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## Guatemalan Businessmen Pursue Power

by LADB Staff

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Years of estrangement between the business sector and the Alfonso Portillo government (see NotiCen, 2003-01-15) have produced a political wrinkle not seen before in Guatemala politics. Individual business leaders, who traditionally allowed their industry associations to be their spokesmen, are now entering the arena themselves, as candidates and backers of candidates, and breaking free of organizations like the *Comite Coordinador de Asociaciones Agricolas, Comerciales, y Financieras* (CACIF), the private sector power house. The trend has so far calved the once ruling *Partido de Avancada Nacional* (PAN), producing a coalition party named the *Gran Alianza Nacional* (Gana), which carried off PAN's official presidential candidate Oscar Berger.

Berger, a hugely popular former mayor of Guatemala City brought the new party instant renown and a towering lead in polls. PAN was left scrambling for a substitute, and briefly adopted the tactic of not telling anybody that Berger had left them. The ploy showed some success in the hinterlands, where people showed up at Berger rallies hoisting PAN banners and wearing the party's blue and yellow official colors. Gana eventually had to bring suit before the *Tribunal Supremo Electoral* (TSE) to get PAN to quit the deception.

This is Berger's second outing for the country's highest office. He was trounced by Alfonso Portillo in the last election (see NotiCen, 2000-01-13). Berger also made off with much of PAN's financial support. His own traditional ties are to the sugar sector. Gana has the support of Eduardo Gonzalez, ex-president of the *Banco del Cafe*, and Jorge Briz, ex-president of the *Camara de Comercio de Guatemala*.

Others crowded into his corner include some of the deepest pockets in the country. Some offer a multiplicity of endowments, like Alvaro Castillo Monge, a coffee magnate who also owns the second-largest national newspaper, *Siglo Veintiuno*. Jorge Castillo Love of the country's largest brewing family is on board. The list of Gana's kings and kingmakers is long. But Gana is not the only political party that boasts big money and oligarchic clout. The *Democrata Cristiana* is led by former president Venicio Cerezo, who is linked to the sugar and oil rich *Campollo Codina* family.

Alvaro Colom, *Unidad Nacional de la Esperanza* (UNE) candidate, boasts CACIF connections. "That's where I come from; they know me," he said. And while Colom claims that his money comes from small and medium-sized business interests, CACIF insiders have told reporters that Colom has gotten funds from big players. His current second-place standing in recent polls make him a good bet. So does his running mate; Fernando Andrade Diaz Duran, an experienced political operator tied to the *Quetzal* and *Isthmus* Banks, as well as to the coffee industry.

Others on the coming term's slates have the business connections, but hardly need them. DCG presidential candidate Ricardo Bueso has announced that he is prepared to spend US\$6.3 million on his own campaign. DIA-PLP alliance candidate Eduardo Sugar Cofino will also invest his own

money in himself. The Union Democratica has a candidate with depth not only of pocket, but also of education and experience as well in Rodolfo Paiz Andrade. Paiz is a member of the La Fregua group, which owns the supermarket chain that bears his name. He is also a former finance minister, and former president of the Fondo de Inversion Social (FIS). He has a doctorate in business, and a master's degree in public administration, both from Harvard.

PAN chose businessman Mauricio Urruela Kong to fill the void left by Berger, but not at the top. Mauricio, son of CACIF leader Jose Urruela will run for mayor of Guatemala City. He headed his family's industrial business. PAN presidential candidate is Leonel Lopez, the also-ran in the primaries that Berger won by more than 70,000 votes. What flushed these entrepreneurs into the political limelight, and scattered them among the parties, was likely the attitude of the Portillo government toward the private sector. Formerly able to exert formidable pressure in the government, the sector has been almost entirely shut out during this administration.

### *Analysis of Berger-PAN Split*

Edmundo Urrutia, analyst with the Asociacion de Investigacion y Estudios Sociales (ASIES) told Central America Report (CAR) the prospect of another FRG administration was enough to inspire the creation of Gana, and to energize the active participation of business people elsewhere in the lineup of parties. Urrutia told CAR there is real intent now among these people to strengthen the country's institutions. "I don't believe they intend to return Guatemala to the category of a tax haven; this is irreversible. Nor do I believe that a Berger government could be totally made into a tool of business."

Berger has emphasized thus far in the campaign both institutionality and transparency, and has even promised a mid-term referendum that would let voters throw him out if they didn't like his performance. "If the people don't like it, let's find a substitute", he said. In a statement that presaged Urrutia's analysis he told audiences that he left the PAN even though it could cost him popularity, "to put myself before all Guatemalans," rather than be beholden to an elite. Berger's quote tells only half the story. The other half is that, in what might have been a suicidal gesture for the party, PAN directors threw their candidate out, rather than join follow him into the Gana coalition.

Seeing it differently, independent analyst Pablo Rodas told CAR that Berger was in fact draining the electoral finance swamp. "Berger is monopolizing the bulk of business support," he said. But Rodas noted that the flood of businessmen into the political sphere had replaced the monolithic strategies of the pre-FRG past with a panorama of players each asserting his own interests.

Analyst Gustavo Berganza explains the Berger phenomenon, and the rash of businessmen who followed him into the political fray, as an anxious effort by the business oligarchy to regain control over party candidacies and limit deviations from their preferred policy platforms. Berganza later explained to CAR, "They [business] were displaced from political decisions and they're trying to recoup power." Rodas' characterization of Gana as a coalition of "boss-run micro-parties" is not without foundation. The coalition is composed of the Partido Patriotico, controlled by General Otto Perez Molina, the Partido Solidaridad Nacional (PSN) of Ricardo Castillo Sinabaldi, and the Movimiento Reformador (MR) of Alfredo Skinner Klee and Manuel Ayau Garcia.

These are sensitive times for the business sector. At a time when the globalized world is showering free trade agreements on Central America, the private sector cannot afford to remain out of a negotiating loop monopolized by a hostile FRG. A poll published July 22 by Siglo Veintiuno has Berger comfortably out in front and gaining. With less than four months to election day, the Gana candidate has 45.3% of the likely vote, more than thrice that of nearest competitor Alvaro Colom, with 13.1%. FRG candidate Efraim Rios Montt is in third place with 11.4%.

Rios' position has also improved significantly since the last poll showed him with 7.9%, but his candidacy is once again in doubt since the Corte Suprema de Justicia on July 20 reversed a decision of the Corte Constitucional allowing the former dictator to stand for election. If Rios does run, he faces the highest negatives of any candidate at 65.7% Berger's negatives, a measure of potential voters who would not vote for him under any circumstances, stand at only 6.9%. The poll was taken between June 26 and July 5, among 1200 respondents throughout all 22 departments of the country.

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