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**Background**



In 1944, a pro-American dictator, Jorge Ubico, was overthrown by a civilian-driven

revolt. Under his rule, the United Fruit Company, a corporation owned by the United States,

became the most influential business in the country. The presence of the company created a

toxic environment where the government relied on the support of foreign institutions to

provide job security for their citizens. This created a cycle where free enterprise, social

business and environmental consciousness were stunted at the expense of one dominating

business.

After the civil revolt, new President Juan Arevalo endorsed programs supporting the

development of education, economics, and labor. His successor, President Jacobo Arbenz,

expanded upon his issues of reform throughout the 1950s. But, unfortunately, his crusade for

reform turned futile when the United States, under the advisory of President Dwight

Eisenhower, approved of a covert operation by the Central Intelligence Agency (CIA) named

"PBFortune". This operation supplied weapons and funding to groups opposing the Arbenz

Administration. The United States backed coup, under the leadership of Guatemalan exile

Colonel Carlos Castillo Armas, overthrew President Jacobo Arbenz and his democratic

administration. As newly elected president, Carlos Castillo Armas repealed the reform acts of

the past decade reversing the progress of development in the country.

The coup rang the death knell for the country's three decade long civil war. After

enduring 36 long years of guerrilla warfare, the country signed a peace treaty ending the

ensuing brutality. Although the civil war was over, little progressions have been made in the

country concerning development, education, health, and human rights. The citizens of

Guatemala constantly face high levels of poverty contributing to skyrocketing crime rates, gang



violence and drug smuggling. With racism and inequality dominating their everyday lives, the

welfare of the citizens and the country are in daily jeopardy. (http://www.pbs.org/frontlineworld/stories/guatemala704/history/timeline.html)

**Reflection**

*"Talent is universal; opportunity is not." - Nicholas Kristof*

The natural landscape of Guatemala is truly breathtaking. From the crystal clear, aqua

blue water in Panajachel to the high, evergreen mountains and volcanoes in Antigua,

Guatemala is a place that everyone must visit in their lifetime. Words cannot capture the true

natural beauty that can be discovered within the diverse mountainous landscape of the

country.

That being said...it is no wonder why tourism plays such a large role in the economy of

Guatemala. People want to travel there. In many ways, tourism can contribute positively to the

local economy. First of all, it can empower individuals to seek loans to start their desired

business. In many cases, these businesses allow the individual to practice and embrace aspects

of their culture to a certain extent, like incorporating traditional weaving into their artisan

goods.

But, in many cases, the money-hungry banks and loan sharks stop their positive

contributions at that point. Underneath the sugar-coated facade of tourism, lies the true state

of the local economy. Although they do approve loans to entrepreneurs for their business

endeavors, they do not teach those individuals the basics of handling money. The vast

majority of the individuals have never come into contact with such large sums of money making

the organization of personal money and business money extremely difficult. As a result, many



of those entrepreneurs default on their loans due to the lack of knowledge of financial literacy. And,

the fortunate ones who do not default on their loans are trampled with crippling

interest rates that could financially ruin their business and leave their family at risk of food

insecurity and homelessness.

Throughout our week long journey, we met several microfinance institutions who are

determined to change the perpetuating cycle of poverty in their community by promoting

microcredit programs alongside financial literacy and health care conferences to aid in the

overall success of their entrepreneurs and their families. Many of these institutions are

interested in providing microcredit loans to women, especially indigenous women. When

women are empowered; they focus their business profits into their children and the quality of

life for their family. By focusing on the health and educational needs of their children, women

are ultimately investing in the next generation, the ones who will finally be able to break

through the vicious cycle of poverty.

**Namaste**​ Amaste, the first microfinance institution we visited, is striving to break

through the vicious cycle of poverty by empowering women. It is run and operated by a group

of local Guatemalans who aim to provide microcredit loans to the women in the local

community of Antigua. Twenty-six percent of the women who receive a loan are not able to read or

write; 74% of the women who receive a loan only have a 4th grade education. Namaste,

understanding the dire need for financial literacy, created a multi-step program so that their

clients could distinguish the difference between personal money and business money. With

completion of this multi-step program, clients are able to request a loan. Once the loan has

been approved, the clients are assigned a business advisor and a specialist to guide and advise



them in their business endeavors. Once a year in the spring, Namaste holds a conference with

various workshops covering various topics ranging from environmental consciousness to

domestic abuse. Since this conference covers such a wide array of important workshops that

are applicable to both the house and business, it is required that clients do not bring any

members of their family. For many of the clients, this is the first time that they have ever been

away from their children.

**Adigua**​digua, the second microfinance institution we visited, is run and operated by a

group of indigenous people who aim to provide microcredit loans to indigenous families in

the local community of Solola. They aim to serve the most vulnerable of the populations with

over 90% of clients in rural areas and 60% of loans being distributed to women.

Adigua has to have been one of the most organized institutions I have ever visited in

terms of both cleanliness and management. Adigua exceeds standards exceptionally well in the

category of communication. Not only do they have receptionists who speak the various

languages of the region, but each client has a field agent who keeps in constant contact with

them. The field agent takes routine trips to meet the client and their family. By witnessing their

lives and seeing their needs, the field agent can access the correct services that would best suit

the client. Adigua offers three types of services: 1) loan, 2) consultant, and 3) technical.

Adigua believes that the most important investment is the human investment; as a

result, they work exceptionally hard to set clear expectations and establish knowledge through

financial literacy and workshops. The workshops cover topics from specialty weaving classes to

budgeting to HIV/AIDS. Fairs are set-up for the clients in the specialty classes so that they can

display their goods. In addition, their clients can come together to approach and negotiate local



and international problems facing the local economy and local businesses.

The county of Solola has one of the most prosperous local economies in the country of

Guatemala. Compared to the other small cities we traveled through, Solola had a higher

standard of sanitation which reflects on the health and development on the county.

**Mayan Traditions:** ​the third microfinance institution we visited, is run and operated by outside groups who aim to provide job opportunities to the indigenous women in the local community of Panajachel. Although not a microfinance institution, Mayan Traditions are changing the vicious cycle of poverty. The indigenous women who work at Mayan Traditions are utilizing their talents of weaving, a talent passed down through generations, to generate unique artisan clothes for retail stores across the world. By doing this, they are adding value to their natural talents by ensuring that their workers are compensated at a fair wage. Simultaneously, the workers are also allowed to embrace their culture by practicing a traditional art form. Since the majority of their work can be completed at home, the workers

are able to care for their children and families while passing the art form of weaving down to

the next generation.

**Coffee Plantation:** ​ Here we learned about the historical value of coffee and the various methods of production used to cultivate the bean. One of the most shocking facts that we learned was that in 40 years, the entirety of its lifetime, a singular coffee tree will only produce 1 pound of coffee which is equivalent to 32 cups. Due to its short life span, there element of deforestation is present. But, the coffee plantation has faithfully fulfilled their promise to never resort to the slash-and-burn tactic, one of the most harmful practices to the environment. Instead, they cut down the coffee trees and utilize the products into other means.



One of the most interesting topics we covered at the coffee plantation was the idea of

fair trade. Most indigenous people are subsistence farmers. Living in the highlands of the

country, their most abundant season is during the rainy months; their least fruitful season is

during the dry months. Since they need to generate an income so that they can sustain their

families during the dry months, most indigenous people migrate to find other means of work.

During this time, the indigenous people are welcomed by non-fair-trade organizations who

provide transportation and housing for the workers and their families. The difference between

a non-fair-trade organization and a fair-trade organization is that the latter offers the worker

living wages for their work ($8) while observing environmental standards, while the non

fair-trade organizations offer the worker less than the minimum wage ($5) while disregarding

environmental standards and ethical codes.

But, there is a debate about fair-trade products. Since 65% of the farmland belongs to

2% of landowners, there is the question of democracy. And, with 16% of the profits returning to

the producing country while 84% remains with the receiving country, there is the question of

effectiveness. If fair trade was effective, wouldn't communities be prospering from one of their

main imports and wouldn't education and health reform be on the rise? These questions still

remain unanswered by leading fair trade participants like Starbucks.

**Macadamia Farm**​: As with the coffee plantation, standards for living wages and environmental consciousness are substantially high. But, unlike the coffee plantation, the macadamia farm grew out of a local necessity for nutrition. Noticing a lack of a sustaining breakfast for the majority of the population, the owners decided to take action by growing the protein-filled nut from Australia, the macadamia. By creating their nutty breakfast products, they provide a sustaining meal to the local school children so that they could become active learners and participants.



**Permaculture Institution**​: Our guide, Neil, told us a saying that truly resonated with me: "If you came here to fix our problems, we don't want your help. If you came here to hear our story and understand our problems, let's create a solution together". And, that is exactly what the institution is doing. Hidden in the evergreen hills of Panajachel, the permaculture institution is embracing the traditions of the land by honoring old Mayan customs. Coupling the ideas of history, culture, and human geography, the permaculture institution, consisting of a blend of volunteers and indigenous people, is taking everyday problems and turning them into solutions.

One of the most interesting examples of this concept that I witnessed was the use of tires.

Every year the world burns through billions of tires; as a result, an excess of tires began to

accumulate due to the lack of products utilizing recycled rubber. So, Guatemala found a use for

those tires. They use them as stairs on high inclines, as makeshift retaining walls to prevent

mudslides, as pots for gardening, and various other everyday commodities.

But, it wasn't only the permaculture institution who thought of this resourceful tire

idea! As we were driving through the small towns, I noticed the various tires piled in alleyways

and the multiple uses each town had for its own tire supply.

On our last day, as I was walking through the open air market in Panajachel, I saw the

quote by Nicholas Kristof, "Talent is universal; opportunity is not." It wasn't plastered on a

telephone pole or as graffiti on a wall. It was written in the faces of the artisans and displayed in



their hand-made goods.

Since I have been home, I have begun to think about the people that I met in

Guatemala. I sometimes wonder what they are up to. I wonder if the woman at the market are

making another set of sandals to sell so that her children can buy school supplies. I wonder if

the puppy I found is safe and sound inside his new home and not wandering the streets. I

wonder if the young boy who tried to sell us goods went to school or did he skip it so he could

make a few more dollars for his family. Sometimes I think I live in a completely different world.

When you are surrounded with the everyday luxuries of drinkable tap water and indoor

plumbing, it is hard to imagine life otherwise.

Like Muhammad Yunus said, "Poor people are bonsai people". The bonsai tree will only

be able to grow in the space you provide it. If you plant a bonsai tree in a pot, it cannot grow

outside those limits. If you plant a bonsai tree in a forest, it can grow its full potential. The

difference between them and us is that they were planted in a pot while we were planted in a

forest. Just like the cycle of poverty, the bonsai tree in the pot cannot break through its

confines to grow to its full potential until it is given the proper resources.