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Guatemala

Free trade on the heels of genocide

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Neo-liberal measures have escalated with a vengeance over the last decade as the war of the 1980s ground down. In December 1996, leftist guerrillas and Guatemala's military strongmen signed a peace treaty formally ending the worst American genocide of the century. But as Cindy Forster explains, the social war against the impoverished majority continues unabated.

Peace in Guatemala may open the door to an era of limited rights for labour activists, whereas before they faced death or exile. However management is mounting more sophisticated union-busting techniques than ever before. And despite a few lone voices, the political elite has closed ranks in support of the neo-liberal policies of President Alvaro Arzu. And the military remains a significant power. As the prospect of a less violent society glimmers on the horizon, channels of protest by the poor are being criminalised.

Ever since the military attempted to refurbish its image by turning over the presidency to civilians in 1985, the Guatemalan state has promoted a neo-liberal agenda. The current policies are different only in scale. In May 1996 the newly installed administration of Alvaro Arzu repealed the right to strike of all public employees. This "anti-strike law" contradicts the Constitution. By June 1996, Arzu's National Action Party (PAN) which controls the National Assembly, moved into high gear with mass layoffs of state workers who had already suffered the loss of thousands of jobs. (looking for exact number) In the countryside, a new law dramatically increased the penalty for land occupations, one of the few tactics available to thousands of campesinos (peasants) who have been sacked from the plantations.

Neo-liberals are also moving forward with the privatisation of the telephone company and electricity services. Meanwhile they have derailed attempts to reform the income tax scale – one of the most unequal in the Americas according to the US Agency for International Development (AID) – and raised the sales tax from 7% to 10% to soak more from the poor majority.

"The government is trying to make us collapse from sheer exhaustion, and they're doing it with the help of the army and the business people," said Carlos Diaz of the independent labour federation Unstragua. "They've shut down every legal avenue, leaving us no choice but to defy the law and take to the streets."

As head of the sugar growers association and a member of the joint chambers of commerce, agriculture, finance and industry (CACIF), Arzu has for years been promoting structural adjustment and privatisation. Business owners recognised his effectiveness by investing some 100 million quetzales (about US \$17 million) to install him in the National Palace, according to Adolfo Lacs, a union leader who works at the Bank of Guatemala.

Arzu rode to victory on a wave of anti-government rhetoric. But the rich are not leaving the political scene. Instead, they are amputating the state and severing its ties to the poor. In Guatemala as elsewhere, politicians share ever-closer links with the economic elites who benefit from neo-liberalism. At the end of the 20th century, 17 families control the lion's share of the nation's wealth.

The tight knit agro-industrial and financial-military elite includes people who have made fortunes in drug trafficking, the civil war, and the Bomba Monetaria or "monetary bomb" of the 1980s. This "bomb" was the brainchild of the generals then in power, who paid exporters two-and-one-half to four times the value of every dollar that they earned in foreign exchange with the idea of boosting the value of Guatemalan currency. By this the generals hoped to keep the quetzal on a par with the dollar. The attempt not only failed, but substantially contributed to the nation's current financial woes.

The government's loss was the private sector's gain. It was a gift, a "pinata" for the rich, in and out of uniform. Different sectors of the elite — industrial, agricultural, commercial, military — formed a range of new banks (including the Bank of the Army) to invest the bonanza, and to offer low-interest loans to themselves in their various corporate guises. Today many of these banks manage or co-manage agro-export plantations serving the US and European markets. They stand at the forefront of applying neo-liberal strategies — downsizing, work speed-ups, and replacing permanent with temporary labourers.

"When we speak of this [neo-liberalism] as a sin, we do so in the double sense of the socially immoral, and the stupidity of crashing so many times against the same rock," says economist Jorge Gonzalez del Valle, a former World Bank official, who ran for election as vice president on the "Frente" (Democratic Front for a New Guatemala) ticket in the elections that brought Arzu to power. "Guatemala must not return (for the fourth time in its history) to the perverse cycle of governments that privatise what does not belong to them," he lamented. The "Frente," a new left coalition, won third place in the presidential elections, their first electoral challenge, despite scant funds and several assassinations of militants.

In Washington free trade has replaced the Cold War as the force driving US policy in Latin America. Their chief aim is to deregulate national economies in preparation for free trade agreements, which inherently advantage stronger over weaker economies. According to the US agency AID, Guatemala's entry into the club of free traders is "essential for Guatemala's sustainable development, and a major US foreign policy objective." Both the United States and the European Union are using their General System of Preferences to pave the way for free trade by widening the number of tariff-free products.

Many observers argue that it was the international lending agencies that forced the Guatemalan military to make peace with the guerrillas. Central America is slated to sign a free trade agreement in the year 2005. Before then, Guatemala and El Salvador plan to eliminate all customs duties and create a single market that incorporates half the Central American population. The technocrats of Honduras, El Salvador and Guatemala are holding rounds of talks to form a "northern triangle" of Central American nations, and hence a stronger unit to negotiate free trade with Mexico, the nearest northern giant. Mexico and Guatemala have also created a joint program for their border economy, an area that happens to embrace the heartland of the Zapatista rebellion which erupted in part to protest the North American Free Trade Agreement (NAFTA). Ominously, the Guatemalan military and its murderous elite troops, the Kaibiles, have directly engaged in counter-insurgency against the Mexican rebels.

Silent scourge in the countryside

The most well-hidden story of the neo-liberal onslaught in Guatemala is taking place in the countryside. The agro-export elite are gutting job security and calling it "modernisation." The same happened in Chile at the start of the Pinochet dictatorship. In Guatemala, plantation workers are being sacked and driven out of their plantation housing by the tens of thousands. They are forced to beg for work, often on the same plantations where their parents grew old and their grandparents are buried. Sugar workers are cutting up to eight tons of cane a day where in 1980, they were cutting one or two tons according to doctoral student Liz Oglesby of the University of California in Berkeley.

Guatemala remains an overwhelmingly agricultural economy. And across the plantation belt, landowners are replacing a labour force of year-round workers who enjoy traditional rights to housing and a corn plot, with a labour force of temporary workers, usually contracted for two-week stints, and employed for a maximum of five months in every 12.

Plantation owners have created a vast, chronically under-employed and migrant pool of workers. In the process they

have systematically degraded labour conditions in the agro-export sector, the main "motor" of the national economy. With the connivance of the courts, they have done all this without scrutiny or protest, outside the shattered world of plantation workers.

In cases where it is possible to track falling wage rates, workers forced from permanent into temporary status are working longer hours, at heavier task rates, for the same daily pay.

Mass layoffs represent a new dynamic "a new war" alongside the extreme levels of labour abuse that planters have always felt entitled to practice. The ensuing battles enter the news as land occupations, because the planters take their former tenants to court on charges of criminal trespassing. Some evictions are taking place because the landowners have abandoned agriculture altogether. In June 1996 one Spanish landowner drove 897 campesinos off his land in Iztapa, Escuintla to make way for a tourist complex.

The state overwhelmingly supports the landowners. Congress recently increased the penalty for occupying plantations to six years in jail. In effect this law renders illegal a critical weapon in the organising arsenal of rural labour. A few embattled rural unions have held the line against layoffs while thousands of other workers have succumbed.

Across the south coast, tractors are bulldozing the old plantation housing, burying an era that began in the 1870s with indentured servants, and that was softened in the 1940s with legal obligations and labour protections that are now being demolished.

The mainstream press is uninterested in this devastation in the countryside. It is, however, reporting the consequences: a flood of some 200,000 Guatemalans who have gone north in search of work on the Mexican side. In July 1997 alone, an estimated 3,000 Guatemalans crossed illegally into Mexico. "The abusiveness [of Guatemalan planters] forces people to cross the border illegally in search of work," says CONIC, a national campesino group. "Many workers say they can't even get medical assistance for their children in the first aid centres on the fincas." Other migrants to Mexico cite the widespread planter practice of refusing to pay back wages, which the owners usually admit they owe their workers.

Some attacks on rural labour rights are linked to strategies of modernisation. Others are merely gratuitous. Some of the richest individuals in Guatemala are locked in battle with campesino unions over payment of the minimum wage. Increasingly, finca and plantation owners have constructed facades of corporate ownership to avoid labour law. This summer US trade unionists were told that Finca La Torre's banker-owners have "no idea" who, in fact, owns the plantation. At the same time, the banker-planters were telling their employees that they would be fired should they continue to sell corn to local trade unionists. In the words of the finca administration, "Let them die of starvation."

Neo-liberal union busting

In the countryside, bosses are more ready than urban managers to resort to violence because they consider the blood of campesinos to be cheap, without political cost or economic consequence. Urban management strategies are not so straightforward. The owners of the Rayo-Vac battery factory employ psychologists to persuade workers to compete against each other. Maquilas often hire human relations personnel, sensitive to the workers' feelings, to balance out the line supervisors who yell insults and slap people.

Banks for their part are signing up droves of temporary workers. They frequently limit new hires to one-year

contracts, in order to starve out existing unions. In the new private companies that repair all the nation's paved roads, now that state road maintenance utilities have been privatised, management only hires temporary workers, which means that unions are a virtual impossibility. Elsewhere, total quality management circles promote individual competition, and when these fail, workers are urged to join solidarista associations, a version of company unionism, imported from Costa Rica in the 1980s.

Solidarista associations are as ubiquitous in the countryside as in the capital. They offer interesting evidence of the unified strategies of urban and rural employers. The associations operate on the old patronage model, parcelling out cheap appliances and mountain bikes to workers willing to quit their unions. Last year the bankers who manage Finca La Torre even formed a soccer team for non-union workers and bought the players smart new uniforms.

The concept of exercise for coffee workers is a curious one; adult males carry 200-pound loads, by choice, since the more they haul, the more they earn. In the neo-liberal economy, the presence of cheap and abundant labour in Guatemala's rural hinterland plays the same role as rock bottom wages in places like Haiti. The fact is not lost on maquila owners, many of whom have shut down city operations and opened up in Mayan villages.

Unfortunately, rural and urban workers often conceive of their struggles as a world apart. Much of the distance is due to the apartheid of race. Most rural Guatemalans are indigenous communities, with their own language and traditions. Most city dwellers aspire to a Spanish-speaking, mestizo (mixed race) identity.

Poverty is so profound on the plantations that many of the poor in the cities view the agro-export zone as their worst competition, a kind of inferno that drags down labour standards. The opposite is closer to the truth. Farm worker strikes since the late 1970s have mobilised the largest workforce in the nation and, indirectly, slowly driven up the minimum wage for city jobs. This is a chain reaction not lost on Guatemalan managers, who hammer at the wedge of cultural and ideological differences to fracture the strength of labour.

State workers and the guillotine

"Our heads are already on the guillotine," says Raul Cerezo of the union of road workers, referring to the announcement of 2,400 layoffs. The layoffs are illegal (finding out their legal recourse), since the state ignored the correct judicial procedures and the union's embargoed status. Arzu shrank a workforce of road workers that had stood at 12,000 strong and 97% union to just 600 workers. Then the government urged the laid-off workers to apply for their old jobs under new, private employers, at a wage that was cut almost in half, from Q28 to Q15 a day. Most refused the offer. "The government argues the necessity for decentralisation but we say it's all a ruse to carry out a very well-structured plan to crush state workers," said Cerezo. Adding insult to injury, union workers have been called in to redo the shoddy road building of the new companies.

The state is doing its best to undercut the effectiveness of public workers. A smear campaign in the media calls state workers "bureaucrats" and "incompetents." Meanwhile the cost of newspaper and radio adverts has doubled and quadrupled, so that trade unions must resort to leaflets as their only medium for informing the public.

Despite this assault, a number of public sector unions have crafted imaginative strategies against downsizing. In place of privatisation they advocate decentralisation to open up the field to private competitors while maintaining the state firms as well. The union of telephone workers crafted a de-monopolisation plan that would insist on trained workers, protect a proportion of the union positions, and keep some measure of public ownership in order to safeguard the public interest in affordable phone service. At the agricultural development bank, the union has advocated the bank's transformation into a user co-operative for thousands of small farmers, an idea which delighted

customers but angered the state. In another example, the union at the state bank that funded low-cost housing managed to salvage some of its social justice principles before its dismemberment, and to force them into the mandate of the new neo-liberal housing fund.

Some public sector unions view their demise as inevitable while others are persuaded they can save the patient even if they lose limbs. Mario Antonio Cristales of the electrical workers union, for example, questions the validity of the anti-strike law, saying, "We've had a strike every year although there was always some kind of law prohibiting us from exercising this right. We should see this new law as reason to charge up our batteries and confront privatisation head-on."

Occasionally the privatising mania has sown new militancy among workers. For instance when the state fired 1,500 forestry workers, including half the union's executive committee (which is illegal), the remaining non-union workers were furious and organised a far more powerful union than the one that had been busted. For them at least, adversity has built union loyalties among the rank and file that have allowed for broader strategies and weathered heavier attacks from management.

The not-so-quiet war on trade unionists

Fewer trade unionists are being killed or tortured than in the past when thousands, if not tens of thousands, gave their lives in the struggle that numbered some 150,000 political assassinations since the 1960s. Today, instead of outright murder, plantation and factory owners are using different methods. Thousands of workers are being laid off, phased out, and categorically denied access to unions by the juggernaut of neo-liberal reforms. "As trade unionists we need to become far more agile and astute since the repression is not happening with bullets so much as through technical strategies," says Carlos Diaz of the union federation Unsitragua.

Free trade initiatives have forced the business sector to clean up Guatemala's reputation as one of the most dangerous places on earth to be a trade unionist. Under the General System of Preferences with the US, a clause promising that labour rights shall be honoured has led to repeated warnings against the Guatemalan government, owing to gross violations of child labour, pay and safety laws documented by the Chicago-based Guatemala Labour and Education Project (GLEP).

The US has refused to lift the probation this year, until the Guatemalan government shows that unions have been given the chance to evaluate the new labour code being steamrolled through the National Assembly. Further conditions include action by the Labour Ministry on the Phillips Van Heusen case, and the assignment of a special prosecutor to investigate Finca La Exacta.

GLEP has moved mountains working together with the union in the factory that sews Phillips Van Heusen garments. This is one of the few unions that has survived in the maquila industry. In March 1997, after years of struggle, the union won an agreement from the company to negotiate in good faith. Once signed, this will be the only union contract in the industry, achieved through the difficult chemistry of union strength inside the factory, grassroots pressure in the US, and pressure from the international human rights community.

As with human rights violations more generally, the people committing the abuses are being forced to act with greater subtlety. Maquila workers report that supervisors still hit workers, but with less frequency. Managers fire potential troublemakers more quickly, to avoid any possibility of union formation. "Fear of management retaliation has grown so strong that it's become extremely difficult to even say the word "union" in most factories and maquilas," according to Unsitragua's Carlos Diaz.

Victory of a sort

International attention has achieved a very odd but important victory: the management and military types who plot attacks on labour seem to work harder to cover their trail, or else try to disguise their attacks as common crime. Union leaders are experiencing a tidal wave of assaults and car thefts. These attacks are suspicious because most of the stolen cars were ready for the junk heap, while the assaults have occurred without robberies. The victims request anonymity, because they fear that public denunciations will escalate the attacks, and eventually force them into exile.

Less has changed than the Arzu administration would have the world believe. In 1995 two trade union leaders were murdered – including Yovany Gomez of the RCA maquila factory – while in June of 1996, a leader of the union of shantytown dwellers was shot twice in the neck but miraculously survived. In 1996 a leader of the now-defunct union of the Ministry of Urban and Rural Development was kidnapped during the union's struggle against privatisation, but released alive.

Trade unionists believe that military intelligence continues to work in tandem with individual business or plantation owners. The Campesino Unity Committee says that the plantations are crawling with G-2, are government spies who often moonlight as death squad members. Death threats are routine, according to workers on the plantations. The same is true for trade unionists in maquila factories and at banks, as well as state workers in construction, gas and electric companies. All members of the co-ordinating committee of IUTE, the federation of public sector workers have received personalised threats. In 1996 a union leader at Public Works was told to leave the country within 24 hours or else be disappeared. Among road workers, a local union leader was warned to cease his activities within a week if he wished to protect the lives of his wife and children. "Our rank and file suffers the same" according to Raul Cerezo, who added, "threats occur daily - it's a reign of terror."

For business owners this kinder, gentler terror - as opposed to the physical mutilation and constant deaths of the recent past - yields very real rewards. Threats have driven a number of union officers out of their workplaces to save their lives. When the threats fail to achieve their purpose, employers resort to the old tactics. For example the bank workers' leader, Reynaldo Gonzalez, gambled on publicity, but in 1996 escalating threats against his life, and his sister's abduction, rape and torture forced him into temporary exile. Carlos Salguero, General Secretary of the Union of Public Works, is another who denounced the threats against him; last December he fought off attackers and briefly went into exile. In early 1997, union leaders at the Mi-Kwan maquila factory were seized by armed men who entered the factory, then took them at gun point to a police station where they were beaten.

Human rights violations are growing less vicious and less numerous. But few Guatemalans are being fooled, because the violence bears all the traditional trademarks. Labour organisers have survived the worst of the death-squad terror, only to face neo-liberalism. Justice remains a distant vision.