

## Guatemala Under the FRG: Peace at a Crossroads

### EXECUTIVE SUMMARY

Nearly four years after a comprehensive peace agreement brought a formal end to Guatemala's 36-year civil war, the future of the country's peace process and democratic transition remains uncertain. Progress on peace-related initiatives slowed by the end of the first peacetime administration of Alvaro Arzú and the National Advancement Party (PAN), and the agreement's implementation now rests with recently elected President Alfonso Portillo and the right-wing Guatemalan Republican Front (FRG). Portillo's dramatic promises to bring prosperity, order, and reconciliation to the country resulted in landslide victories in the November and December 1999 general elections, but, despite a promising start, the new administration has failed to deliver results and Portillo's popular support has collapsed. The enthusiasm generated by the campaign has now been replaced by an emerging crisis of governance and serious questions about the FRG's commitment to the peace process.

The Portillo administration's many problems include an internal dispute between the President and former general Efraín Ríos Montt, Guatemala's military ruler during the peak of civil war violence and now the leader of Congress, as well as the military's continuing involvement in internal affairs. Public frustrations are on the rise due to an explosion of violent crime and a slumping economy, while tense relations with business leaders have contributed to the government's growing isolation. With the initial euphoria generated by the historic accords long passed, the need for a range of key actors to renew the push for political cooperation, democratic deepening, and the advancement of the peace process is now vital. Canada and other international donors, for their part, should renew their support for crucial peace initiatives and commit to long-term engagement in the country's shaky democratic transition.

### RÉSUMÉ

Près de quatre ans après la signature des accords de paix qui a mis officiellement fin à la guerre civile qui sévissait depuis 36 ans au Guatemala, l'avenir du processus de paix et de la transition démocratique dans ce pays demeure incertain. Les progrès des initiatives de paix ont ralenti vers la fin de la première administration civile d'Alvaro Arzú et du Parti d'avancée nationale (PAN), et l'application des accords est maintenant entre les mains du récent président élu, Alfonso Portillo, et du parti de droite Front républicain guatémaltèque (FRG). Les promesses emballantes de Portillo de ramener la prospérité, l'ordre et la réconciliation dans le pays lui ont assuré des victoires éclatantes aux élections générales de novembre et décembre 1999, mais après un début prometteur, le gouvernement n'a plus été capable de fournir les résultats promis, perdant du même coup l'appui que la population accordait à Portillo. L'enthousiasme suscité par la campagne a maintenant fait place à une nouvelle crise de gouvernance et soulève de sérieuses questions sur l'engagement du FRG au processus de paix.

Parmi les nombreux problèmes auxquels fait face l'administration Portillo, notons un conflit interne entre le président et l'ancien général Efraín Ríos Montt, dictateur militaire du Guatemala au plus fort de la guerre civile et maintenant chef du Congrès, de même que l'ingérence continue des militaires dans les affaires internes. Pendant que des relations tendues avec les chefs d'entreprises contribuaient à isoler de plus en plus le gouvernement, une vague de crimes violents et un marasme économique faisaient monter l'agitation sociale.

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L'euphorie initiale déclenchée par les accords historiques étant loin derrière, il est maintenant primordial que des intervenants clés rétablissent la collaboration politique, renforcent la démocratie et fassent progresser le processus de paix. Le Canada et d'autres bailleurs de fonds internationaux devraient, de leur côté, renouveler leur appui à des initiatives de paix cruciales et s'engager à long terme dans la transition démocratique chancelante de ce pays.

## RESUMEN

Luego de casi cuatro años de que se alcanzara un amplio acuerdo de paz que acabara los 36 años de guerra civil en Guatemala, el futuro de la transición democrática y del proceso de paz en el país permanecen inciertos. A finales de la administración de Alvaro Arzú y el Partido de Avanzada Nacional (PAN), el avance de las iniciativas disminuyó. La implementación de los acuerdos está ahora en las manos del recientemente electo Presidente Alfonso Portillo y el derechista Frente Republicano Guatemalteco (FRG). Las enormes promesas de prosperidad, orden, y reconciliación llevaron a Portillo a obtener aplastantes victorias en los comicios generales que se celebraron en noviembre y diciembre de 1999. Sin embargo, luego de un inicio alentador, el nuevo gobierno ha logrado muy escasos avances y el apoyo popular de Portillo se ha desplomado. El entusiasmo que permeaba la campaña electoral ha cedido su espacio a una nascente crisis de gobierno que a su vez ha engendrado cuestionamientos serios acerca de la disposición del FRG en impulsar el proceso de paz.

Entre los muchos problemas que enfrenta la administración de Portillo está la disputa entre el Presidente y el otrora General Efraín Ríos Montt, quien estuviera al frente de la nación durante la etapa de apogeo de la guerra civil y actualmente líder del Congreso, así como la intervención continuada de los militares en los asuntos internos del país. El estallido de la violencia y la depresión económica han provocado un creciente descontento social, y la tirantez con el sector empresarial dejan cada vez más aislado al gobierno. El júbilo inicial que produjeron los históricos acuerdos de paz ha quedado atrás, y se hace perentorio que ciertos sectores claves den un nuevo impulso a la cooperación política, el fortalecimiento de la democracia, y al proceso de paz. Canadá, junto a otros donantes internacionales, debería reanimar su apoyo a las iniciativas de paz y adoptar una postura de acercamiento continuado con la inestable transición democrática del país.

### KEY ACTORS IN POST-WAR GUATEMALA

**FRG** – *Frente Republicano Guatemalteco* (Guatemalan Republican Front)

Right-wing political party of President Alfonso Portillo and former general Efraín Ríos Montt (President of Congress). Victors of the 1999 general elections.

**PAN** – *Partido de Avanzada Nacional* (National Advancement Party)

Conservative political party in power from 1996 to 1999 under President Alvaro Arzú. The party split into the Unionist Party and the PAN after its 1999 election loss.

**URNG** – *Unidad Revolucionaria Nacional Guatemalteca* (Guatemalan National Revolutionary Unity)

Former guerrilla umbrella organization and signatory of the peace accords with the government. Now a leftist political party and a member of the ANN coalition.

**ANN** – *Alianza Nueva Nación* (New Nation Alliance)

Leftist coalition party formed before the 1999 elections by the URNG, dissident members of the *Frente Democrático Nueva Guatemala* (Guatemala New Democratic Front), and two smaller parties.

**MINUGUA** – *Misión de Verificación de las Naciones Unidas en Guatemala* (United Nations Verification Mission in Guatemala)

International mission established in 1994 to monitor human rights during the peace negotiations, and later mandated to oversee the implementation of the peace accords.

**CACIF** – *Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras* (Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations)

Highly influential private sector umbrella organization generally supportive of the PAN. Has been a key player in negotiations on fiscal reform.

## **INTRODUCTION: GUATEMALA'S FALTERING PEACE PROCESS**

After a brutal 36-year civil war that left some 200,000 people dead, most of them indigenous (Mayan) civilians killed by the military and its allies, a comprehensive peace agreement was formally signed by the government and the leftist Guatemalan National Revolutionary Unity (URNG) on December 29, 1996. The conflict had moved progressively towards a peaceful settlement after its peak in the early 1980s, as the government lost its military backing from the United States and came under increasing international pressure to end the violence. The weakened insurgents, meanwhile, clearly recognized the impossibility of a military victory. Brokered by the United Nations (UN), the peace agreement is comprised of seven individual accords that established a blueprint for a deeply reformed Guatemala, including commitments to reform and downsize the military, overhaul the justice system, end impunity for human rights violators, assist those most affected by the war, develop social programs, and constitutionally recognize indigenous rights.

While the accords were a cause for celebration, the real battle would undoubtedly be in ensuring their full implementation. Guatemala's deeply unequal power structures were left largely intact after the one-sided civil conflict, as the military remained strong while power was still concentrated in the hands of an economic elite long opposed to progressive socio-economic reform. Although gaining in influence, civil society groups remained underdeveloped, while widespread discrimination against the country's Mayan population continued. Not surprisingly, considering their challenge to the country's status quo, the wide-ranging reforms outlined in the peace agreement have proven very difficult to secure.

Given this background, the following analysis discusses recent trends in Guatemala's peace and democratization process. Beginning with a brief overview of the National Advancement Party (PAN) administration from 1996 to 1999 and its eventual electoral defeat, the analysis focuses on the factors that have impeded progress under the Guatemalan Republican Front (FRG) government inaugurated in January 2000. The discussion suggests that revitalized domestic and international commitments are needed to breathe new life into a stagnating peace process that has failed to deliver meaningful results for most Guatemalans.

## **PEACE UNDER THE PAN (1996 - 1999)**

Elected in January 1996, the PAN government under President Alvaro Arzú brought an important push to the late stages of the peace negotiations before facing the task of implementing the accords. To support the peace process, a UN verification mission (MINUGUA) and a domestic Follow-up Commission were mandated to assist implementation efforts and monitor government compliance with the agreements. The PAN, whose support was rooted in the country's private sector leaders and middle class voters, generally enjoyed good relations with the international community and won the tolerance of the military during its mandate. It also made some important progress: URNG and civil patrol members were demobilized, the military's budget and personnel were cut by one third, the National Civilian Police force was created, a new Supreme Court was elected, spending on social programs increased, and much of the country's infrastructure was overhauled. At the same time, however, the PAN was criticized for allegedly using peace funds to line its own pockets and fund its political allies, and was held responsible for a declining momentum on peace-related reforms by the end of its mandate.

## **The 1999 Referendum: A Harsh Reality Check**

One of the greatest setbacks to the peace process under the PAN was the defeat of the May 1999 constitutional referendum. The proposed reforms would have changed the mandate of the armed forces, notably limiting its role to external affairs, and granted constitutional status to Mayan languages and traditional forms of justice. Regrettably, the referendum was defeated by a vote in which less than 20% of the eligible population participated. The result (and the dismal turnout) was blamed on the lack of information disseminated to the population, particularly in rural areas where most Mayans reside, and on intimidation tactics used by right-wing groups opposed to the reforms.

The vote was a sobering reminder of how difficult further democratization and reconciliation would be, as well as a testament to the still-limited national influence of the groups most supportive of the reforms, namely the political left, human rights groups, and Mayan activists. Leading up to the November 1999 general elections, the entire peace process was in serious need of newfound momentum and revitalized political support.

## THE 1999 ELECTIONS AND THE RISE OF THE FRG

By the time the electoral campaign began, the two final peace signatories were slipping from their positions of influence. The PAN's popular support was crumbling; in addition to its controversial handling of the peace process, the government was hampered by a slowing economy, high unemployment, and deepening public insecurity. Perhaps the most damaging criticism of the PAN was its lack of transparency, symbolized by the highly controversial privatization of the national telecommunications agency (Telgua). The URNG and its New Nation Alliance (ANN), meanwhile, was hurt by an image of complicity with the PAN government and failed to gain significant grassroots support.

The campaign saw Guatemalan voters turn *en masse* to the right-wing FRG, whose charismatic presidential candidate, Alfonso Portillo, offered a populist law and order platform that struck a chord with a frustrated population. Public insecurity was so central to the campaign that the revelation that Portillo had killed two men a decade earlier, allegedly in self-defence, actually helped his candidature. Meanwhile, in passionate speeches he portrayed himself as a crusader for the poor who would reform an elitist and corrupt political system, while also insisting he would fully implement the peace accords.

The FRG's victory was resounding: Portillo defeated PAN candidate Oscar Berger for the presidency by a 68% to 32% margin on the second ballot in December, while the FRG won 63 of 113 seats in the National Assembly to the PAN's 37 and the ANN's 9. The elections were generally deemed fair, and the 54% first round turnout exceeded most expectations.

### The Return of Rios Montt and the FRG's Loveless Marriage

Casting a long shadow over the FRG victory was former general Efraín Ríos Montt. The party's founder and general secretary, Ríos Montt was the military ruler during Guatemala's worst period of human rights abuses in the early 1980s. While Portillo may have held the spotlight during the campaign, most of the FRG's base membership, including former military officers and civil patrol leaders, is loyal to the former general and has opposed many peace initiatives.

At closer glance, the Portillo-Ríos Montt partnership reveals sharp contradictions, as Portillo's pledges to advance peace-related reforms and fight impunity are in clear contrast to Ríos Montt's deeply conservative views and refusal to admit to wartime military

wrongdoings. A former Marxist, Portillo even spent several years exiled in Mexico as a sympathizer of the revolutionary movement. He later joined the centrist Guatemalan Christian Democracy Party in the 1980s, and was a vocal critic of the FRG for years before accepting an offer to join the party in 1995. Ríos Montt and Portillo put aside their differences for the sake of gaining power, but most observers predicted the partnership would be fragile at best over the long run, and openly wondered who would call the shots once the defining purpose of the union — getting elected — had been achieved.

### A Formidable Task

Upon taking office, the Portillo administration faced a number of daunting challenges if it was to live up to the expectations created by its campaign and bring meaningful reform to the country:

- The international community, clearly disturbed by Ríos Montt's return to power, would need to be convinced of a commitment to key peace initiatives, notably human rights and fiscal reform, before releasing the remainder of the US \$2 billion assistance package.
- Portillo would require the support of his own party members to rule coherently, including cooperation from Ríos Montt, and tolerance from the still-powerful armed forces.
- Lofty public expectations for social order, a rise in living standards, and a spirit of reconciliation would need to be fulfilled. Should change not be readily obvious to the average citizen, Portillo's support base would likely crumble in short time.
- Portillo would need to generate support from traditionally conservative private sector leaders for key reforms, including an overhaul of the taxation system.

### Portillo's Brief Honeymoon

The new President began his mandate with an impressive inauguration address pledging to bring reconciliation and prosperity to the country, and followed with a number of significant moves. His cabinet appointments were surprisingly diverse, including human rights activists and former guerrilla supporters, and he appointed a colonel as defence minister, essentially forcing the retirement of the country's 20 generals (who cannot take orders from an officer of lesser rank), many of whom were linked to wartime abuses against civilians. A new push in the

investigation of Bishop Juan Gerardi's unsolved murder (Gerardi was killed in 1998 after releasing a report on human rights violations) brought the arrest of three military officers only weeks after Portillo took power. The President also proposed a hike in the minimum wage, announced a commitment to build political consensus on key issues — including an overhaul of the fiscal system — and promised to decentralize political power in the country.

Portillo's strong start won much praise, particularly from the international community, but recent months have seen the President's fortunes reverse dramatically. Progress has been undermined by a number of factors, including the FRG's internal disputes and the strong position occupied by groups opposed to peace-related reforms. Portillo's challenge was to build bridges in a deeply divided society and advance the peace process, but if his government's record to date is any indication, the road ahead promises to be very difficult.

## **PORTILLO'S FALL FROM GRACE AND THE CHALLENGES AHEAD**

The enthusiasm generated by the campaign and Portillo's first weeks in power has now been replaced by serious concern: the government is gridlocked, the peace process has stagnated, public frustrations over crime and social insecurity are rising, and the increasingly isolated President's very survival in office may be in question.

### **Internal Disputes**

Since the FRG's assumption of power, the Rios Montt-Portillo ruling dynamic has indeed proved highly complex and often conflictive. Portillo's appointment of non-FRG members to ministerial posts ruffled more than a few feathers within the party's old guard, and made cooperation with Guatemala's unicameral Congress — where Rios Montt is President and the clear leader — difficult. A surprising number of Portillo's bills, from salary raises to the teaching of the civil war in schools, have been completely overhauled in Congress, while FRG officials have openly criticized several cabinet members in recent months. The internal fight for authority has clearly limited Portillo's room for manoeuvre and impeded the government's ability to rule coherently, and despite the President's promises and early efforts, not a single peace-related

law was passed through Congress in the first eight months of the administration.

### **Crime and Public Insecurity**

The issue that has most dogged the FRG, and one it pledged to resolve, is the country's post-war explosion of violent crime and the growing presence of gangs, drug traffickers, and other organized criminal groups. Public security has clearly not improved under the FRG, as recent reports indicate an overall rise in violent deaths and kidnappings in the past year, and the President has been heavily criticized for his inability to come up with solutions. His poor handling of the April 2000 riots in the capital over increased public transportation prices brought accusations of indecision and a lack of commitment to public security, while some even suggested the FRG was behind the protests in order to weaken the capital's PAN mayor. When Portillo sent family members to Canada in June 2000 due to kidnapping threats from a local gang, it was seen as a telling admission of his incapacity to restore order.

Dissatisfied with state law enforcement and justice, the citizenry has resorted to taking matters into its own hands. It is now estimated that there are 1.5 million weapons in the capital alone (roughly one for each citizen), and the growth of vigilante security groups has been evident across the country. Extra-judicial lynchings are a common event, particularly in rural areas, and Guatemala's international image has been tarnished by a series of nasty mob killings this year. Many observers have linked the rise of vigilante violence in rural areas to an apparent revival of the civil defence patrol groups that were responsible for extensive human rights abuses during the war. Such developments have added to general feelings of public insecurity and fear in the country, and are a growing problem for Portillo.

### **A Limited De-Militarization**

Rising social insecurity has also pushed the military back into the national spotlight. In June 2000, thousands of troops were mobilized internally to fight crime in a clear violation of the peace agreement. Later, a cabinet change made Byron Barrientos (a military intelligence officer during Rios Montt's repressive reign) Minister of the Interior, prompting outrage from human rights groups. Although required

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*Caught between  
a deeply frustrated  
population demanding  
change and firmly  
established power  
structures opposing  
reforms, both  
the new President  
and the peace process  
have seen their prospects  
for success dim.*

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by the peace agreements and promised by Portillo, the full disbanding of the infamous Presidential Military Guard still appears a long way off. Having accepted some basic structural changes outlined in the accords, the military now seems unwilling to accept further reforms or to sit by passively given the current internal unrest. A first sign of unease came with Portillo's abrupt firing of his Chief of Defence Staff in May 2000, when certain factions of the armed forces reportedly had been plotting to oust the President. At the very least, the continuing influence of military leaders, past and present, will make movement on key peace issues — particularly the fight against impunity — very difficult.

### Human Rights and Impunity

The Commission for Historical Clarification was mandated by the peace agreement to promote reconciliation and end to impunity for human rights abusers in Guatemala. The Commission's February 1998 report found that 93% of wartime rights abuses were perpetrated by the state's armed forces and its paramilitary allies, and concluded that the Mayan population (victimized in 83% of the cases investigated) was the target of a deliberate policy of genocide in the early 1980s. The report's most significant recommendation was that those responsible for genocide, torture, and forced disappearance be tried and punished in national courts.

In August 2000, Portillo offered an unprecedented public admission of the government's direct role in civilian massacres during the war, and promised to compensate victims' families and bring those responsible to justice. Whether such a pledge will translate into real progress, however, remains to be seen. Human rights trials in Guatemala continue to be hampered by deep corruption within the justice system and unrelenting intimidation against witnesses, judges, and prosecutors. Five witnesses in the Gerardi case alone have been forced into exile due to death threats. There have been a handful of isolated court victories, but the rare convictions usually bring very lenient sentences commutable to payments of less than one US dollar per day. In 2000, incidents of violence and intimidation tactics against human rights organizations have been on the rise, bringing growing fears of speaking out and impeding progress in a number of key cases.

### Poverty and Social Marginalization

Reconciliation in Guatemala must also address the country's deep social injustices. Over 60% of the total population lives on less than two US dollars a day, with the poverty rate considerably higher for the country's Mayan and rural populations, and the country is also home to one of the world's most unequal distributions of wealth and land. The dispute over land ownership was one of the key reasons for the outbreak of civil violence decades ago, and although there have been some transfers to families uprooted by the conflict, the underlying inequalities have not been addressed.

Probably the greatest impediment to economic well-being is the lack of stable working opportunities; it is estimated that 50% of the population is either unemployed or underemployed, while over half the working population is employed in the informal sector. A slumping economy has meant 250,000 lost jobs since the beginning of 1999, and in a July 2000 survey nearly half the population claimed to be worse off economically than one year earlier. When asked to evaluate the Portillo government's first six months in power, 64% of the survey's respondents felt the economic situation had deteriorated

and 58% said employment opportunities had decreased.

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### Economic Concerns and Troubled Relations with the Private Sector

Analysts believe the FRG's internal tensions have impeded the development of a clear strategy to promote growth, as well as causing investor confidence to drop. Economic growth has slowed from over 5% of GDP in 1998 to only 3% in 2000, although forecasts project a slight recovery for 2001. While the Portillo government has been relatively successful in stabilizing the currency and keeping inflation in check, interest rates remain high and credit is tight, and the lack of domestic investment has impeded job creation. Many also point to a lack of professionalism and corruption within the public service, along with an unstable banking system, as continuing problems. A recent law on intellectual property protection has served to alleviate some concerns among investors, but the overall economic climate in the country remains uncertain.

Leaders of the most influential private sector group, the Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (CACIF), have been among the government's most vocal critics from day one. Most CACIF leaders had supported the PAN and its economic liberalization policies, and were clearly fearful of Portillo's populist promises and pledge to investigate alleged corruption in privatization deals. When industrial leaders were shut out of Portillo's cabinet, their resentment towards the new government grew. Meanwhile, the deeply conservative agricultural sectors that have traditionally supported the FRG have also felt threatened by a number of Portillo's proposals, including salary increases for workers and cuts to import taxes (most notably in the powerful sugar industry). The defensive positions taken by these sectors have furthered the President's isolation and prevented movement on key socio-economic reforms outlined in the peace agreements.

### **The Fiscal Pact**

Perhaps the most important, and contentious, economic issue has been the reform of the fiscal system on which international donors have conditioned much of the assistance package. Chronic tax evasion and ineffective administration put Guatemala's tax revenue at only 8% of GDP in 1996 (the second-lowest in the hemisphere), and in order to generate sustainable domestic resources for basic social programmes, the peace accords call for the rate to reach 12% of GDP by 2000 (later extended to 2002). To meet these requirements, Portillo has promoted a 'fiscal pact' initiative that seeks consensus between government, social organizations and business leaders on tax reform. While the diverse sectors all support the fiscal pact on paper, in practice progress has been very difficult, particularly given the private sector's long-standing refusal to accept greater taxation.

Agreement has been reached on new administration and collection processes, along with new transportation and income taxes, but the changes will only bring revenue slightly over 10% of GDP this year. Other key issues, including the value-added tax, a progressive taxation system, and new taxes on a variety of industries have been much more contentious. The lack of progress resulted in the postponement of a meeting with the Consultative Group of leading international donors slated for the fall of 2000. The postponement has brought much concern from the international community and could endanger the flow of assistance to Guatemala.

## **A VOLATILE POLITICAL CLIMATE, AND A PRESIDENT ON SHAKY GROUND**

In light of his promise-filled campaign, Guatemala's growing public insecurity and continuing economic recession have been catastrophic for the new President. Portillo's image as a crusader for reform has been replaced by one of a weak, indecisive, and ineffective leader unable to deliver on his promises. In a July 2000 poll, widely published in the national press, 65% of respondents disapproved of Portillo's leadership during his first six months in office, and 73% did not believe Portillo was true to his word. By October 2000, Guatemalans were taking to the streets in growing numbers, including vocal demonstrations by farm workers demanding access to land and higher wages, and protests in the capital against government impunity. A November 2000 poll saw the President's approval rating fall to a record low of 19%. With Portillo's support dropping both within his own party and the general population, his hold on power has become increasingly precarious, and his political future increasingly uncertain.

### **Rios Montt and the 'Guategate' Scandal**

In view of growing popular disillusionment and the increasingly unstable political scene, analysts have turned a watchful eye to Rios Montt. Fear and insecurity could lead to an appeal for the former general's heavy-handed ruling style, and he is one of the few politicians with a firm support base in the country through his links to the military and the evangelical church.

Rios Montt's political future may be determined by the outcome of one of the greatest political scandals in recent memory. The scandal, known as 'Guategate', revolves around a beverage tax law passed by Congress in June 2000. When signed into law, the tax rates were only half what was originally approved, prompting charges that the government had made illegal modifications to appease the powerful distillery industry. The FRG maintains the alterations were made at a separate Congressional Committee meeting (for which all official records have mysteriously disappeared), but the leading national newspaper revealed a tape of the meeting proving the changes were not discussed. The affair has since sent the FRG back-peddalling, as over twenty FRG deputies, including Rios Montt, are currently under investigation by the Supreme Court of Justice on charges that could lead to their expulsion from the legislature.

The scandal has also caused a polarization of opinions throughout the country as vocal

demonstrations, both by Rios Montt's critics and his supporters, have suggested that a major development could be on the horizon. Some believe Rios Montt and his allies are in serious trouble, while others have spread rumours of an impending military response to remove the weakened President and save Rios Montt from his political enemies. In October 2000, Portillo was once again forced to publicly deny claims that his leadership was under direct internal attack. Meanwhile, a number of influential FRG deputies are now pushing for the creation of a Constitutional Reform Assembly to revise the 1984 constitution. While the FRG claims its intent is to incorporate elements of the peace accords into the constitution, critics believe the primary motive is to remove the ban on Rios Montt from executive power.

## **THE SEARCH FOR DEMOCRATIC ALLIES**

The unstable political climate has meant that democratization and the peace process have entered a new realm of uncertainty. Beyond Portillo's problems, other leading parties are also in relative disarray; the PAN split in two shortly after their electoral defeat, with 16 former members founding the new Unionist Party, while the URNG/ANN remains disorganized and its 1999 presidential candidate, Alvaro Colom, left in October 2000 to form his own political party. Meanwhile, the general population is growing increasingly disillusioned with democratic politics: 86% of respondents in a recent survey claimed that political parties did not act in the best interests of the country, and 74.7% said to be dissatisfied with democracy.

With the initial euphoria of peace well passed, the need for the government and a range of key actors to renew the push for democratic deepening and the implementation of the peace agreements is critical. The active engagement of the media and civil society organizations, along with reforms to the justice system, stronger political leadership, and cooperation from private sector leaders, are among the critical factors needed to ensure that Guatemala's peace process is not relegated to an afterthought in the national consciousness.

### **The Media**

The national press has clearly developed into a strong and independent source of information and analysis, and its investigation of government corruption has made it a force for accountability in the country. In fact, a July 2000 opinion survey revealed the press to be the most trusted institution in Guatemala, with an approval rating of 78%. The media's work, along with recent literacy programs and continuing

telecommunication developments, give reason to believe that Guatemalans will be increasingly well informed in the coming years. As the media has clearly gained a taste for scandal, however, its challenge will be to report in a professional manner and promote constructive public engagement, rather than to breed apathy and a withdrawal from political involvement. There is also concern among observers that political coverage by leading media sources is heavily biased to favour the private interests that control them, particularly groups opposed to the new President.

### **Civil Society**

Social organizations in the post war-period continue to develop, and women's and indigenous groups in particular have grown in influence and symbolize an important force for democratic representation in the country. The 1999 referendum defeat symbolized a major setback, however, and there seems to be some loss of momentum and growing fragmentation within and among civil society organizations in its aftermath. As well, the threat that an expansion of social activism poses to the status quo has not gone unnoticed. Numerous recent attacks against human rights organizations, Mayan activists, and protestors have served as a warning that some groups are unlikely to accept change without a fight. The effectiveness of many social movements has also been undermined by a lack of strong representation at the regional and national levels. Their natural ally in most cases, the political left, remains weak, and bridging the gap between local and national representation remains a key challenge for Guatemalan civil society groups.

### **Legal Reform**

From a number of angles, legal reform is central to deepening democracy and creating prosperity in Guatemala. The fight against impunity, corruption and public insecurity, as well as efforts to curb tax evasion and establish clear business rules, all depend on an independent, professional, and modern justice system. While the current state of justice is clearly troubling, there is cause for some optimism, including Guatemala's new Supreme Court, inaugurated in 1999. The court's members were nominated through a consensual and transparent process, and several have openly acknowledged the need for a purge of corrupt judges and ineffective practices throughout the country. Positive changes at the local level include new justice centres for minor cases to take pressure off the court system, while expanded training programs should increase the number of judges and lawyers in the coming years. International agencies have offered critical support for initiatives to expand

access to justice and improve the quality of legal services, and a continued commitment to long-term programs is crucial.

### **Political Leadership and Private Sector Cooperation**

To many analysts, Portillo remains an enigmatic figure. While he has at times showed a real commitment to reform, his discourse has varied dramatically and his vision for the country seems increasingly unclear. Few deny that internal tensions have hindered his effectiveness, but most analysts claim the President has shown inadequate leadership and initiative since his opening weeks in office. Given the current situation, there is a new urgency for Portillo to create allies and overcome his political isolation. If an eventual military threat is real, he may find the political left, the international community and certain private sector leaders taking his side, but the time is now for the President to take strong action.

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Interestingly, some CACIF leaders have recently shown signs of a new interest in working with Portillo to reform fiscal policy, and a breakthrough could be near (although proposed wage increases continue to be disputed). While relations with the President have generally been sour and private sector concessions often elusive, more progressive business leaders, with a stake in seeing Guatemala's international standing improve, may accept compromises to avert further instability. This could be an important opportunity for Portillo to build partnerships, and could potentially advance key elements of the peace process.

### **BEYOND GUATEMALA**

#### **Central American Relations**

As Guatemala's peace process continues to struggle, the existence of a supportive regional environment takes on an added importance. Many analysts believe that a common regional approach to issues including economic development, education, infrastructure, environmental protection, and external trade negotiations would be of much benefit to Central America's small countries. By the late 1990s, however, regional ties were weakening, and in 2000 a number of border disputes signalled a low point for Central American integration. Guatemala entered into its own dispute by renewing an old claim to part of Belize's land territory, and tensions escalated during much of

the year. Mediation efforts by the Organization of American States (OAS) eventually calmed the mood throughout the region, and there is now hope the respective conflicts will be resolved diplomatically.

Central American leaders have responded to the regional crisis by holding meetings across a variety of sectors in recent months, but the challenge will be to push for concrete follow-up action. Civil society and private sectors groups have generally voiced their approval for deepened integration, and may take on an increasing role in developing initiatives. For its part, Guatemala has taken steps to deepen relations with selected regional partners, notably El Salvador and Honduras, although President Portillo's suggestion that the Central American Parliament be disbanded was less encouraging. International donors have also supported the use of a regional approach in their programming, despite some recent failures in this area (notably in the wake of Hurricane Mitch in 1998).

#### **The International Community**

MINUGUA's mandate, originally due to expire at the end of 2000, will likely be renewed for an additional three years. Although it has been criticized in the past for being too close to the government, recent events, particularly the 1999 referendum defeat and the rumours of a military intervention, seem to have brought a new sense of urgency to the mission, and it has been closely involved in talks between the government and the private sector on the fiscal pact. While the size of the mission will be reduced in 2001, its importance to the future of the peace process should not be underestimated. For their part, international financial institutions have pledged to ease certain restrictions within Guatemala's economic adjustment program, although many have faulted the program for generally compromising the policy flexibility needed to implement the accords' socio-economic reforms. The coordination of international economic and peace policies towards the country remains crucial, and donors must collaborate closely to achieve long-term results.

A number of donor countries have recently voiced concern over the stagnating peace process, including a strongly worded resolution from the European Parliament demanding a deepening of the Guatemalan government's commitment to the accords. The United States has been criticized by some for applying

insufficient pressure to ensure compliance with the agreements, but there has been positive engagement in certain areas. In particular, the US has taken the lead in a number of judicial reform projects and training programs throughout the country, while the US Congress continues to block military assistance and training to Guatemala until further de-militarization has taken place.

The fight against impunity is one area where recent international developments have brought new optimism. Declassified US State Department documents have offered new evidence in several key human rights cases, and the OAS' Inter-American Human Rights Commission was recently granted a mandate by Portillo to monitor his pledge to investigate and prosecute wartime abuses. Meanwhile, 1992 Nobel Peace Laureate Rigoberta Menchú has persuaded a Spanish court to investigate eight former military officials, including Rios Montt, on charges of genocide, state terrorism, torture, and extra-judicial killings. The decision to investigate has put the former general in a delicate position, particularly if he has presidential aspirations. The precedent created by the case of Chile's former military ruler, Augusto Pinochet (also investigated by a Spanish court and now facing charges in Chile), suggests the international community may be getting more serious about fighting impunity for massive human rights abusers.

## Canada and Guatemala

Guatemala first entered the consciousness of Canadian policy makers in the 1970s and early 1980s, when an active group of non-governmental organizations (NGOs) demanded the Canadian government condemn US involvement in the internal conflict. Since then, Canada has been involved in a variety of peace-related initiatives in Guatemala. Recent programming has included participation in projects to modernize the justice system and train local police, while financial assistance has been provided to MINUGUA and a range of grassroots organizations. The development of Guatemalan civil society groups has also offered new opportunities for partnership with Canadian NGOs; these cross-border coalitions continue to apply important pressure on the Guatemalan government to comply with the peace

agreements, while raising awareness abroad of the persisting human rights problems in the country. Like other international donors, Canada should renew its support for crucial peace initiatives and commit to a long-term engagement in the country's shaky democratic transition.

A welcome Canadian initiative has been to address Guatemala's controversial adoption industry, after a number of reports exposed extensive evidence of infant theft and illegal activities. Guatemala is the fourth-largest supplier of children for international adoptions in the world (over 1,500 in 1999 alone), but adoptions have become a source of tension between foreigners and locals, and fears of child theft are contributing to public insecurity. Canada's steps to regulate the industry include its embassy's introduction of DNA testing to ensure legality, while the Ontario government is moving to ban most private adoptions from Guatemala. Canada is in a position to raise international awareness of this issue further, and should press other demand countries to introduce similar measures.

The Canadian government's attention has recently turned to Central America in its attempt to create momentum for a Free Trade Area of the Americas (FTAA). Canada is currently negotiating a free trade agreement (FTA) with Costa Rica, and Prime Minister Chrétien's visit to the region in September 2000 confirmed the government's desire to deepen trade and economic linkages throughout Central America. FTA negotiations with the 'CA 4' (Guatemala, El Salvador, Honduras, and Nicaragua) are likely to begin soon, and Guatemala has enthusiastically supported this initiative. Canada may be in a position to use the upcoming trade negotiations as a means to push for broader reforms within Guatemala and the region as a whole, and Canada's demand that social issues be included in an eventual FTA is a positive step in this direction.

## CONCLUSION

The radical mood change in Guatemala since President Portillo's inauguration was plain to see during his Independence Day speech to Congress in September 2000. The President launched into aggressive attacks against a range of groups, including

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the media, the private sector and opposition parties for allegedly undermining the government's capacity to rule and betraying the nation. The speech acknowledged the lack of progress under the current administration, but offered criticism and confrontation rather than proposals for change — not an encouraging sign, yet clearly an indication of the tight spot in which the President finds himself.

Portillo's troubles are largely symbolic of the many difficulties facing Guatemala's peace process. Caught between a deeply frustrated population demanding change and firmly established power structures opposing reforms, both the new President and the peace process have seen their prospects for success dim as domestic tensions prove extremely difficult to overcome. To make inroads and strengthen his own position, Portillo must establish political allies and isolate the reactionary factions in his own party and the military, while the engagement of a number of domestic and foreign groups is essential. Civil society organizations have grown significantly in the post-war

period, and their role in fostering political awareness and pushing for democratic deepening is now of crucial importance. Also vital is the support of the economic elite for movement on socio-economic reforms needed to foster social well-being and stability. International donors and missions, meanwhile, must continue to pressure for compliance with the peace agreements, in addition to supporting key social programs and structural reforms.

Four years into Guatemala's post-conflict experience, a successful transition to democracy is far from assured, and the basic insecurities and injustices that have defined the country for decades largely remain. The current level of public frustration is a testament to the unfulfilled hopes of peace, and as the new administration enters the late stages of its first year in power, Guatemala is at a critical crossroads. Without a reversal of current trends, the efforts that led to the peace accords and brought hope for a new beginning may ultimately bring little change to the lives of most Guatemalans.

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