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Louisa Reynolds

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by Louisa Reynolds

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On Dec. 31, the Guatemalan government caused controversy by approving a new minimum wage for apparel and textile factory workers in four municipalities in eastern Guatemala that is 23% lower than the minimum wage paid in the rest of the country.

The new salario mínimo diferenciado (“differentiated minimum wage”) of US$255.46 a month will apply to apparel and textile factory workers in the municipalities of Masagua, in the department of Escuintla; Estanzuela, in the department of Zacapa, and San Agustín Acasaguastlán and Guastatoya in the department of El Progreso. The legal minimum wage for textile and garment factory workers in the rest of the country is US$331 a month.

The decree has caused controversy as the country’s highest court, the Constitutional Court, ruled in September 2015 that such a minimum wage adjustment would be unconstitutional.

Then-Vice Minister of Labor Marlon García spoke out against the wage adjustment and refused to sign the decree that would enforce it, arguing that proposed minimum wage violated workers’ basic rights. In response, the interim president, Alejandro Maldonado Aguirre, fired him on Dec. 30 and replaced him with a business industry representative, leading critics to accuse him of authoritarianism. A week later, Minister of Labor Oswaldo Enríquez resigned in solidarity with García.

On Jan. 5, Maldonado Aguirre was met by a crowd of angry protesters in the municipality of Guastatoya, where he delivered a speech in defense of the minimum wage adjustment, arguing that it would attract investment in one of the most deprived regions of the country, where gang violence is rife. The protesters, students from the state-funded University of San Carlos, waved placards branding the new salario mínimo diferenciado as a “starvation wage.”

Rather than calming his critics’ fears, Maldonado Aguirre lashed out against them, branding demonstrators as “Leninists” and “idlers.” “This is what’s available. Take it or leave it,” he said.

Maldonado Aguirre, 79, was elected interim president in September 2015 after former president Otto Pérez Molina (2012-1015) was forced to step down in the wake of a massive corruption scandal known as “La Línea” (NotiCen, July 2, 2015, Aug. 6, 2015, and Sept. 3, 2015). During the 1970s, he was a member of the now-defunct Movimiento de Liberación Nacional (MLN), a far-right party with alleged ties to death squads. His appointment was welcomed by Guatemala’s influential private sector lobby, the Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (CACIF), but not by the citizen movement that forced Pérez Molina out of office.

Families cannot survive on new minimum wage, critics say

The United Nations, Guatemala’s Human Rights Ombudsman’s Office, labor unions and local think tanks have raised concerns that the new minimum wage does not cover the cost of the basic foodstuffs needed to feed a family of five (the Guatemalan average) and could thus push thousands
of workers below the poverty line in a country that already has one of the worst poverty indicators in the Western Hemisphere.

“The agreement is the product of a right-wing mindset that affects all of Latin America, that regards people merely as a labor force, that enslaves them and does not even bother to give them enough to eat anymore,” said Efrén Sandoval, leader of the Movimiento Sindical Indígena y Campesino Guatemalteco (MSICG).

Critics have also argued that this wage adjustment for textile and garment factory workers could set a dangerous precedent, as it could be applied to other industries, and that it violates the Universal Declaration of Human Rights and other international agreements.


Number of Guatemalans in poverty increases

The new salario mínimo diferenciado was introduced just weeks after an official survey showed 59.3% of Guatemalans currently live below the poverty line, compared to 56.4% in 2000. Those living in extreme poverty increased from 15.3% to 23.4%.

The latest National Survey on Living Conditions (ENCOVI) was carried out by the National Institute of Statistics (INE), the Presidential Secretariat for Planning and Programming (Segeplan), the Rafael Landívar University, and the World Bank.

An ENCOVI survey carried out in 2000 showed that 56.4% of Guatemalans were living below the poverty line, a figure that had decreased to 51.2% by 2006. However, the latest survey, carried out in 2014, shows 59.3% of Guatemalans have a yearly income of less than US$1,342, or below the poverty line.

The latest survey also revealed that roughly four out of five indigenous Guatemalans (79.2%) live below the poverty line, compared to 46.6% of non-indigenous Guatemalans.

The northern department of Alta Verapaz has the highest poverty rates in the country, with 53.6% of its population living below the poverty line, followed by the highland department of Quiché and the eastern department of Chiquimula, with 41%.

These findings show that Guatemala has failed to meet one of its key Millennium Goals: achieving a 50% reduction in poverty rates.

It also shows that efforts to reduce poverty launched by successive administrations over the past decade, including conditioned cash transfer programs and the distribution of food bags among impoverished families in urban and rural areas, have failed to help Guatemalan families to break the poverty cycle.

Following the publication of the survey, Carlos Sobrado, the World Bank representative in Guatemala, said that although the country has maintained a steady Gross Domestic Product (GDP) growth in recent years, it has been unable to reduce poverty rates, which shows that inequality continues to be one of the country’s greatest challenges.
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