to possible impacts that might complicate, slow down or even halt funding for the project. The same would have been true of subcontractors and bilateral assistance

¹⁶On this topic, see Goldman (2005); Mitchell (200?); Ferguson

agencies. But equally important were the institutional culture of the IFIs and some basic assumptions that underlay—and still inform-- the development project.

The project culture. Elements in IFI culture that foster institutional ignorance include pressures to move money out the door, reliance on short term consultants,¹⁷ and the development of close ties between IFI staff and major international contractors. Three facets of the project culture played a particularly important role in perpetrating ignorance: one has to do with the timing of different parts of the project process; the second with the contractors and IFIs as producers of knowledge, and the third with the notion of public good.

In the Chixoy case, the long gestation of the project coupled with a sense of urgency stemming from the oil crisis and earthquake meant that the forces favoring implementation were overwhelming. Considerable resources had already been invested in project identification and feasibility studies, and contractors made plans in anticipation of a positive decision. Both the sense that the path to project was somehow inevitable and perceived need to “JUST DO SOMETHING” created an environment where the kind of careful social and environmental research needed to shed light on potential impacts was unlikely to be conducted.

The technical biases of the institutions who carried out the project identification and feasibility studies reflected a project culture in which engineering concerns dominated technical questions were routinely accorded priority over social issues, which were rarely

¹⁷On this topic see Michael Goldman (2001); see also Robert Chambers on rapid rural appraisal.

addressed until significant investments had already been made.¹⁸ In this culture, modernization was a goal to be achieved, non-commodity agriculture and cultural production was systematically undervalued. Language skills were not seen as particularly relevant to the data gathering process, which in any case favored the collection of quantitative over qualitative data. Economic calculations obscured the impacts of construction on peoples' whose economies are not fully monetized and integrated into the national economy; analyses systematically undervalue crops and livestock produced for ' subsistence or for local markets, nor did they take into account the importance of resource complementarity in rural livelihood strategies. For example, a study recommending to what should be covered in an impact assessment for INDE (LAVALIN 1981: p. 9) concluded that negative impacts "can essentially be summarized as the loss of agricultural production in flood zones. This loss will be of little importance owing to the small extent of the cultivated area and the scant value of the products of the zone.

A side effect of the technical bias was the loading of multiple and diverse mandates on the wrong project actors. One example is the 1973 environmental impact reconnaissance for LAMI, which purported to identify social impacts, even though it was carried out by two biologists, neither of whom were Maya speakers. A second instance would prove more serious. INDE was charged with responsibility for resettlement by both the BID and the World Bank, yet it claimed to lack the capacity to do this and called for the transfer of responsibility for resettlement to other government agencies. Its requests went unanswered

¹⁸Paul Gellert and I have addressed these concerns in our Working Paper

by the government of Guatemala, and the result was at best continuing ineptitude (Partridge, 198?: 46-47).

The third element in the institutional culture of the IFIs, and very likely of the contractors as well was a conception of the public good that helped to buttress the decision to promote hydropower development in Guatemala in the first place, contributed to the idea that speedy responses to the oil crisis and earthquake were required, and encouraged the World Bank to stay the course even in the face of civil war. There are several aspects to this framing of the public good. One, expressed by Cernea (2001) is that there are times when a minority—however virtuous—must be inconvenienced for the good of the majority. At times projects will be necessary. A second is the idea of progress—that the public good is expressed in the progression from pastoralism to sedentary agriculture to industry and industrial agriculture. Inherent in the institutional culture of the IFIs is the idea that a project in the public interest can be carried out independently of the political context in which it is situated. This belief is, I believe a corollary of the broader idea of progress that undergirded the development project. A third and more persistent belief is what Fox and Brown call “the counterfactual”—If we didn’t participate in the process, it would be worse. At least the World Bank had a resettlement policy.

As I studied Chixoy documents, I wondered whether it wasn’t malevolence, but the the optimistic philosophy that undergirded development thinking in the 1950s and 1960s that led to the Rio Negros tragedy. I kept coming back to Hirschman’s work, not only because he was one of the few to address the project process, but because over the years, he was a reflective political economist, with the social conscience of a progressive and an abiding

interest in Latin America.

I have earlier referred to Hirschman's metaphor of the "hiding hand", his suggestion that optimal ignorance makes good projects happen despite the numerous obstacles thrown up in one's path. This faith, I would argue helped to international actors to move big projects forward. In *Development Projects Observed*, Hirschman argued that development projects would be far less likely if their initiators could predict the difficulties that would be encountered in their implementation. The hiding hand appeared to guide not only the prefeasibility and feasibility studies, but the entire course of the Chixoy project process well into its evaluation phase. We can even see evidence of its operation in 1996, after the restoration of democracy, however fragile, in Guatemala, although by this time local and international organizations had entered into an ongoing and risky effort to uncover what the hiding hand hid and to seek reparations for the damages caused as a result.

A second Hirschman contribution to the project culture was the idea that one can make constructive change in one sector even in the absence of a good supporting environment in other sectors. Hirschman argued that one can't wait for all the right conditions to come at once. By undertaking infrastructure projects in problematic environments (Hirschman was referring to Colombia during a period of civil war in the 1950s), it may be possible to create the economic conditions that would allow democratic change to follow.

Hirschman's long-term involvement with Latin American development in began in Colombia in 1952 following a long period of work on European reconstruction and the Marshall Plan. It is worth quoting his commentary on the shift from Europe to the Third

World because it so closely mirrors a shift in global attention:

In the meantime, my interests had shifted to other areas to which I had not devoted sufficient attention, such as the problem of development in the 'backward' countries. In 1952, the possibility of either going to Europe . . . or of going to Colombia as an economic adviser arose. I opted to take the second road, because it was new There was a new planning council that had been established on the recommendation of the World Bank, which had sent a mission to the country. But the Colombians said, 'If you want us to set up a new planning council, send us an economist who is capable of advising us.' The Bank looked around, my name was mentioned, and I was ready to come—and in fact I did come. I never was an employee of the World Bank, but entered into a direct contract with the Colombian government, for two years. At the end of these two years, I did not renew the contract, but decided to stay in Colombia. These two years had been quite tiring. We had General Rojas Pinilla's coup, among other things. . . .(1998: 80- 81)

At one time I was actively involved in the attempt to develop a regional authority on the model of the Tennessee Valley Authority. The idea to create a multifunctional entity was then quite widespread. This entity would provide irrigation, electric power, and even land reform. This kind of work gave me the desire to begin to know in depth the reality of this country, and it put me into contact with many people. Now it hardly ever happened that I would take a plane without meeting this or that minister or corporate executive whom I knew personally. I felt positive about all this because I had the feeling that the country was moving forward. However, I don't want to deny the tremendous problems the country was going through—we must not forget that a civil war was still going on—but in any event we had the perception that the country was progressing.

Hirschman did not view the project as weapon of counterinsurgency or military control, nor did he display willful ignorance of Colombia's political realities. Nonetheless, optimistic that he was, he managed to shield his faith in human progress through public works from doubts about the efficacy of infrastructure projects in a climate of civil unrest or about any untoward impacts on particular communities, ethnic groups, social classes, or human rights in general that might result from undertaking massive development projects in a time of war. What Hirschman's story tells us is how the empowering optimism of the Marshall Plan

(as well as the experiences of the US New Deal, in particular the TVA) created a will to take on new technical challenges and a certain hubris about the ability to create political change through infrastructure investment.¹⁹

What the Hiding Hand Hid. As Hirschman predicted, the hiding hand hid a number of technical problems that would ultimately result in enormous cost overruns for the Chixoy project. These resulted in part from incorrect assessments of the Middle Chixoy Basin's geology and seismicity. Other overruns were probably due to poor management.²⁰ But other blind spots that would have a more profound impact on people living in the project area.

As noted earlier, project documentation obscured the existence of a peoples whose culture depended upon a strong relationship to place. With one exception, the project literature portrayed residents of the project area as a scattered, unidimensional group of backward folk resistant to change. While some later project evaluations addressed the inadequacies of INDE's resettlement efforts, only one report to the IDB gave any serious consideration to Maya relationships to place and what the loss of place would mean for individual livelihoods and community survival. This may reflect the technical bias of the project culture and the failure to include Maya speakers or students of Maya culture on the teams doing prefeasibility, feasibility, and impact assessment studies for either the IDB or the

¹⁹On this topic see also Berman (1981) and Caro (1974) on Robert Moses and the memoirs of David Lilienthal.

²⁰In this regard, a 1992 Project Performance Audit Report for the World Bank noted that ". . . the engineering companies involved are prestigious international firms that are very dependent on their reputation. They also had ample and successful experience in the difficult construction work of the type they were facing in Guatemala. Although there are indications that at various points in time, the consultants set forth at least some of the risks . . . , the record suggests that often they lacked the clear-eyed approach to this issue or at the very least that they failed to make INDE fully aware that taking high risks means that there is a non-negligible chance that these risks will materialize." (P. 13)

World Bank. Most project documentation ignored, belittled, and misconstrued the concerns of those affected by the dam. For example, a 1981 Ex-post evaluation of the dam's social and economic impacts (LAVALIN 1981) made no mention of ethnicity, of the cultural value of landscapes or even archaeological sites for the Maya. By 1991, the IDB was devoting somewhat more attention to residents of the project area, but despite the submission of at least one sensitive consultant report (e.g., Partridge 198?), a 1991 loan proposal for management and conservation of renewable natural resources in the Upper Chixoy Valley described area residents as follows:

In the world view of the native peoples, traditional lifestyles and agricultural practices are expected to remain changeless for evermore, which explains why native campesinos fitting the traditional mold have proven resistant to change and novelty and prefer to stick to subsistence agriculture." (IDB 1991, Annex II-2, p. 1).

In contrast, a proposal for indemnification made by the Community of Pacux to the World Bank at some point in the mid-1990s (Pacux n.d.) makes this poignant assessment of the impacts of the project on the elderly:

[A] majority of elderly lost their family even when young since the massacres of Pacoxom, Xococ, El Naranjo and also Rio Negro. Now they are already growing old and cannot go to gather firewood. Some have been abandoned by their families, today they have no money for health care Youth don't respect them, the committee has not been able to do anything to protect them. Authorities don't take an interestl there are no programs to support them either on the part of the municipality or the department." [my translation] (p.5).

The Chixoy Project was about the production of space (Lefebvre). In the process of production of space, place was erased, first conceptually and then literally. Components of place that were obliterated in the transformation of the project area included its connection to

ancestors, sacred elements in the landscape, the knowledge that resides in landscape and its features, relations and networks²¹ of economic interaction, and knowledge about safety and danger.

Part of “placeness” is the ability to distinguish not just between sites appropriate for different activities, but the ability to distinguish between safe and unsafe places and the activities that may be considered safe or unsafe in a particular site at a particular time. Rio Negro inhabitants not only were reluctant to lose the connections implied by place, but their testimonies indicate their fear that in moving to a community dominated by Guatemalan military and civil patrols, they would be moving from a relatively safe haven to a site of danger (cite testimony). If the international community were aware or at the very least showed itself to be aware of the dangers that Rio Negro Maya Achi faced once relocated, they would have been forced to recognize that development could easily come at the cost of ethnocide. For this reason, for the project to move forward, the hiding hand had to hide not only place, but the conditions that made some places safe and others unsafe. Even as it reflected critically on the performance of INDE with regard to resettlement, World Bank staff minimally acknowledged the place-based nature of Maya Achi concerns, when it cited the need to allocate resettlement lands “along kinship lines.” (p. 50, WB Project Completion Report 1991). For the most part, however Bank criticism addressed INDE’s failures to comply with its own standards developed in line with spatial and economic criteria.

Lastly, Hirschman’s views notwithstanding, war zones are not usually good

²¹To some extent this may reflect the devaluation of place in the social sciences. On this topic see Agnew and Duncan (1989).

environment for infrastructure projects. The transfer of INDE to the military should have been a serious concern for the lending agencies, given the escalation of human rights abuses in the countryside. More thorough investigation of conditions in the project area was warranted, yet, ironically, by the early 1980s, when the World Bank was contemplating its second loan, it was no longer sending teams into the countryside even for brief periods, citing generalized violence as the reason. This vastly increased the likelihood that INDE's activities in Rio Negro would have very likely gone undetected by the IFIs and international contractors. And, in fact, the very first mention of the civil war that I found in the project documentation was this quote from a 1991 Ex-post evaluation (INDE 1991: 81) carried out by an economist, a civil engineer, a geologist, and a public accountant:

“ . . . especially in El Quiche and part of Alta Verapaz, where the presence of security forces (army, Guardia de Hacienda, and paramilitary groups) as well as subversive cells, provoke an instability in the communities who see the need to keep moving (perigrinar) and at times leave the region and seek refuge on the Mexican border.”

The Hiding Hand allowed the World Bank to attribute resettlement failures to poor management rather than deliberate malfeasance or criminality on the part of the borrower or to its own blindness. Even in retrospect, the World Bank used its ignorance to justify a stance of continuing neutrality—one that allowed it to maintain a presence in Guatemala in a continuing context of rapacity and violence.

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