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## Guatemala's New President Promises First Government To Serve The Poor

by LADB Staff

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After three tries over eight years, Alvaro Colom reached the pinnacle of Guatemalan electoral power Jan. 15. He was sworn in and received the trappings of office as president. The social democrat told the country in his accession speech, "This will be the first time in 40 years that there will be a government at the service of the poor." The crowd at the National Theater ceremony was enthusiastic, applauding him long and hard from the moment he appeared onstage, but, in what may turn out to be a harbinger, members of the Partido Patriota (PP) the right-wing party whose candidate, Otto Perez Molina, Colom vanquished sat on their hands.

Nonetheless, led by Colom's Unidad Nacional de la Esperanza (UNE) supporters, the audience interrupted his 45-minute speech many times with protracted applause. The PP delegation beat a hasty retreat at their earliest opportunity after the formalities of investiture, not even staying for the swearing-in of the new Cabinet. They were joined in flight by former President Oscar Berger in his first moments of ex-presidency, Eduardo Stein, the ex-vice president, and all the members of the Berger executive. Colom's Cabinet was a mixture of experience and inexperience, some of them former members of the administration of ex-President Jorge Serrano (1991-1993), as was Colom.

Sworn in to the Cabinet were: Jose Carlos Garcia Macal, minister of economy. He had been vice minister of economy in the short-lived Serrano government and later an advisor at the Secretaria de Integracion Economica Centroamericana (SEICA). Haroldo Rodas, minister of foreign relations. Another veteran of the Serrano regime, where he was vice minister of foreign relations. More recently he was director of SEICA. \* Eusebio del Cid Peralta, minister of public health and social assistance. Another pick from the Serrano administration, where he held the same job. In 2000, he became director of the Instituto Guatemalteco de Seguridad Social (IGSS). \* Vinicio Gomez, minister of government. He has been vice minister of security since 2007 and has had several different jobs in the police and Public Ministry. \* Ana de Molina, minister of education. She was finance minister in the administration of President Ramiro de Leon Carpio (1993-1996), later an education and human-development consultant. \* Pluvio Mejicanos, vice minister of finance. He was fired from the administration of President Alfonso Portillo (2000-2004) for his part in a purchasing scandal. Invited foreign dignitaries included President Hugo Chavez of Venezuela, who sat in the front row chatting with his close political associate Nicaraguan President Daniel Ortega.

There were other presidents, of course, one each from Brazil, Colombia, Costa Rica, El Salvador, Ecuador, Honduras, Mexico, Panama, and Taiwan, but it was these two, Chavez and Ortega, who most provoked the interest of the US international-business media. They seem very keen on divining which way this new president, an engineer by profession who has both business experience and a social conscience, will go. The Latin Business Chronicle asked rhetorically and melodramatically, "Will the new president take a populist, anti-American track as Hugo Chavez of Venezuela will likely urge, or will he follow a more pragmatic, free-market course similar to

Presidents Felipe Calderon (Mexico), or Alvaro Uribe (Colombia)? The answer may depend on US engagement in the weeks and months ahead." Other reporting had it, as an aside, that Chavez was strategically seated as far as could be arranged from Uribe in the front row (see NotiSur, 2007-12-07).

The business paper and its readers are also interested in how Colom will handle his porous borders and thus influence the politics of immigration in the US. One worry is that the narrowness of his victory over Perez Molina in the Nov. 4 runoff (52.23% of the vote) and the fact that only 2.9 million of Guatemala's 5.9 million registered voters went to the polls portend a very weak mandate (see NotiCen, 2007-11-08 and 2007-11-29). That weakness is amplified by UNE's lack of a majority in the legislature, just 48 of 158 seats in the one-house Congress, and by the majority of those seats being rural ones. Colom did not carry Guatemala City. The international business community was pleased and impressed with the Berger presidency.

From a social perspective, the presidency just ended was not much to speak of, with rampant crime dominating the news much of the time and governability being one of the most enduring questions (see NotiCen, 2006-01-26 and 2006-09-21). But, from the business point of view, Berger represented a mammoth improvement over his charged-with-corruption predecessor Alfonso Portillo. Colom left to clean up after a great business run Berger is saluted for raising taxes in a country where few deigned to pay them and for having "guarded macroeconomic stability." He presided over a 5.6% growth rate in 2007, saw the influx of call centers, light manufacturing, agroindustry, and tourism investments.

Now, says the business press, "With Guatemala's financial house in comparatively good order, President Colom can ill afford to overburden the nation's productive machinery with new taxes or to scare off foreign investment." The new president can also ill afford, however, to allow the country to fall into the category of failed state or, as ex-vice president Stein called it, a "narcostate," because of the soaring crime and poverty that has threatened the functionality of government institutions for decades. The poverty rate is approaching 80%, a rate wherein the indigenous majority is represented disproportionately and a rate that will improve only with extreme difficulty as long as only 33% of children ever reach secondary school.

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