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MATTHEW CAMPBELL

Inside El Salvador, the brutal prison state run by a Bitcoin bro

Is Nayib Bukele, the baseball-cap-wearing president of the Central American nation, a crypto visionary who has cleared the streets of gang crime — or a deluded dictator who has locked up thousands of innocent young men?



Left: suspected gang members at the Cecot mega-jail. Right: the 'philosopher king' president, Nayib Bukele, 42

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[Matthew Campbell](#)

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Rusty corrugated metal houses dot the hillside, stray dogs run about on a beach. Standing under an umbrella, a man in a baseball cap whips up a cup of mango-flavoured shaved ice. “Bitcoin accepted here”, reads a sticker on his blue chariot.

A tourist in Hawaiian shorts presents a smartphone to pay for his snow cone with bitcoin, using a QR code. “Man, that’s good,” he says, taking a sip.

A two-and-a-half-hour flight from Miami, El Zonte, a palm-fringed resort on the Pacific coast of El Salvador, has been a magnet for foreign bitcoin enthusiasts since the tiny,

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Cup in hand, Frank Hughes, 40, a tech start-up manager from Idaho, proudly displays a picture on his phone of the fish dinner he bought the evening before — also with bitcoin. “I have managed to transact more in bitcoin here than anywhere else in the world. I’m thinking of moving here.”

El Zonte is already known as Bitcoin Beach. Long popular with surfers, its black volcanic sand has become a destination of choice for American anti-establishment libertarians who believe the cryptocurrency is laying the foundations for a utopia.

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“You get all sorts of tech-savvy people, digital nomads and bitcoin influencers coming here,” says Roman Martinez, a local who helped to lead a bitcoin project in the resort before the official launch. “There’s a crazy amount of people coming here because of bitcoin.”



Bitcoin Beach (El Zonte) has attracted backers of the cryptocurrency

ALAMY

At a ramshackle bar in a side street where chickens peck at the earth I meet John, a wiry, balding “bitcoin developer” who says he lives between France and El Salvador, spent time in Russia in the early 1990s, is mistrustful of media and governments and doesn’t want his full name in print.

“The dollar has been used as a tool of oppression in this country, a sort of blood money,” he says as he pays for his pupusa tortilla stuffed with cheese and beans — with bitcoin

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Bitcoin was made legal tender in September 2021 by the country's charismatic president, Nayib Bukele, a 42-year-old former public relations executive whose trademark outfit is a leather jacket and baseball cap worn backwards. He consequently enjoys cult status among the techno-libertarians and has announced plans for Bitcoin City, a Dubai at the foot of the Conchagua volcano.

"When Alexander the Great conquered the world, he created his Alexandria," said Bukele from a stage (after AC/DC's *You Shook Me All Night Long* had finished playing). "For Bitcoin to spread worldwide, we must build the first bitcoin Alexandria here in El Salvador."



Beachgoers at El Zonte are encouraged to pay for refreshments with bitcoin
ENCARNI PINDADO FOR THE SUNDAY TIMES MAGAZINE

Among his bitcoin advisers are a New York couple, Stacy Herbert and her husband, Max Keiser, hosts of the popular financial news show *Keiser Report* on Russian TV. They are celebrity figures in El Salvador: members of the public pose with them for selfies. Seemingly part of the governing elite, they have been seen flying on military helicopters to inspect potential crypto-mining projects. They are promoting plans to finance the construction of Bitcoin City with \$1 billion worth of "volcano bonds", which are issued by the state energy company and backed by bitcoin "mined" using geothermal energy from the volcano.

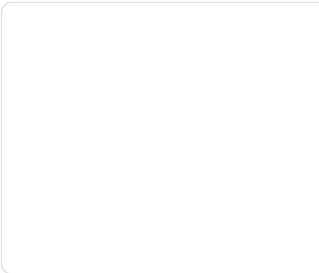
How this might be harnessed is uncertain. No eruptions of Conchagua have been recorded, but there are two "fumarolic" areas on the volcano's twin peaks emitting steam and volcanic gases. "It's volcano energy, yeah!" yelled Herbert, 55, flexing her biceps on a YouTube show and modestly celebrating the launch

a jism of free power that’s going to make us all f***ing rich down here!”

The world’s coolest dictator

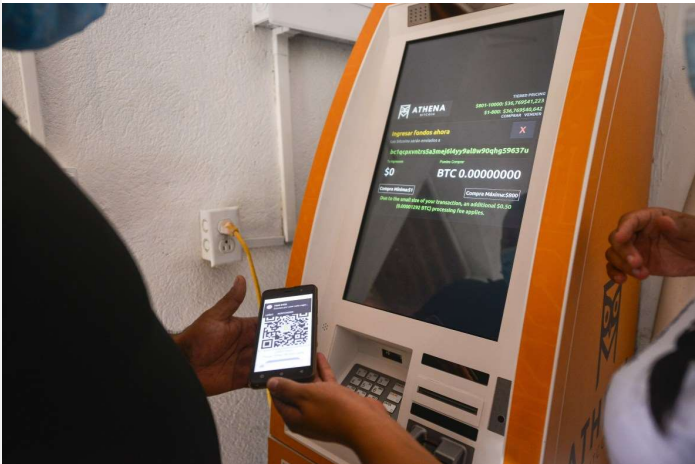
In a country where many people earn barely \$10 a day, many are unconvinced. Construction on Bitcoin City was supposed to begin this year, but there is no sign of any. A few trees have been marked with letters and numbers in orange paint in a forest selected for development. But there is not a bulldozer in sight.

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Nor is there any sign that bitcoin, whose value can fluctuate dramatically and has fallen by some 40 per cent since being introduced as legal tender in El Salvador, is catching on beyond the few outlets that accept it in El Zonte. The initial burst of enthusiasm over a government gift of \$30 cash to all citizens who downloaded its bitcoin payment app, the Chivo Wallet — *chivo* means “cool” — is a distant memory. I spent an hour standing next to a bitcoin ATM in the airport. Nobody used it.



Bitcoin ATMs have proliferated in El Salvador since the digital currency was made legal tender
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“The public doesn’t want it,” says Tatiana Marroquin, a former legal analyst for the country’s national assembly, over coffee in the capital, San Salvador (population 1.1 million). “But unfortunately the government carries on trying to promote it and has thrown away vast sums on this. They promise Bitcoin City will plug into the power of the volcano to create money and jobs, but nothing’s happening,” she says. “They don’t even know

Bukele is good at attracting attention. He took a selfie at the podium before his maiden speech at the UN general assembly in New York in September 2019. “The world, the new world, is no longer in this general assembly, but in the place where this photo will go,” he said. “Believe me, many more people will see this selfie than will hear this speech.”



Nayib Bukele
AFP

Bukele’s grandparents were Palestinian immigrants. His father, Armando Bukele Kattan, was a well-known businessman and Muslim religious leader. Bukele boasts of sharing a birthday with Simon Bolivar, the 19th-century liberator of much of South America from Spanish rule. He has tweeted about buying bitcoin with government funds while naked in his bathroom. On his X feed (5.5 million followers) — the main source of news about government policies — he has styled himself variously as “CEO of El Salvador”, “philosopher king”, “instrument of God” and “world’s coolest dictator”.

Mass incarceration

The latter was a rejoinder to critics of Bukele’s growing authoritarianism. Just as he introduced bitcoin without consulting his people, he has adopted the same dictatorial approach when dealing with gang violence. Beyond the volcanic sands of El Zonte, people do not talk about bitcoin — let alone use it. Far from being a bitcoin utopia, the rest of the country seems like some huge and brutal prison camp.

When a truce between the country’s warring street gangs and the government collapsed in March last year, El Salvador experienced its bloodiest day in two decades. More than 60 people were shot dead in what the government described as an explosion of gang violence.

Bukele declared a state of emergency. Entire towns were cordoned off by the army. More than 70,000 people — 7 per cent of male Salvadoreans aged between 14 and 29 — have been arrested, giving El Salvador, a country of 6.3 million people, the highest incarceration rate in the world.



Inmates at Cecot jail have reportedly been starved and severely beaten

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In January Bukele opened the Centre for the Confinement of Terrorism (otherwise known by its acronym, Cecot) in Tecoluca, 45 miles southeast of the capital. Shocking photographs have emerged from this mega-jail of rows of tattooed prisoners sitting in their underpants with their hands over their shaven heads. With a capacity of 45,000 inmates, it is one of the biggest prisons in the world. Bukele's *mano dura* — iron fist — policy appears to have paid off. Murder rates have fallen from 100 per 100,000 in 2015 (one of the highest in the world) to 2.3 per 100,000. (The rate is 1.1 in the UK.) Bukele's approval is 90 per cent according to some polls. No other leader in Latin America comes anywhere close to that.

Yet human rights groups estimate that as many as 70 per cent of those arrested have nothing to do with the gangs and may be innocent. Just having a tattoo or a phoned tip-off from a member of the public has been considered sufficient evidence for imprisonment. There have been numerous reports of savage beatings and murders by guards, who are also accused of starving prisoners and depriving them of medical care.

“Bukele has this outer shell painted in very bright, fresh, trendy colours, but this hides an authoritarian core bringing to mind our recent history,” says Claudia Ortiz, an MP with the opposition Vamos party.

An explosive history

El Salvador's politics have long been as volatile as its seismic geography. I first came to the country as a young journalist for Reuters covering a civil war that claimed 75,000 lives between 1980 and 1992. You could travel from one end of the territory, about the size of Wales, to the other to cover the “bang bang” and be back in the hotel for dinner. Far-right death squads roamed the streets of San Salvador at night, executing leftist “subversives”. Accused of being one of them, the archbishop Oscar Romero was shot dead while saying Mass in 1980. The

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Bukele started his political career in the party of former guerrillas, the FMLN. In 2012, aged 31, he was elected mayor of the small town of Nuevo Cuscatlan. Five years later, having also served a stint as mayor of the national capital, he set up his own party, Nuevas Ideas. He won 53 per cent of the vote in the presidential election of 2019, replacing Salvador Sanchez Ceren, a former guerrilla commander, in the National Palace.



Rebels of the left-wing FMLN group during the brutal civil war in El Salvador, 1983
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With his youth and flair for social media, Bukele seemed to offer hope for renewal. But his country now seems to be heading back to its bad old ways.

On February 9, 2020, after congress refused to approve a \$109 million loan to fund his security plans, Bukele marched into the chamber accompanied by soldiers to accuse deputies of thwarting the public will. After his party won a substantial majority the following year, the assembly passed a law to reduce the number of MPs and turn the country's 262 municipalities into 44 districts. Critics said this was gerrymandering to benefit the president's party. He shunted aside judges on the constitutional court who had blocked his plan to use the army in his security crackdown and dismissed the attorney-general. The assembly then passed a law forcing a third of judges and prosecutors to retire: "We haven't seen as many democratic rollbacks since the peace accords of 1992," Ortiz says.

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country's most violent criminals on an island off the eastern coast. Like El Salvador it has filled government social media accounts with photos of kneeling inmates clad only in boxer shorts to demonstrate that the state is dealing firmly with criminals.

Critics warn the widespread abuses committed under the security clampdown in El Salvador are breeding another generation of grievances. Reports have surfaced of young men taking to the mountains like their guerrilla ancestors to avoid being rounded up. Some of them are armed. Can Bukele keep a lid on the volcano?

Them above, those below

Pedro Rojas, a maths teacher in the town of Las Cañas, near San Salvador, has little interest in bitcoin. But he is thrilled with Bukele. "This place used to be uninhabitable," he says as we watch a football match at a recreation ground in the town. "It's magnificent what Bukele's done. We wouldn't have been able to stand here before — they would have shot us," he says. "It was abandoned in those days," he adds, gesturing towards the dusty, uneven pitch. "There was no football here."

The game in Las Cañas is between "Manchester United" and "Ajax"; the players are boys and young men from the upper and lower parts of a town once controlled by the rival, and notoriously brutal, MS-13 and Barrio 18 street gangs. Both have roots in the United States, where they were formed by the children of Salvadorean refugees. Many were sent home in the mid-1990s and set up gang branches. Now there is no part of the country where they are not present. Donald Trump called them "animals" for horrific murders committed in the US. But it is in El Salvador that they have exacted the heaviest toll. Unlike in other Latin American countries, they have not been fighting over drugs but a lucrative protection racket.

An imaginary line intersecting the main street of Las Cañas divided the territories of *los de arriba* ("them above") and *los de abajo* ("those below"), Rojas explains. "The people from up there didn't come down. If they did they'd be killed. We became accustomed to the shooting over the years. There were gun battles and bodies in the streets. Even the birds stopped flying away, they got so used to the sound of shooting."

The gunmen ruled over their neighbourhoods, extracting "taxes" from individual inhabitants as well as shopkeepers, transport and other companies, on pain of reprisals. "It gave you status, having a gang member in the family," Rojas says.

For everyone else life was miserable. That changed in March last year, when the army and police arrived to take away any inhabitants suspected of involvement in gangs. "There were five or six incursions," Rojas says. "Soldiers and police went house to house, asking questions. They had a list. Who did they rent the house from? If they couldn't justify it, they took them away —because a lot of houses had been seized illegally by the gangs." Afterwards the town seemed quite empty. "There were so many

As he speaks, children are running around on the edge of the pitch among the snow cone pushcarts. It all seems quite peaceful, even if half a dozen armed police stand watching near the pitch. Two men in their twenties lean against a fence drinking beer. “There’s no fear any more, it’s changed a lot,” says one of them, Rudy. “You’re better off clean, though,” he adds, raising an arm to show he has no tattoos — gang members usually have them. He pauses to take a swig of his beer before saying: “It’s true they took a lot of innocent people away. I guess that’s what they call collateral damage.”



In Las Cañas locals once divided by gang loyalties play football without the threat of violence

ENCARNI PINDADO FOR THE SUNDAY TIMES MAGAZINE

Sudden death

“In some cases police are making arrests for personal reasons, detaining the new boyfriend of a former partner, for example,” says Rina Monti in her office in San Salvador. She is the director of investigations for the Cristosal human rights group. “There are mothers denouncing the boyfriends of their daughters because they don’t like them. The hotline for denouncing people is advertised on television, saying, ‘Call it and don’t be afraid.’” She believes that only 30 per cent of those arrested are gang members.

“One welcoming ritual in prison is to make them kneel on gravel for an indeterminate amount of time, so their knees bleed,” she explains. Food, medicine and clothing are limited — inmates are usually left in their underpants. Families are not told which prison their loved ones are in. Beatings are common, as is overcrowding and disease. Monti has documented more than 160 suspicious deaths, including cases where bodies were returned to families covered in bruises and bullet wounds. The official line was they had succumbed to illness. “Sometimes they call it sudden death,” Monti says. “Then we find a bullet hole.”

The next day I am invited to a conference organised by the World Organisation Against Torture at the San Salvador Sheraton. The last time I was at this hotel was in 1989; rebel fighters had stormed the building to take 25 guests hostage, including four US military advisers and several other

fresh crop of bodies could be found each morning, often dumped with hands tied behind their backs by the side of the road, many displaying signs of torture.

“They handed over my son — he was dead,” Idalia Flores tells the assembled diplomats and human rights staff. “They said it was natural causes but he had bruises all over his face.” She shows pictures of the boy lying on a mortuary gurney.

Another woman, Luisa Hernandez, says her 23-year-old daughter, Emely, had been unjustly jailed for “illicit association”, having just returned from the US, where she had been working as a waitress. “They’ve taken thousands of innocent people,” she says.

Then Antonio Herrera gets up to speak. The 50-year-old fisherman from the island of Espiritu Santo is one of the lucky ones, freed after several months in prison. “They are killing them little by little,” he says. “I spent a month in just boxer shorts. Several people died. We had 140 of us in one cell and couldn’t lie down. I got sick with a fever, but there are no doctors. There were old people in there, including a man of 90.”

Later that day I meet relatives of detainees keeping vigil outside a prison on the edge of San Salvador in the hope of news or a chance to deliver food and clothes to their loved ones. “He’s been gone for 14 months,” says a woman who has come to seek news of her 22-year-old son. “But we still haven’t heard anything, not even which prison he’s in.” Every other day she and her husband get on a bus and travel for two hours to the Penalito prison on the edge of San Salvador, where they wait. Sometimes they stay until dawn because there are no buses at night.

Another woman is waiting for word about her 68-year-old father. “He’s been in for 13 months. They said he had collaborated with the gangs but he’s just a farmer.”



Cleansing the country

Bukele declines my requests for an interview. But Gustavo Villatoro, his minister for security and justice, agrees to meet me in his office. Villatoro is a member of the right-wing Arena party, whose former leaders orchestrated death squads and the murder of Archbishop Romero. He is sitting next to a blue-and-white-striped Salvadorean flag when I walk in. He greets me with a smile, but his face hardens when I ask about alleged abuse of prisoners and their families. “We are not interested in what human rights groups say, they are in love with the human rights of criminals,” he says. “You can’t use all the machinery of a state to watch over the human rights of criminals while leaving society defenceless. We’re doing what the people want, we’re cleansing the country and we’ll carry on doing it. The president has instructed us not to let any captured terrorists return to their communities.”

The president, Villatoro adds, has raised the maximum sentence for “supporting” a gang from nine years to forty-five. Mass trials will be held of suspects, beginning later this year. “At a famous hearing against the Cosa Nostra in Italy there were more than 300 defendants,” Villatoro says. “In El Salvador we’re talking about cases with more than 900 defendants at a time.” What El Salvador has done, he adds, “has caught the attention of the whole world”. When he hosts visiting delegations from other Latin American countries, “they all want to know how we have done it”.

Double down

The bitcoin experiment, by contrast, has attracted zero imitators to date. It has done nothing for the more than 25 per cent of El Salvador’s population living below the poverty line. Nor has it discouraged people from trying to flee in search of a better life — last year 97,030 Salvadoreans were interceded at

Gambling on a cryptocurrency was a surprising move — the way it was announced even more so. Jack Mallers was a 29-year-old start-up multimillionaire from the Chicago area. At a bitcoin conference in Miami in June 2021 he paced the stage in a hoodie and baseball cap, swearing, laughing and, at one point, crying as he recalled the weeks he had in El Zonte. A surfer from San Diego had been helping the poor there, he recalled, teaching them how to use bitcoin. Mallers had gone to help. One of Bukele’s brothers heard he was visiting and invited him to a meeting. Mallers ended up advising the government on how to use bitcoin for the benefit of the 70 per cent of Salvadoreans with no bank account.

He then announced that El Salvador, which still uses the US dollar as its main currency, would soon be adopting bitcoin as legal tender. Among other things it would allow Salvadoreans in America to send money home for free, saving hundreds of millions of dollars each year in transfer fees. “Today humanity takes a tremendous leap forward in reinstilling human freedom,” he added, wiping away tears.

After a few months, though, his enthusiasm appeared to have waned. When he gave a talk at another conference in Miami the following year he spoke about using the cryptocurrency for small payments. Instead of alluding to El Salvador’s brave experiment, he showed himself in a video using bitcoin to buy a six-pack of lager at a Chicago grocery store.

The International Monetary Fund has tried to talk El Salvador out of its bitcoin gambit, warning it will complicate negotiations over the national debt. But Bukele’s popularity has bolstered his bid to be re-elected in February in spite of a long-held ban on leaders serving a second continuous term — and he has doubled down on the crypto bet, even if the original \$108 million of bitcoin he bought for the country in his own name in 2021 is now worth only \$86.8 million. He doubled down with the purchase in November last year of 334 more bitcoins at \$25,000 apiece — less than half the average price the government paid for its previous batch. He put on a brave face: “Bitcoin is the future!” he tweeted. “Thank you for selling cheap.”

Since then no other purchases have been recorded. “Bitcoin is dead,” said Martir Albarenza Cortes, 32, one of the snow cone sellers on El Zonte beach. “It’s been five months since anyone’s paid me with it. I think it must have washed out to sea.”

Bitcoin

Today’s the sunday times magazine

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My \$1,000 night at Adele’s Las Vegas residency

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INTERVIEW

Escape to the Chateau stars: ‘We don’t compromise’

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