Guatemala Reflection Essay

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It has been about two and a half to three weeks since I’ve cleared customs back from Guatemala City headed for Bush International, and I still want to be back there. With the memories fresh in my mind, I sometimes dream about standing back atop Cerra de la Cruz, overseeing what looked to me like a modern Mayan paradise. The colonial architecture of Antigua, however, belies the truly vibrant and unique culture of the people who call their home “Corazon de Mundo Maya”, or “heart of the Mayan world”. While Antigua and Guatemala City clearly show signs of modernization, one need only travel to the central park to realize that their precolonial culture is still alive and well. Visits to the jade museum as well as a museum dedicated to the preservation of ancient musical instruments (predating the modern day guitar, saxophone, marimba, and flute) allow even the most well-read scholar an even more in-depth look into the history of the Mayans. However, the true culture and life of Guatemala can’t be contained inside a museum. My closest and most intimate encounter with the real culture of Guatemala came when I traveled to the main market. There, I saw thousands of merchants and artisans as well as consumers engaging in what is their everyday life. To me, however, it was eye opening. Americans often times have a watered down, incomplete perspective of how people in less well-endowed countries live. I’ll get to expound on that point later, however. My main reason for traveling to Guatemala was to gather more information on how microfinance has positively affected the region. It goes without saying that I had more than a wealth of perspective and experience to draw upon.

Unfortunately, the length of my stay was truncated, but I didn’t need much time to fall in love with Namaste Direct, a microfinance organization (MFO). MFO’s have a bad rep for charging interest rates on par with some loan sharks, only for the organization to break even. More than that, they also tend not to have the lowest default rates. Namaste Direct, through its innovative yet intuitive system of investing in the education of its clients, has achieved not only a 2% interest rate, but also a 2% default rate. (I often wish my student loans came that cheap.) What’s more is that they have produced one of the biggest success stories of any financial institution that I have ever heard. Alva Luz Hernandez Sabana, of the Sacatepequez Region of Guatemala, runs a general store that rakes in, on average, north of 12,000 Queztals, or $1,700. Since her involvement in the program, she has “more than doubled” her monthly profits and she continues to invest in her store.

The way Namaste does it should be common sense: from humble beginnings in 2008, they have educated their clients, and made personal relationships with them. The clients are subjected to a rigorous business education in not only accounting, management, and business sense, but also self-esteem and how to separate business money from personal money. That way, clients are able to self-sustain their business long after they are done borrowing. The staff at Namaste is also very analytical with the way they run their organization, which means that numbers usually determine decisions. While there is no way to quantify risk management with clients who usually have no collateral or assets, Namaste still keeps their books up to date, effectively doing their research when evaluating another client. Consequently, they maintain their 2% default rate and are able to sustain that incredibly low 2% interest rate. Also, 76% clients keep records of their profits. Meanwhile, did I mention that their average client is 39 years old, female, and with less than 5 years of schooling with two children under 15? Twenty-six percent of them are also illiterate. Yet, throughout their eight year history, Namaste’s clients have mustered a $3,758,000 increase in profits amongst 2,000 women. The organization is also 66% donor funded, with the other one-third coming for the board.

Being the natural skeptic that I am, however, I had questions. What were Namaste’s goals for the future? What was their next big investment? Did they plan on having a set increase in the number of clients they can take in? What happens if a client fails? Do they get a second chance? With my initial infatuation with Namaste came questions that, unfortunately, could not be answered. However, I was not disappointed nor was I turned off. Instead, I was hit in the face with the reality of what it takes to run a nonprofit. I wondered why Namaste had not set its sights on larger donors. Maybe writing a proposal to a larger financial institution, or even a wealthy philanthropist with ties to the region would have satisfied me. But that would turn the focus away from the real work they are doing. Simply put, they don’t have the time or the resources to devote to larger projects at this time. It hurt me, actually, because I have a desire to see organizations like Namaste thrive and be able to become a more ubiquitous force in the community. To be run that efficiently and yet be limited by your own work must feel stifling, but the people at Namaste are proud of the work and are not complacent at all. On the contrary, I feel that they are poised to keep doing the good that they have been doing.

On another stop in Guatemala, my group and I visited a coffee plantation (supplemented by the museum with the ancient instruments I mentioned earlier) to learn more about the Guatemalan economy in general. The coffee, as you can expect, was not bad either. However, I found out some pretty unsettling information about the coffee trade.

The most unsettling information I found out was that for every dollar spent on a cup of coffee, the producing country only gets a trivial 16% of the dollar. The consuming country gets more than the lion’s share: a whopping 84%. Unfair does not even describe the plight that coffee farmers have. My first guess was that the unequal proportions were due to inflation and cost of living amongst countries. When you consider that one Guatemalan Quetzal equals around 13 American cents, you start to imagine that paying American workers is much more expensive than paying Guatemalan workers. However, with the way that this is set up, it makes things much more difficult for MFO’s like Namaste to do their jobs with the farmers only getting a small share of the world market. If farmers can’t compete on the world stage because of differences in currencies and inflation, then how are they supposed to self-sustain? That doesn’t even account for rising tariff costs. The world asks a lot of farmers in poorer countries: they are expected to produce a high quality crop at a competitive price just to receive only a tiny sliver of that to live on, simply because the people that consume their goods don’t want to spend more. Another piece of disturbing information explains this phenomenon.

According to our tour guide, a manager at the coffee plantation, after the Vietnam War, the World Bank saw fit to revitalize the Vietnamese economy. Therefore, they shipped coffee beans there, and told farmers to grow it. The coffee was of lower quality, so it was sold at a cheaper price point than coffee produced in countries in which it is a productive resource. I am not sure if it would be a safe assumption to say that the same thing has occurred in other countries with struggling economies. To compete, coffee producers around the world dropped their prices, which is why Central American coffee producers have struggled. Big coffee distributors like Starbucks have bought Central American coffee by the boatloads, but even then, it is the same story. For every dollar Starbucks makes, the producing country gets no more than 16 cents on it.

On top of international trade issues, domestic issues also plague the Guatemalan economy. Guatemala is due for a presidential election in September of this year, and throughout my time there, no citizens seemed to endorse any of the candidates, with one citizen admitting that voting is pointless. That is the plight of Guatemala, but it is also the plight of poorer nations the world over. Making less than a dollar a day is commonplace because keeping prices low is what large corporations strive for, at any cost. Knowing that workers will accept an extremely small wage over no wage, corporations offer the minimum wage allowed by the government, which in Guatemala is $1.10/hour.

All this is news to me, a third year student at a prestigious liberal arts college. Surely in America we like to think that our education and culture is all embracing, but traveling outside her borders shows me that we can’t claim we live in a globalized society where such atrocities are committed, yet we drink Starbucks as a daily routine. America is a land of freedom. However, that freedom has become the freedom to take our daily lives for granted. That freedom has absolved us of any type of incentive to explore outside our borders, especially since politicians love to tout that America is the greatest nation on the Earth, and that other nations envy our political, religious, and economic freedom. The fact of the matter is that these countries don’t know about those freedoms. They are much more directly affected by our policies beyond our borders.

I am not saying that America is not a great country and that it does not rank amongst the greatest countries in the world. By many accounts, whether it is by the numbers or by personal opinion, America’s influence is growing by the day, and continues to inspire countries to pave their own way to success. However, what we have lost sight of is that we are much more dependent on our neighbors than they are dependent on us. In an increasingly globalized society, the notion of one country being greater than the next is dying quickly, and if we are to ever live in a world that truly values free trade with hard work and determination, then our own self-preserving policies must stop taking precedence over truly creating a world that all nations can thrive and succeed.

My travels have left me with much more to say and ponder over than my limit allows me. However, I am grateful to each and every entity that made this trip possible. I could not have dreamed of a better way to spend my week than to learn about myself and the world around me in a foreign land with a foreign culture. Truly, I have realized that what was foreign before seems to have much more in common with my own culture than I could have accounted for. And for that, I will forever be grateful.