

Guatemala : a workers' paradise ?

Friday 20 March 2020, by [LINARES Luis](#) (Date first published: 11 March 2020).

It's a fact that always comes as a surprise. Guatemala, a country that ranks at the bottom in Latin America and the Caribbean in terms of development and prosperity indicators, has an enviable unemployment rate : 2.9 per cent in 2012 and 2.5 per cent in 2019.

In a developed country, this percentage would translate into full employment and sustained wage increases since employers would be competing for workers and doing everything possible to retain them. There would be a high level of compliance with labour laws and greater respect for workers' rights. As Argentinian lawyer Arturo Bronstein said, the best labour code is full employment.

Unfortunately, the reality is very different. It's true that there are no utopias in the world save for a privileged few. But thanks to the efforts of trade unions and governments to guarantee a reasonable degree of prosperity for the entire population, wages and working conditions in many countries are much closer to something that could be defined as decent work : carried out under conditions of dignity, liberty, safety and equality, with guaranteed rights, decent wages and social protection.

The [Better Jobs Index](#) of the Inter-American Development Bank (IDB) measures working conditions in Latin America with two quantitative indicators (labour participation and employment) and two qualitative indicators (formality and living wage). The regional average was 54.91 out of 100 in 2010 (the first year of the Index) and rose to 57.12 in 2015 (the most recent). In both years, Guatemala ranked last at 38.01 and 44.94 respectively, a significant improvement but still far behind Uruguay, which ranked first in 2010 at 67.98 and in 2015 at 71.91.

With its low unemployment rate (67.90 compared to 82.26 in Uruguay), Guatemala doesn't fare so poorly in the quantity sub-index ; however, we rank at the bottom of the quality sub-index (21.98 compared with 63.56 for Uruguay). As for the differences between men and women, all of the countries have a gender gap, with a regional average of 22.5, but Guatemala has the highest at 33, much higher than Uruguay, which at 15.6 has the smallest gender gap.

A 2017 study by the Guatemalan think tank ASIES, *Evolución del empleo asalariado en Guatemala, 2002-2016* ([Evolution of Salaried Employment in Guatemala, 2002-2016](#)), indicates that in 2002, 59 per cent of wage earners had a salary equal to or less than the minimum wage, which increased to 71 per cent by 2016. At 14.7 per cent, Guatemala also has the smallest middle class by percentage of all the countries in Latin America, compared to the region's simple average of 33.1 per cent (Uruguay once again ranks at the top with 61.7 per cent). Employment surveys confirm this : in 2002, six per cent of wage earners earned four times the minimum wage or more. By 2016, this fell to one per cent.

In 2016, employees earned an average wage equivalent to €279 a month (the minimum wage was set at €343). The average was €262 for women, €176 for indigenous men, €321 for non-indigenous men and €202 for rural workers.

These figures confirm a well-known fact in Guatemala : women, indigenous people and people living in rural areas occupy the worst position in virtually every indicator.

A troubling phenomenon that suggests an even more precarious future is that of the inappropriately named 'Neither Nots' (because they neither study nor work), young people who in fact lack opportunities because society does not provide them. According to another ASIES study, [*Nivel educativo e ingresos laborales en Guatemala, 2002-2017*](#) (Level of Education and Labour Income in Guatemala, 2002-2017), out of an estimated total of 4.9 million young people between the ages of 15 and 29 in 2017, 26 per cent neither study nor work, an increase of 4 per cent compared with 2002.

Young women face more exclusion (57 per cent) than their male counterparts. And, once again, Guatemala has the highest rate in Latin America. According to the International Labour Organization's [*2019 Labour Overview of Latin America and the Caribbean*](#), the Latin American average in 2018 was 17 per cent. The lowest was – you guessed it – Uruguay with 10.5.

The most unequal country in the world's most unequal region

The roots of this growing employment precariousness and the lack of future perspectives for a large portion of young people lie in inequality. Guatemala is one of the most unequal countries in the most unequal region (Latin America) in the world.

Harald Waxeneker's study [*Desigualdad y poder en Guatemala, 2019*](#) (*Inequality and Power in Guatemala, 2019*) shows that net capital gains are not only increasing in relation to work compensation and tax income, but are disproportionately concentrated. Large companies (three per cent of all companies) account for 65 per cent of operational surplus, while small businesses (56 per cent of all companies) only account for 4 per cent.

Income distribution inequality is compounded by the unequal distribution of political power (which translates into the capture of the government by powerful economic interests), as well as unequal access to information, knowledge, health and food security.

Inequality in Guatemala has deep roots and we don't need to go back to the colonial era to understand them. In 1871, a political faction came into power that identified itself as liberal, but which was neither liberal in the economic sense nor in the political sense. They began a process of modernisation of the state designed to benefit the production and export of coffee, which led to the expansion of the colonial oligarchic elite.

The coffee economy was based on two pillars : a regressive agricultural reform that stripped rural communities – mostly indigenous – of land that was suitable for growing coffee, and a regime of forced agricultural labour.

This was taken to an extreme with the issue of a law against vagrancy, which forced landless peasants to prove that they had worked 150 days a year for an agricultural company. Those who were unable to do so were sentenced to 30 days in prison, which they could have commuted by working for free on public works, roads and other government services.

In short, for more than 70 years, the reigning political regime acted to benefit the competitiveness of plantation agriculture. While entrepreneurial spirit knew no limits, the benefits never 'trickled down' to the population.

This infamous work regime came to an end with the democratic revolution of 1944, which ushered Guatemala into the 20th century. The greatest milestone of the period was a rapid and effective agrarian reform, which ended with a counterrevolution in 1954 backed by the United States, fictionalised in the novel *Tiempos recios* (*Hard times*) by Mario Vargas Llosa. Although some

advances made by the revolutionary government survived, including the labour code and social security, the situation of workers, particularly in export agriculture, suffered a severe setback, and the powerful trade union and peasant movements that emerged during that period were dismantled under the pretext of defending democratic institutions.

A testimony collected by ASIES in 2015 in [*Historias de vida laboral de trabajadores agrícolas temporales*](#) (*Stories of the Working Life of Seasonal Agricultural Workers*), from between the 1950s and the 1990s, describes the working reality in all of its harshness : “Life on the coast [where the plantations are located] was hard. If you weren’t there you can’t imagine it.”

The challenge for Guatemala and its neighbours is promoting development for the poor

The current deplorable working conditions are explained by the historical legacy mentioned above along with the massive asymmetry of power in Guatemalan society. In no other Latin American country does big business have so much influence over public decisions as in Guatemala, and in few countries are the remaining social forces – including labour unions – so weak in terms of their ability to level the playing field.

Is it possible to eradicate misery and create dignified working conditions, or are Guatemalan workers simply destined to be the ‘wretched of the earth ?’ Uruguay, a small country by south American standards, whose types of exports (chemical wood pulp, meat, soya, rice and dairy products) are fairly similar to those of Guatemala (clothing and textiles, bananas, sugar, coffee and palm oil), has managed to do so. So what is stopping Guatemala ?

A fundamental difference is that in Uruguay, the institutions of the labour market (minimum wage, social security, labour inspection, labour justice) function fairly well, while such institutions are insufficient or non-existent in Guatemala.

Whether such institutions function well or poorly – as Fernando Soto and Emilio Klein demonstrate in their 2012 study [*Mercado de trabajo y pobreza rural en América Latina*](#) (*Labour Market and Rural Poverty in Latin America*) – influences workers’ incomes and the increase or reduction of poverty. The challenge facing Guatemala and its central American neighbours [El Salvador](#), [Honduras](#) and Nicaragua, the countries that rank at the bottom of the Better Jobs Index, is to promote development for the poor, with the central objective of achieving decent work for all.

This article has been translated from Spanish.

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