CHAPTER 8
Tourist Town amid the Violence: Panajachel
By Robert E. Hinshaw

Panajachel epitomizes the cultural diversity, charm, and beauty of Guatemala, "The Land of Eternal Spring." Lake Atitlán, a volcanic crater into which the Panajachel River flows, forming the delta on which the town is situated, lies fifty miles west of Guatemala City. Secondary volcanoes ring the lake and overlook the Pacific littoral on the south. Aldous Huxley, in the early 1930s, found Panajachel a "squalid, uninteresting place, with a large low-class Mestizo population and an abundance of dram shops." Regarding the lake, however, which "touches the limits of the permissibly picturesque, it is really too much of a good thing." The lake's breathtaking beauty is enhanced by the fourteen-centuries-old Indian communities along its shores. The cultural patterning of these communities was first described in scholarly fashion by the anthropologist Sol Tax, and in the intervening years scores of social scientists have deepened both Guatemalans' and foreigners' understanding of the pre- and post-Conquest history, cultural geography, demography, and ethnohistory of the region.

Apart from Guatemala City and the colonial capital of Antigua, Panajachel has been visited by more foreigners than any other community in Guatemala. By the 1970s, it had become a cosmopolitan melting pot of socioeconomic differences within the nation, as well as a haven for 85,000 foreign tourists each year from all corners of the Americas, Europe, and Asia—hardly the "squalid, uninteresting place" Huxley found it to be in the 1930s.

Yet despite its growing visibility and sophistication, Panajachel contrasts markedly with other communities in the Guatemalan high-
lands with respect to the direct impact of the civil war, which finally reached the highlands at the beginning of the 1980s. The ethereal quality of Panajachel has persisted through the violence, and the community has remained an island of comparative tranquility. No Panajacheños have been killed, abducted, or tortured, and there are no widows or orphans resulting from the war. To my knowledge no Panajacheños has joined any of the guerrilla groups opposing the government. Several Panajacheños have been involved in the war as military recruits, but, as far as is known, all of them enlisted voluntarily. Most of them had left Panajachel to join the army or to look for work elsewhere before the violence erupted. The bias of the great majority of Panajacheños on the eve of the violence and still today is pro-Guatemalan government, pro–United States, and anti-Communist.

Because of Panajachel's anomalous position among highland communities, my focus is less on the current violence and more on its economic effects. All rural communities have been negatively affected economically by the war, but for Panajachel we have unusual longitudinal data which permit us to examine in detail the economic consequences of the violence.

**Changes in Panajachel Through Time**

Fifty years ago, Sol and Gertrude Tax commenced a study of the towns bordering Lake Atitlán. Of these, Panajachel was the first to become accessible by paved highway, and for that simple reason it was the first to attract tourists. But in 1941, when the Taxes ended six years of intensive documentation of Panajacheños' income and expenditures, fully 95 percent of their income still derived from traditional agriculture. The handwriting was on the wall with respect to the potential impact of tourism, but that impact was yet to be felt by any of the Indian families of the mixed ladino-Indian population.

I commenced a restudy of Panajachel in 1964, by which time Panajacheños' reliance on tourist-related income had climbed to 55 percent of the population, and by 1978—when fifteen Beloit College students joined me for a four-month stay in Panajachel to measure the impact of tourism—I estimated the reliance to have reached 75 percent. The population on Panajachel's one square mile of delta land had climbed from 800 in 1935, three-fourths of whom were Indian, to 6,000 in 1978, slightly more than half of whom were Indian. About 340 Panajacheños, representing fully half of the households, were employed in tourist-related services by 1978, their wages totaling $500,000, or one-tenth of the $5 million deposited in the community by foreign tourists that year. Panajachel-grown fruits and vegetables sold to hotels and tourist restaurants added to the Panajachel income derived from tourism, and if we include the construction industry in Panajachel and neighboring communities, which Panajacheños dominate, it would be difficult to find a Panajachel household whose income in 1978 was not in part derived from tourism. Panajachel, therefore, had become the most tourism-dependent community in Guatemala, a dependency which brings both costs and benefits. We were able to examine costs and benefits at the zenith of tourism's growth in the 1970s on the eve of the violence which brought tourism virtually to a standstill. Finally, in the summer of 1984 I returned to determine how Panajacheños had coped with the unexpected critical turn of events in the intervening half-dozen years.

Tourism in Guatemala had begun to wane by 1979, though it was still a good year for the country as a whole. Income from tourism that year totaled $200 million compared to $211 million from the sale of cotton and $495 million from the sale of coffee. By 1981, however, when Panajachel's largest hotel was bombed in a guerrilla raid from the lake, tourism came virtually to a halt. Also in 1981 a branch of the Bank of Guatemala in Panajachel was robbed. During the next year, the municipal headquarters of both Panajachel and San Andrés, the neighboring municipio on the northeast, were held briefly by guerrillas, and the San Andrés municipal building was burned. Several soldiers were killed in the action at San Andrés, and as the guerrillas retreated northward out of Panajachel, they killed four residents of a village named Patanatic. In other regional incidents, two residents of San Jorge, the town bordering Panajachel on the west, disappeared and were assumed abducted and killed, and three similarly disappeared in 1982 from Santa Catarina on the east.

The hotel was rebuilt, and guerrilla attacks on tourist interests in Panajachel ceased, but even into 1984 tourism remained limited to Guatemalans and small numbers of Europeans. When I returned in June 1984, a national planning conference on tourism was in progress, and North American travel agents were being flown in by the national airline, Aviateca, to see for themselves that the areas of major tourist attraction were fully pacified. While North American tourists still
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were conspicuously absent, the mood in Panajachel was ebulliently optimistic, and tourist-oriented communities in the region were poised in anticipation of a much improved season in 1985. Apart from the fact that streets and hotels were empty of all but a few European tourists, Panajachel appeared just as it did during the height of tourism in 1978: hotels were open, restaurants and shops were open and fully stocked, and Panajachelenses, apart from a dozen young men and a few families who had left (for Guatemala City, the army, or the northern oil fields), were still there.

Employers have absorbed the losses these past several years as have their employees, obviously on the assumption that the depression was temporary, and, surprisingly, few Panajachel Indians have lost their jobs. Hours were cut back or wages otherwise reduced in many instances, and where more than one family member was employed, not uncommonly one was released. Remarkable sharing and self-help efforts by the community have enabled Panajachelenses to survive and even to absorb additional vendors of arts and crafts fleeing the violence in the north and west. The community rapidly developed a reputation as one of the safest places to be in Guatemala. The immigrant merchants also brought with them their contacts with foreign buyers, middlemen who had dominated the textile market in more remote municipios less frequented by tourists. As a result by 1984 even Panajachel vendors were catering largely to such middlemen, and a few of the wealthiest Panajachel merchants with capital reserves were well positioned to benefit from the violence: they purchased family heirlooms, such as old huipils (women's hand-woven blouses) from families throughout the highlands who were in need of money or who had been forced to abandon their homes and possessions. Some Panajachel homes are virtual museums, repositories of the cultural heritage of the region. The buyers are, for the most part, wealthy collectors from Europe and the United States. Huipils selling for $1,000 are not unheard of, but unfortunately this income is even less broadly shared by Panajachelenses than was the money spent by tourists before the violence.

The Economic Impact of Tourism

Let us turn now to a cost-benefit analysis of Panajachel's shift away from agriculture toward dependence on foreign tourism. Specifically, I want to report on the findings of my 1978 research and follow-up inquiries in 1984 on the cost of living in Panajachel, compared to that of neighboring communities. One of the questions addressed in 1978 was: Are the increases in wages keeping pace with the rising cost of living, reflected in food commodity prices in the weekly market? Since food purchases represented 70 percent of the average household expenditures in 1964, I have assumed that this continues to be the best single index of cost of living. Of course, there has been a steady inflation in most commodity prices throughout the region for many years, requiring me to control for that variable if I am to determine whether tourist competition for commodities has been an additional local factor in inflated prices.

I used the methods in the mid-1960s that Sol Tax had used in the 1930s to survey the Panajachel market: native data collectors, on several consecutive market days at the same time of year, asking the same questions. Paul Yamaiuchi, a member of the Beloit team in 1978, repeated the procedures, as did I again in 1984. We lack, however, reliable comparative information for neighboring markets. Only for 1978 do we have reliable comparisons with three markets in the area: one, San Andrés on the east, is considerably smaller than Panajachel; another, Sololá, the departmental capital on the west, is considerably larger; and San Lucas, across the lake, is of comparable size to Panajachel.

Yamaiuchi found negligible price differences among the markets in commodities common to towns in the region or imported into the towns. Fruits imported from the coast were cheaper in San Lucas, for example, because of its closer proximity to coastal supply routes. Prices in the markets were averaged for comparison with prices in Panajachel. Forty commodities were compared, attention being given to fifteen commodities which hotels and restaurants reported purchasing regularly to satisfy tourists' tastes. In determining the impact of tourist competition on inflated prices, I arbitrarily assumed that 1964 prices in Panajachel were the base line and that they were representative of prices in the entire region. Tourists in Panajachel even at that time were probably influencing prices, but with only seven hotels and four restaurants in 1964, compared with twenty hotels and forty-two restaurants-bars in 1978, any inflation owing to tourist competition for commodities would have been negligible in 1964. If we assume uniform prices in the region in 1964, then 1978 comparisons reveal an average price inflation of 190 percent for commodities outside Pa-
najachel and 250 percent inflation for Panajachel commodities. Of the fifteen commodities most in demand by tourists, fourteen were priced significantly higher in Panajachel than in all of the other markets. We concluded that 75 percent of the inflation since 1964 was common to the whole region, while 25 percent of the Panajachel inflation was directly attributable to local tourism.

From Sol Tax's analysis (in his book *Penny Capitalism*) of the relative importance of different foods consumed by Panajachéleños, we judge that the foods most in demand by tourists also constitute approximately 75 percent of the average family's traditional diet. This assumes that Panajachéleños' diet has not changed, but data collected in 1978 and 1984 reveal shifts away from meat, fish, and dairy products; greater utilization of rice and potatoes; and less total fruit consumption than earlier. These shifts clearly reflect differences in commodity price inflation, and these differences have health and infant-growth implications, to be examined below.

Inflated cost of living is one side of the coin; the other is inflated income. The crucial question is, Has income inflation kept pace with cost-of-living inflation? In 1978 unskilled male wage earners were receiving up to $2.00 a day, most women and many of the men in the tourism labor force earning closer to $1.00 a day. The comparable figures and range in 1964 were $0.50-$1.00. While in 1978 larger numbers of skilled wage earners were earning up to two and even three times the unskilled wage of 1964, we judge that average wage income in Panajachel has little more than doubled over the fourteen-year period. When the increased income to Panajachéleños from sale of their produce at the inflated prices is factored in, Panajachéleños were earning from all sources considerably more than twice the community's income in 1964, but still short of the three-and-one-half times increase they would have needed to keep pace with the cost of living.

Only a very few of households have the marketable skills to command tourist income sufficient to keep pace with the rise in cost of living. Fortunately, half the households were not dependent on or were only minimally dependent on wage employment, using the community's shrinking agricultural land base to advantage in growing the products most in demand because of tourism. In between are roughly half the households, who have lost their land (except for house sites) and have become dependent on tourist employment at the minimum wage. These are the Panajachéleños who stood to suffer most from the demise of tourism and to whom we look for understanding of the adjustments in standard of living that have occurred.

This brings us to my latest visit to Panajachel. While my market surveys in June 1983 were not fully comparable to those in 1978 and 1964 (coming two months later in the year), there is no good reason to think that commodity prices changed during those two months, except that imported staples of corn, wheat, and beans were in perhaps somewhat shorter supply by early summer. Excluding these staples, vegetables (seventeen varieties) were down 5 percent over 1978 prices in Panajachel, fruits (eight varieties) were up 28 percent, and fish, meat, and eggs were up 40 percent. The explanation for such continued inflation in prices for fruits and meat, even in the absence of foreign tourists, lies in the increased use of Panajachel as a vacation site by Guatemalans. The recent decline in rural violence, coupled with government-imposed financial disincentives to vacation outside Guatemala, have resulted in the increased popularity of Panajachel to nationals; thus the continued competition for, especially, fruits, meat, and dairy products in the Sunday market. Ironically, while domestic tourism results in continued cost-of-living inflation, it does not employ Panajachéleños nearly as fully in hotels, restaurants, and gift shops as does foreign tourism. Consequently, cost of living currently is running ahead of income more than ever before.

Dietary shifts, accordingly, have become even more pronounced this past year (1986), according to the physician who directs the local health center. There has been a noticeable upturn in infant illness, reflecting animal protein and fruit vitamin-mineral deficiencies. Panajachéleños would be more alarmed if it were not for the hope—encouraged by the local ladino elite and the government—that foreign tourists will be returning soon.

Unfortunately, with few exceptions, Panajachéleños do not understand how inexorably their destiny is linked to the ongoing turmoil in other Central American countries. North American tourists will probably continue to avoid Guatemala as long as war rages in El Salvador and Nicaragua, despite the anticipated calm in Guatemala over the next few years. The worst may be yet to come in terms of deteriorating health, and now that absence of violence is no longer a Panajachel monopoly, we might see a rapid upturn in out-migration if the North American tourists fail to return. It may well be that inadvertently I myself encouraged some out-migration, by sharing with friends what
we learned from our analysis of the 1978 data: that only 10 percent of the $5 million spent by tourists at the height of tourism was returned to Panajachel workers in the form of wages, and that the cost of living was inflated locally about 25 percent higher than in the wider region. Panajacheleños have been aware of commodity inflation, of course, but have had no regular, public monitoring of prices in other markets, despite occasional intermarket visitations by virtually everyone. If their collective knowledge were effectively pooled, they would learn—and probably act on that knowledge—and bring Panajachel prices more into line by reducing the local demand. That this knowledge is not effectively pooled reflects the "impersonality" in social relations characteristic of Panajacheleños, so graphically described by Sol Tax forty years ago.

Most Panajacheleños probably believe not only that they are better off economically than their neighbors by virtue of tourism but also that their standard of living has improved over that of their parents and grandparents. From longitudinal information gathered since the 1930s, we know that they are not better off, and if this is the situation in Panajachel, it is reasonable to conclude that the standard of living has been deteriorating at least as rapidly, and probably more rapidly, in the highlands generally. Yet the western highlands have fared better economically than have regions of the country in the west and north, where in the late 1970s frustration first led to politicization of the Indians and then siding with guerrilla forces.

In 1978 I expected to find that tourism was reversing the negative regional and countrywide economic trends for at least the fortunate few in Panajachel, but, in fact, the data indicate that even Panajacheleños were worse off in 1978 than were their parents and grandparents. That they do not perceive this to be the case, and still harbor few reservations about living in Panajachel today, reflects the stimulus of life in the fast lane—or, rather, fast path (i.e., life oriented to tourism). Panajacheleños are more impressed with comparing their present income levels to those of neighboring communities than with comparing standards of living with those of earlier generations. The paradox is that Panajacheleños may not be faring much, if any, better than their neighbors who do not benefit from tourism. If this is the case and yet Panajacheleños perceive it otherwise, the reason may be that the economic benefits of tourism are more visible than its costs. Panajacheleños are less aware of the inflated cost of living than they are of the larger income they enjoy. But the same can be said of my coresidents in Boulder, Colorado. Boulderites know that they make more money on the average than the residents of outlying towns in the county, but they need an economist to tell them that equivalent housing costs 25 percent more in Boulder than elsewhere in the county.

It will be interesting to observe the choices Panajacheleños make over the next few years if, as I predict, tourism does not significantly improve and their understanding of their economic situation is finally clarified. Will they be able to act on this knowledge, when and if it comes, to better their life chances?

The Absence of Violence in Panajachel

Panajachel largely appears to have avoided the violence of the civil war. Directly or indirectly the community's dependence on tourism seems to provide an explanation for the community's good fortune in this regard. Over the past half century those Guatemalans who have purchased land for vacation homes in Panajachel; vacationed in the government-owned hotel, Casa Contenta; or driven out from Guatemala City to spend weekends on the beach and in the restaurants and bars have been among the wealthiest and most conservative of Guatemala's upper and middle classes. Many befriended and hired Panajacheleños, sometimes providing access to more remunerative employment elsewhere in the country. Panajacheleños early on chose to accommodate rather than to reject these national tourists and, accordingly, were disposed to assimilate many of their political biases.

Such conservative biases were reinforced by the foreigners, largely North American, who also began to frequent Panajachel fifty years ago. The first Protestant missionaries in the region were headquartered in Panajachel, and in the intervening years fully half of all Panajachel families have had some formal involvement in one or more of the several Protestant sects active in Panajachel. The missionaries were for the most part as politically conservative as the wealthy North Americans frequenting the hotels and purchasing or renting homes for more prolonged sojourns in Panajachel. The foreign tourists gradually became more diverse in age, life-style, economic status, and religious and political orientations. The sentiments of several hundred North American counterculture youths living for months at a time in Panajachel during the 1960s might have rubbed off on their Panajachel
peers and friends if the civil strife had reached the community at that
time. But by the late 1970s and early 1980s, the colony of hippies had
become much smaller and was growing older and more conservative.

Panajacheleños have learned much about North America through
association with its tourists. A number of friendships have resulted
in visits to the United States by Panajacheleños and, in some instances,
U.S. immigration and employment. North Americans are viewed as
friendly, unprejudiced toward Indians and the poor, and, above all,
prosperous. Panajacheleños like and admire North Americans more
than the Europeans or the Guatemalan elite who frequent the community.

Panajachel's resident priest since the early 1950s is a Spaniard of
means with basically conservative political views. He is well integrated
in the social elite of Panajachel, accommodative toward tourists and
upwardly mobile Panajacheleños exploiting the tourism opportunities,
and pragmatic in his treatment of other religions. Professionals and
representatives of national agencies (e.g., physicians and nurses, school-
teachers, lawyers, extensionists) are similarly well positioned socially
and often can use appointment or wealth to settle in this attractive
community.

In short, exposure of Panajacheleños to non-Panajacheleños in their
work, recreation, schooling, and worship has produced a political
conservatism which goes beyond mere pragmatism. Few Panajachele-
ños need to migrate to the coast for the seasonal employment upon
which so many of Guatemala's Indian communities depend to tide
them over the lean months each year. The municipios adjacent to Pa-
 najachel are among these latter communities, and so was Panajachel
early in this century. Residents of most other lake communities,
therefore, have more frequent contact with and knowledge of coastal
plantations and the broad range of experiences that migrant laborers
bring back from the plantations. ORPA, the guerrilla organization op-
erating in the southern municipios of Guatemala, recruits more suc-
sessfully in the plantation environment. It is not surprising that the
lake municipio which has experienced the most violence and presum-
ably has shown the most sympathy for the guerrillas’ cause is Santiago
Atitlán, across the lake from Panajachel and extending down to the
coastal littoral, where plantations are much more easily and of neces-
sity frequented. All the municipios bordering the lake on the south,
including San Pedro la Laguna, have experienced more turmoil and
violence than municipios like Panajachel bordering the lake on the
north.

The indirect consequence of tourism has been to improve the eco-
nomic opportunities for wage employment and to heighten family
income in Panajachel to a point where no Panajacheleño need beg,
emigrate, or seasonally work elsewhere. The direct consequence of
tourism is a level of satisfaction with the status quo among Panajache-
leños that is probably unmatched in the region. Panajacheleños have
not been inclined to bite the domestic or the foreign hands that feed
them. Given Panajachel's economic history, guerrillas did not focus
much energy on recruiting support in the community. The image of
Panajachel as a peaceful tourist center has been protected by both
sides of the conflict to a surprising degree. The limited attacks by guer-
rillas in 1981 and 1982 seem to have been symbolic gestures, aimed
more at demonstrating the left's ability to strike at will than at destroy-
ing Panajachel's image. When the hotel was bombed, very few tourists
were staying there, and none were injured. The Guatemalan army has
also contributed consciously to the maintenance of this image of tran-
quillity. Even the notorious and ubiquitous civil patrols are not visible
in Panajachel; they operate only at night between 11:00 p.m. and 5:00
a.m., when tourists are asleep.
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