
Guatemala . . . Teetering on the Brink?

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ABSTRACT

This essay comes out of a recent trip to Guatemala, a country I first visited over four decades ago. But it is about more than Guatemala; it is about important and hopeful changes taking place in much of Central and South America that are not easily captured in the data on these countries. It is also about the challenges to future development in the region and the implications of those challenges for future U.S. policies that over recent years have focused almost entirely on drugs and migration. But above all, it is about a very beautiful and culturally rich country that is just beginning to realize its enormous promise . . . or about to face obstacles to its progress that it may find difficult to overcome.

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GUATEMALA . . . TEETERING ON THE BRINK?

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I first visited Guatemala over forty years ago. Back then, it was a very poor country with two main classes of people—a small, very rich and powerful land-owning elite (principally of European descent) and a large population of very poor (over half of whom were indigenous peoples, mainly descendents of the Mayans, who scratched out a living in small plots of land in the rural highlands). It was also a very beautiful country with mountains, lakes, jungle, and coasts on two oceans.



Lake Atitlan is one of the most beautiful spots in the Western Hemisphere, with volcanoes, mountains and lush tropical forests surrounding a deep and peaceful lake. Also surrounding the lake are a number of poor villages of indigenous Guatemalans. The Atitlan area is a tourist's dream and a perfect place for a second home for Guatemalans or retirees from abroad. But the lack of amenities (infrastructure and health facilities in particular), the all too obvious and painful poverty and the continuing insecurity in the country have discouraged development around Atitlan.

It is still a beautiful country with both the very rich and the very poor, but like many of its neighbors in Central and South America it is very different from the way it was forty years ago. A much more recent visit has shown me a lot about the important and hopeful changes facing Guatemala and the rest of Latin America. It drove home for me most of all that Guatemala, as beautiful and rich as it is, is possibly teetering on the edge between successfully facing its challenges and realizing its enormous potential on one side and succumbing to difficult obstacles on the other. It's become clear to me as well that what happens in Guatemala should matter more to the United States, that its challenges ought to be our challenges, and that U.S. policies toward the region, which over recent years have focused almost entirely on drugs and migration, are in serious need of change.

Some of the important changes in Guatemala are reflected in the data we all typically use to describe developing countries. It has become much more complex socially, economically, and politically; and, despite a decades-long civil war that finally ended in 1996, it is considerably better off in many ways than it was four decades ago. You can see the real improvement in education now that most primary age children are in school and retention rates are improving. Illiteracy rates have fallen substantially, although they are still too high: one out of four men and one out of three women are unable to read.¹ More and more Guatemalans are continuing on to secondary and tertiary education and attending the numerous new private universities that did not even exist decades ago in the era of state-directed development.

There are also improvements in health services as life expectancy rises and child mortality declines. The roads are better—there are more of them and many are paved. Agricultural production has increased as have agricultural exports. The housing stock in the city of Guatemala has expanded and considerably improved to meet the needs of increasing numbers of city-dwellers. The service sector has grown as well to now employ a third of the labor force and produce over half of the country's value added.² Tourism has increased and has much promise for future growth thanks to the rich archeological resources of the country as well as its fine highland climate and beautiful scenery.

But perhaps equally important are the changes that are not easily captured in the data on development in Guatemala—and in the rest of Latin America, for that matter. Three changes particularly stand out. One is the rise of a middle class, including an upper-middle class of professionals whose incomes are derived not from land ownership or government employment but from doing business in the private sector (for example, CEOs of retail businesses, businessmen and -women in the service and export enterprises, professionals in medicine, journalism, law, and the financial sector). And then there is a lower-middle class and the formal-sector working class that includes employees in small- and medium-size businesses in construction, communications, and the media, in banking,

1 Economist Intelligence Unit, Country Profile, *Guatemala 2007*, p. 21.

2 USAID, *Guatemala, Economic Performance Assessment*, May 2006, p. 9

and in a host of other enterprises that were much more limited in number in the middle decades of the twentieth century.³

The second striking change is the expansion in the number of Guatemalan non-governmental organizations. An increasing number of them appear to be locally based and work on a wide variety of problems that had been ignored in the past. I was able to observe one NGO, called Camino Seguro, which has provided care for the preschool children of some of the 2,500 desperately poor individuals who work in the city garbage dump, sorting plastic bottles and other recyclable materials to sell for a daily pittance.



The Guatemala city dump, seen from the cemetery above the dump—home to numerous hopeful vultures. According to local guides, the life expectancy of those working in the dump is short, due in part to the methane gas produced by all the garbage—a serious health hazard.

Another interesting NGO is GuateAmala, which has as one of its goals creating a network of economic and social development projects in Guatemala. Many Guatemalans have realized the power of networks, of organizations and individuals sharing similar interests, knitted together through cell phones, text messaging, and e-mails. It is surely only a matter of time before these expanding networks become the basis for effective political advocacy.

3 There has been surprisingly little research done on the expanding middle class in Latin America. For one effort to estimate the size of this class, see Nancy Birdsall, "Reflections on the Macro Foundations of the Middle Class in the Developing World", Center for Global Development Working Paper 130, October 24, 2007, <http://www.cgdev.org/content/publications/detail/14696>

A third type of NGO aims at using the market to advance the economic and social integration of the marginalized—in this case, indigenous women living in highland villages. Kiej del Bosque, established by several local women entrepreneurs—provides indigenous women with technical assistance to help them produce textiles using traditional dyeing and weaving techniques and sell them in markets in Guatemala and abroad. This effort is small and has no guarantee of success, but it is not alone in its goal of using the market to better the condition of the poor.



In San Juan la Laguna, Lake Atitlan: The scarves, table cloths, and other cotton textiles in this picture were dyed with local natural products, and the dye was fixed in a solution of banana tree stalks, according to traditional methods. The women then wove the textiles themselves. Their products are being marketed locally and in Guatemala City. Their ambition is to market them internationally.

These NGOs are all small, financially fragile, and feeling their way forward. But they are not alone; there are many NGOs working on a wide array of issues (the environment, human rights, women's issues, and others). This development holds promise for the future as Guatemalans begin to act to address their problems without waiting for the government foreign aid-givers to intervene.

A final change in Guatemala and, indeed, in all of Latin America is the increasing number of women in all aspects of professional life. In the not so very distant past, there were a lot of mainly poor, working women but also better-off women left out of professional life either because they did not wish to be involved or because they were discouraged from competing in what was then a man's world. Now, there are sizeable numbers of confident and competent women in government—including senior positions like legislators, governors, cabinet ministers and a few presidents—as well as prominent female journalists, businesswomen, and NGO leaders. These women are making an important contribution to the economic and social development of their societies and serve as role models and mentors for younger women aspiring to become economic, social, and political leaders in their countries.⁴

Each of these changes suggests that Guatemalan society is more aware of the challenges of its own development and better organized and capable of addressing those challenges than ever before. But there are profound tasks facing Guatemala that remain to be tackled. While similar tasks face its neighbors in Central America, those facing Guatemala are arguably more complex and difficult for several reasons. First, Guatemala remains the second most unequal society (after Brazil) in the most unequal region of the world, in terms of the distribution of income. Poverty is concentrated in the 40 percent of the population that is indigenous, still marginalized socially, and lacking in the assets, services, and political influence required to significantly improve their economic and social conditions. Guatemalans often recognize how important it is to include their indigenous peoples in economic progress, yet it is hard to detect significant achievements in this direction.

Guatemalans also recognize that excluded peoples can become a source of discontent and civil conflict. The country is still recovering from one of the longest and most brutal conflicts in Latin America, lasting from the mid-1950s to 1996. Some of the worst cases of brutality and abuses occurred in the indigenous areas where guerillas operated and where whole villages were wiped out by government security forces. It is easy to detect a lingering sense of fear and injury on the part of many who lived through these traumatic events.

A remnant of this conflict is the high level of insecurity in Guatemala. Individuals inured to violence and to acting with impunity during the civil conflict have turned to banditry, kidnapping, and murder as a way of life. They have been joined by gangs of unemployed youth and, increasingly, narco-traffickers. Well-funded drug rings can buy support or threaten those who oppose them. They can even attempt to buy off governments and security services. This may pose the greatest threat to the future of Guatemala and its fragile democracy, especially with its 'ungoverned spaces' in the northern jungles and with drug rings being chased out of Mexico and looking for a convenient place to relocate.

4 The increase in the number of women leaders is a welcome phenomenon throughout all of Latin America. See, for example, *Women in the Americas: Paths to Political Power*, Inter-American Development Bank, Inter-American Dialogue and League of Women Voters, January 2008.

The high level of criminal activity in Guatemala is a fundamental threat to economic progress in the country and even to its political stability. Investors, who are essential for long-term growth in the country, will not risk their monies in an insecure place when there are better options elsewhere.

Finally, there are the dark economic clouds building up on the horizon: rising prices for petroleum and grains for a country that imports oil that have not been offset by increasing prices for its coffee, bananas, cardamoms, and other agricultural exports; and a deepening recession in the United States where a whopping 10 percent of the Guatemalan population—which sends home remittances worth nearly 10 percent of Guatemala's gross domestic product—is estimated to live and work.⁵ Despite the relatively good macro-economic management of the past decade and a half, these price increases and a serious recession in the U.S. could undo much of the economic progress achieved in recent years in Guatemala and other countries and add to the societal stresses that feed crime and violence.

The apparent knife edge Guatemala is teetering on—between continued progress on the one hand and possibly severe setbacks on the other—presents not only Guatemala but the United States with considerable challenges. The country is too close for Washington to ignore, but ignore it Washington has. As with other countries in Latin America, the U.S. has focused on two major issues over the past eight years: drugs and immigration. These are important but they cannot be addressed effectively in isolation from other problems in these countries. Rethinking our policies toward our neighbors to the south will surely be one of the many early tasks facing the next U.S. administration.

5 This data comes from the Economist Intelligence Unit, Country Profile, *Guatemala 2007*, pp. 16 and 26.