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Guatemala Urged to Move Faster on Reforms Mandated by Peace Accords

by LADB Staff
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Under pressure from the international community, on which it depends for vital credits and loans, the Guatemalan government picked up the pace of compliance with the 1996 peace accords. Added to the persistent warnings that it is not moving fast enough on the economic provisions of the accords particularly on tax policy Guatemala now finds its judicial system under scrutiny in connection with the Juan Gerardi murder case (see NotiCen 04/30/98 and 08/20/98). The Grupo Consultivo, comprising 20 donor countries and various international organizations, regularly monitors Guatemala's progress.

In 1997, the group promised US$1.9 billion in loans and donations to help underwrite the cost of complying with the peace accords for the period 1997-2000. Of that amount, only 20% has been delivered, in part because of the slow pace of reform in Guatemala. At present, the government does not expect to receive the last disbursements until 2002. Former-guerrilla organization says process is stalled In late September, the former guerrilla organization Unidad Revolucionaria Nacional Guatemalteca (URNG), then in the process of forming a political party to compete in the 1999 elections, issued the fourth in its regular reports on the peace process.

The report concluded that, 20 months after the peace accords were signed, compliance with them was "virtually stalled." The government has failed to comply in the areas of tax collection, rural development, agrarian policy, justice, public security, and constitutional reforms affecting the military and indigenous peoples, said the report. Furthermore, the government has not adequately informed the public about the content of the accords, which has prevented broad-based participation in the process.

The URNG analysis suggested that the government had done little to make compliance with the accords a national project rather than a political agenda of the ruling Partido de Avanzada Nacional (PAN). Whole sectors of society are excluded, said URNG leader Pablo Monsanto. Two days after the URNG issued its report, President Alvaro Arzu went on television to assure the nation that his administration has complied with the accords in a manner that benefitted all sectors of society. He said his administration has spent more money on social programs than any previous administration and has laid the foundation for economic development in compliance with the accords. Terms of the peace accords require that Guatemala increase its rate of tax collection from 8% to 12% by 2000. The current rate as reported by the government is about 10%.

Even so, Guatemala still has the second-lowest rate of tax collection in Latin America next to Haiti. "After soccer, Guatemala's favorite sport is tax evasion," said Foreign Minister Eduardo Stein. Arzu's assessment of progress was not shared by the international agencies closely monitoring the peace process. In a brief visit to Guatemala in July, UN Secretary General Kofi Annan gave a cautious appraisal of the government's compliance, praising some political improvements and
calling for greater effort in other areas. During his stay, Annan did not meet with the opposition and nongovernmental groups that say little improvement has been made, especially in the economy. Nobel Peace Prize Laureate Rigoberto Menchu said Arzu's conservative economic policies have done nothing to meet the developmental aspects of the accords, and the murder of Bishop Gerardi in April showed how fragile human rights are in Guatemala.

Deputy Rosalina Tuyuc of the Frente Democratico Nueva Guatemala (FDNG) complained that Annan did not consult representatives from civil society, "which is suffering the most from the failure to comply with the accords." But two days before the Grupo Consultivo met in October, Annan reported to the General Assembly that Guatemala faced "notable impasses" indicated by the troubling way the government is handling the Gerardi investigation and by the poor fiscal performance.

Rejection of a proposed tax on alcoholic beverages exemplifies the deep resistance to meeting even the modest 12% revenue-collection goal, said Annan. Seeming to give up on the Arzu administration, Annan urged the political parties to see that the next administration takes immediate measures to implement fiscal reforms and to inculcate a culture of fiscal responsibility. Coincidentally, the European Union (EU) issued a statement just as the Grupo Consultivo met that also expressed concern for Guatemala's fiscal performance. Progress in this area "is an important indicator of Guatemala's commitment to the peace process," said the statement. The EU also stressed the concern among member countries about the handling of the Gerardi case and the appearance of impunity.

**Government asks for more time to make reforms**

The government had not been ready to meet the Grupo Consultivo at its June meeting. Finance Minister Jose Alejandro Arevalo said that, with the additional time, Guatemalan representatives would be able to demonstrate real progress rather than mere good intentions. The Grupo agreed to an administration request to postpone the next regular review until October.

Even though he asked for an extension, Arevalo did not admit that the government had failed to meet the terms of the peace accord. The government has done its part to comply with the accords, he said. Noting in particular some improvement in tax collection, Arevalo complained that the Grupo Consultivo was slow in disbursing the promised aid funds.

Government representatives at the Brussels meeting asked donor countries for an additional credit of US$3.74 billion, supporting the request with a 50-page report entitled "Investing in National Reconciliation, Democracy, and Sustained Development." During the Oct. 22-23 meeting in Brussels, the Grupo Consultivo praised some of Guatemala's political reforms, especially including the URNG in the political process. But the catalog of unfinished business outlined at the meeting contrasts sharply with government claims of progress. Areas where the Grupo said reforms were slow or nonexistent include some considered vital: tax collection, the judicial system, police, and integration of rural populations into national political life.

The Grupo conditioned further economic aid on progress in fulfilling terms of the peace accords. In particular, before disbursing additional funds, the Grupo wants to see the Guatemalan
government collect revenues owed it by its own people. Manuel Marin, vice president of the European Commission, chastised "the dark forces representing minority interests" in Guatemala who are blocking compliance with the peace plan. "They must understand that the peace process is irreversible and that there is no turning back." In apparent agreement, Foreign Minister Stein warned that, if the reforms are not made by the next administration to be elected in 1999, "we will run unimaginable risks."

With the growing global financial crisis, the economic side of the reforms has taken on special urgency. Stein told the press that the peace has to include economic success if Guatemala is to avoid a financial crisis and the "alarming authoritarian tendencies" now apparent in Latin America.

**Constitutional amendments help Guatemala’s cause**

Among recent reforms approved by Congress are constitutional amendments passed Oct. 16 in time to be considered by the Grupo Consultivo at the October meeting. Among other things, the reforms decrease the power of the military by placing it under the control of a civilian minister of defense, while establishing important constitutional guarantees for indigenous peoples.

Fifty-one changes affect the indigenous majority, including defining the nation as "a multicultural, multiethnic, multilingual state." The Constitution extends protection for the rights and customs of indigenous peoples of Guatemala, recognizing, along with Spanish, the official status of the Maya, Garifuna, and Xinza languages. The reforms also recognize the jurisdiction of local indigenous courts, using customary law, in all cases but those involving violent crime, and guarantee defendants access to Spanish-language interpreters.

These amendments must be approved by a referendum in 1999. Central American representative of the Inter-American Development Bank (IDB) Miguel E. Martinez said the Grupo Consultivo will meet in mid-1999, just before the 1999 elections, and again after the next administration takes over in 2000 to assess progress made on the reforms. [Sources: Inter Press Service, 07/24/98; Notimex, 06/01/98, 09/04/98, 09/27/98, 10/20/98, 10/22/98; Spanish news service EFE, 10/22/98, 10/23/98; Agence France-Presse, La Prensa Libre (Guatemala), 10/23/98]

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