CHAPTER 13 Guatemala and Uruguay

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Situated respectively at the tip of the Southern Cone and the north end of the Central American isthmus, Uruguay and Guatemala represent two very different faces of Latin America. Their development trajectories could hardly have been more dissimilar. Uruguay is an upper middle-income country with some of the highest human development indicators in the region. During most of its modern history, democratic regimes have presided over a highly integrated and homogeneous society. Guatemala is much poorer, with a record of undemocratic regimes and a highly conflicted and stratified society in which the presence of a strong indigenous component of Mayan origin constitutes a distinctive feature.

Paradoxically, these contrasts illuminate the close linkages between poverty reduction and governance in each country. In Guatemala, the great challenge is binding together a war-torn society whose very fragmentation caused four decades of armed hostilities. Uruguay's task is arresting the disintegration of a society whose cohesion was its defining characteristic. Both countries also manifest the impact of the political cycle, notably elections, on the national dialogue on poverty.

This chapter is based on the experience of two projects implemented by the United Nations Development Programme (UNDP) under its Poverty Strategies Initiative (PSI). It begins with basic socio-economic background on each country, then explores the governance challenges faced by both. It then delineates the objectives of each of the PSI projects and the ways in which activities were carried out. Before it summarises the author's conclusions, the chapter discusses the impact of the political cycle in each nation on poverty reduction policy formulation and its prospects.

Background

During the 1980s, Guatemala embarked upon a programme of economic stabilisation and structural reforms that relied on deregulation, privatisation of state assets and incentives to attract foreign capital (Schneider 1999). The implementation of stabilisation policies continued during the 1990s against a background of pervasive poverty and civil war. According to the most recent statistics (1998), the majority of the country's population live in rural areas and a high proportion (48 per cent)

is indigenous. Although agriculture contributes a significant share of the nation's income, its rural areas feature high levels of poverty and heavy migration of landless peasants who have abandoned their communities in search of decent livelihoods. A growing number of these migrants look for jobs in other countries, especially Mexico and the United States. Armed conflict has further displaced an undetermined number of people.[1]

During the late 1980s, 83 per cent of Guatemalan households were poor, and 65 per cent faced conditions of extreme poverty (Bastos 2000). The incidence of poverty is highest among the indigenous population. Only 15 per cent of all indigenous people lived above the poverty line in 1993, compared with 53 per cent for the rest of the population. Sixty per cent of the indigenous population were extremely poor, a figure that underlines the dearth of their livelihood opportunities in this rigidly stratified society.

This situation contrasts sharply with that of Uruguay, where a generous system of social benefits accompanied the development of a welfare state from the 1950s onwards. Public social spending — education, health, social security and housing — continued to increase during the 1960s, but began to fluctuate and then decline in the 1970s and early 1980s, when it stood at significantly lower levels than before the period that Latin Americans term the 'lost decade' of stabilisation and adjustment (Lorenzelli 1998). Data on poverty in Uruguay correspond to the urban areas alone, but given the country's high level of urbanisation, they provide a good approximation of the situation nation-wide. In 1995, 15.7 per cent of urban households were poor, representing almost 23 per cent of the urban population. One per cent of households were considered indigent that same year (Zaffaroni et al. 1998).

Despite their different trajectories and social composition, both Uruguay and Guatemala reached a major crossroads in the late1990s: each faced the challenge of addressing social inequities and poverty as a major governance concern. As indicated above, Guatemala's immediate task was the consolidation of the peace process that had begun a decade earlier. Uruguay grappled with arresting a widening differentiation and atomisation that, since the 1980s, had threatened to seriously tear its highly integrated social fabric. Coincidentally, both countries faced imminent presidential elections in 2000, which provided — at least in principle — an opportunity for projecting poverty issues into the public arena. Both these factors weighed heavily in the types of activities sponsored by UNDP in each country, furnishing a useful backdrop for comparative analysis.

The governance challenge

In May 1986 with the Declaration of Esquipulas, Guatemala began engaging in a decade of negotiations that culminated in the signing of the Peace Accords in December 1996. The agreements ended four decades of civil war that had deci-

mated the country. Because they contemplated a cessation of armed insurgency in return for government commitments to address the huge inequalities and contradictions that had characterised Guatemalan society, the Peace Accords explicitly recognised the intimate association between poverty reduction and improved governance. Indeed, they attest to the tremendous effort of Guatemalans to transcend violence and build a framework for peaceful and more equitable coexistence among social actors (IDIES 1997). As this nascent transformation owes so much to the organisations and representatives of the indigenous peoples, one cannot understand the context of PSI activities without examining the struggle of their movement for greater participation in decision-making.

To fulfil its part of the Accords, the government implemented a range of institutional reforms negotiated in the context of the peace process. It also focussed public investments on rural development, as well as health and education, which had been identified as priority areas in a special agreement dealing with socio-economic and agrarian issues. However, the government failed to implement a cross-sectoral strategy for addressing poverty in an integrated manner. The challenge of consolidating peace and democracy proved overwhelming, pushing poverty issues *per se* to the background.

To redress this situation and contribute to the implementation of the Peace Accords, UNDP decided to assist the Mayan people in preparing an assessment of poverty and a development plan of their own (Menmagua 1998, 1999). Both were carried out by the *Mesa Nacional Maya de Guatemala* (Mayan National Council, or Menmagua), an umbrella organisation that represents 26 indigenous associations engaged in development activities at the grassroots level. Both the poverty assessment and the development plan were part of a process of internal reflection within the indigenous movement, a 'coming of age' that presupposed analysing and understanding poverty from a Mayan perspective rather than that of external 'experts'. The process of reflection itself was considered as important as the outcome. It aimed at empowering the Mayans to act as change agents, to identify their priorities according to the needs they themselves perceived.

Along with the work on the Mayan poverty assessment and development plan, UNDP sponsored the elaboration of a social sector expenditure review (Schneider 1999). It aimed at examining the volume of public resources devoted to the provision of basic health and education services, in particular whether the government had met the targets for public sector financing set by the Peace Accords.

Except for occasional urban violence during the late 1960s and early 1970s, Uruguay's history has been much more peaceful than Guatemala's. After a brief authoritarian interlude, the elections of 1985 returned the country to the democratic path it had taken for most of the century. Along with the return of democracy came a remarkable recovery of public social spending, which had suffered seri-

ous cutbacks during military rule in the 1970s. Between 1985 and 1989, it rose cumulatively to a rate of 5.6 per cent. This trend continued during the 1990s, when the rate of increase of public social expenditure exceeded that of total government expenditure each year (Lorenzelli 1998). The state's traditionally progressive social policies stem from a system of universal entitlements to social services and benefits, particularly health, education and social security. Yet for this very reason, Uruguay has lacked policies specifically targeted to poverty reduction. Instead of a comprehensive strategy to assist the needy, government policy has encompassed a host of largely fragmented and isolated programmes, each of which deals with a specific aspect of poverty.[2]

In addition to having some of the highest human development indicators in the region, Uruguay is one of Latin America's most equitable societies. During the last few years, however, increasing social differentiation has become manifest in growing residential segregation, as well as widening disparities of access to public spaces and services. A sudden trade liberalisation forced many local industries into bankruptcy and closure, increasing the number of unemployed and under-employed. Nor have there so far been signs of a reversal in this trend. Along with unemployment, the number of street children has risen and general security has declined as violence and theft become more common. While this has surprised local commentators, encouraging economic figures have fostered government complacency, even in the face of increasing vulnerability among the poor. Yet it is this very process of social disintegration, this damage to the social fabric of what was once a highly homogeneous nation, that may eventually plunge the country into grave economic difficulties.

From public discourse to public policy

The first aim of PSI activities in Uruguay was introducing the linkage between economic and social trends into public discourse. In close cooperation with the local office of the Economic Commission for Latin America and the Caribbean (ECLAC), UNDP sponsored a study on the roots of social vulnerability, based on analysis of data from the household income and expenditure survey and information obtained from in-depth interviews in various localities (Kaztman 1999).

In Guatemala, too, PSI activities sought not only to furnish fresh data and analyses to inform policy-making but, most importantly, to raise awareness about issues of poverty among decision-makers and the public at large. The goal of the PSI studies, therefore, was not simply instrumental; they also aimed at changing mind-sets and attitudes by revealing certain aspects of the respective societies that had gone unnoticed.

However, there was a fundamental difference between the objectives pursued in each country. In Uruguay, the main audience for the study on marginality and vul-

nerability was presumed to be the government. Although the study was certainly intended to influence public discourse and therefore included public information efforts, its ultimate goal was informing policy so that measures could be taken to reverse the country's increasing social fragmentation and the concomitant consolidation of 'pockets' of self-perpetuating poverty.

By contrast, the poverty assessment and development plan produced in Guatemala were aimed first and foremost at the Mayan people themselves, and only then at government officials and the rest of society. Quite apart from influencing policy, Menmagua's studies were driven by goal of building self-awareness in the indigenous movement itself, so that it could speak with its own voice in the affairs of government. The production of information was part of that process. Another, more important one was self-empowerment.

The initiative for the studies came from Menmagua itself. In 1996, Menmagua had taken the first steps towards formulating a national development plan, when it drafted its Logical Framework with support from UNDP. Elaborating this plan required a preliminary assessment of poverty. Data on poverty and living conditions in Guatemala were scarce because no household surveys had taken place between 1989 and 1998. More important, though, the assessment could help mobilise the indigenous community behind common goals, provided it was carried out consultatively.

The design of the poverty study grew out of collective discussions that took place within each of the organisations affiliated to Menmagua. As the study progressed, it was discussed in community assemblies throughout the country, which provided forums for the views of the local people as inputs into the analysis, while at the same time validating its results and disseminating them to the community for further reflection and elaboration, Collective participation and debate were therefore actively encouraged, not merely as a safety valve for long-festering grievances, but as contributions towards correcting a hitherto distorted picture of Guatemala and also towards training individuals and communities to transform their own lives. This participation gave the documents a legitimacy they would have lacked had they been compiled through a less inclusive process.

Because of its own substantive capacity shortfalls, Menmagua engaged the collaboration of a foreign expert. Unfortunately, this technical assistance was not provided systematically enough to permit local absorption of new skills for poverty analysis and planning. This is evident in the quality of the documents produced. They are not systematic surveys — a fact that, in the eyes of some academics and government officials, makes them unfit for decision-making. However, more important is the Mayan organisations' strong sense of ownership of the results, especially the Mayan development plan, which they regard as a true reflection of their own views and priorities. Consequently, the documents are being used by many Mayan

organisations as instruments of dialogue with other non-governmental organisations (NGOs), and of advocacy and negotiation with government authorities.

Indeed, Menmagua and its member organisations have succeeded in projecting their message into the public arena — that ethnic discrimination and lack of opportunities for indigenous people are fundamental causes of poverty. They have engaged in vigorous outreach and advocacy to promote a dialogue on poverty and bring into the open their proposals for action, contained in the Mayan Development Plan. To influence the national political and economic agenda, discussions have taken place not only among the 26 organisations that compose the Council but also with government officials, political parties, and a range of non-Mayan organisations. This intense lobbying has borne some fruit, as evidenced by the number of academic articles, press reports and editorials that have taken up the issues raised by Menmagua. Its impact on policy, however, has been more limited — a fact that illuminates the long distance Guatemalan society must still travel to recognise its Mayan population as a force to be reckoned with.

As indicated earlier, UNDP also financed the preparation of a social sector expenditure review to assess the volume of public resources devoted to basic service provision. The study was part of a global project sponsored jointly by UNDP and UNICEF within the framework of the 20/20 Initiative, which promotes universal provision of basic social services as a major component of poverty reduction (chapter 7, this volume). In the Guatemalan context, the 20/20 targets converge with the commitments made in the Peace Accords, which set a timeline for increasing public spending on health and education. This has helped anchor the 20/20 Initiative in the national policy-making setting, bringing a global commitment closer to the attention of politicians and civil society leaders. Concomitantly, local actors could now use the 20/20 Initiative to bolster their case for greater attention to health and education. They could argue that the priorities set in the peace agreements were backed by an international agenda sponsored by the United Nations — proof of the validity of the policy thrust embodied in the Peace Accords.

While the Accords had called for greater emphasis on *basic* service provision, they left open the definition of what constitutes a basic social service and thereby invited controversy. The fact that the 20/20 Initiative contained an internationally agreed definition was brought to bear on this debate, facilitating consensus on a common understanding tailored to the local context.[3] The act of definition thereby became the first step towards tracking government efforts to expand the coverage of basic services. The study found that public social expenditure during the 1990s averaged 4.1 per cent of GDP, reaching its peak in 1998 at 5.8 per cent, which was more than two thirds higher than the amount allocated in 1990. Nonetheless, the study stressed the need for further efforts to fulfil the recommendations of both the 20/20 Initiative and the Peace Accords — especially in the

education sector, where much remains to be done in terms not only of coverage, but efficiency and quality (Schneider 1999). Because of severe budget constraints that may preclude further expansion of social spending, the study emphasised the need to raise additional revenues so as to achieve levels of taxation corresponding to 12 per cent of GDP.

Translating a study of this kind into policy is not an overnight process. So far, there is actually no evidence of real impact of the study on government plans. Nonetheless, there are reasons to be optimistic. First, the results of the analysis of public spending on basic services were presented to the Forum of Vice-Ministers, who became aware of the close correspondence between the proposals of the global development agenda in terms of social sector financing and the goals established in the Peace Accords. This lent further support to the recommendations made in the study, including the need for stepping up government efforts in order to fulfil the peace agreements. Further, several key individuals, who had given the study strong support, have since moved to important positions in government, among them, the new Secretary of Public Welfare. Happily, too, the prior government's Under-Secretary of Planning has retained his post after the election of early 2000. Both could therefore serve as links between the work sponsored by UNDP and the elaboration of policy in the new administration — if other developments in a highly fluid political situation prove conducive to furthering the social agenda.

In contrast to Guatemala, where public discourse had generally avoided confronting issues of ethnicity and discrimination, the topic of social vulnerability addressed in Uruguay was already part of the academic debate and had even crept into policy discourse. The discussion centred upon alternative methods of measuring poverty — between those who advocate the adoption of a poverty line representing a minimum basket of food and other necessities, and those who prefer to measure poverty by focussing directly on the level of satisfaction of basic needs. Over time, however, the debate became preoccupied with the virtues or weaknesses of the measurement *indicator* itself at the expense of a broader understanding of the *phenomenon* of poverty — in particular its dynamic aspects that, often, elude measurement. This created the need for fresh analyses that could shed new light on the multi-dimensional nature of poverty and, in so doing, better inform the design of public policy.

Thus, the PSI study adopted the concept of 'vulnerability' to analyse the multiple, intertwined ways in which households deal with adverse changes in labour markets that affect their ability to make ends meet (Kaztman 1999). Changes in the structure of opportunities and the portfolio of household assets occupy a central place in the analysis. So do such temporal dimensions as the family cycle, which expose households to varying levels of vulnerability at particular points in time (chapter 3, this volume). The study further underlines the important role of

the *barrio* (neighbourhood) as a space that blurs social distinctions between people of different strata, thereby inducting them into a 'culture' of solidarity and cohesion. The progressive weakening of the *barrio* as a space of social integration and its replacement by socially segregated residential areas is therefore a cause of great concern. It erodes ties of solidarity that bind people together, contributing to atomisation and, potentially, the severing of social relations and the perpetuation of poverty. In fact, most children in Uruguay today live in poor households, which themselves tend to be located in areas of high concentrations of poverty. Being socialised into poverty in a context in which opportunities for social mobility become increasingly scarce, these children are unlikely to join the ranks of Uruguay's much-touted 'middle class' — which itself has been shrinking — and may instead be condemned to a life of deprivation.

Apart from analysing survey data, the vulnerability assessment entailed a qualitative research component based on in-depth interviews with key informants and selected households. Local organisations came together in each of the nine districts in which the ethnographic study took place: community centres, NGOs and neighbourhood associations collaborated with contacts and information, facilitating the access of the researchers to the communities and even to the individual families who would provide the case material for the study. Unlike Guatemala, this involvement of local organisations does not seem to have contributed to either greater awareness or ownership of the results in the communities studied. With only one exception, there was no dissemination of research findings to these communities — neither to their leaders, nor to the families interviewed. Thus, in stark contrast to Guatemala, opportunities for empowering them to become change agents were missed.

The vulnerability study nevertheless had other impacts. Many of its themes are reflected in the national *Human Development Report 1999*, which it influenced deeply. Published only six months after the PSI study was completed (Uruguay 1999), the *Human Development Report* highlights the following challenges for the new administration that resulted from the presidential elections of Month Year:

- Inter-generational inequity;
- Differences in fertility rates among social strata, underscoring the fact that biological reproduction seems to occur almost exclusively among the poor;
- Processes of increasing social fragmentation, segregation and atomisation;
- Growing segmentation of public spaces and services, especially in education;
- Critical importance of work in the livelihood mix of the poor, in a context of declining employment opportunities and growing informality.

Insights from the ECLAC/UNDP study also influenced a study by the World Bank that took the central concepts of that work — assets and opportunity structures — as its point of departure. Even more auspicious from the viewpoint of validating the approach to poverty analysis adopted in Uruguay is a comparative

research study, underwritten by the Ford Foundation, that will examine the relationship between household assets and vulnerability in Argentina, Chile, Mexico and Uruguay. One of the expected outputs of this project is the development of new indicators — some of them qualitative in nature — to promote a better understanding of the dynamic aspects of poverty.

Findings from the study were reproduced and debated in the country's major newspapers, an effect that was further amplified with the almost simultaneous release of the *Human Development Report*.[4] Arguably, the imminent presidential elections of late 1999 could have served to crystallise these issues for the public. In practice, however, the electoral campaign put the country 'on hold', temporarily halting the embryonic debate on the roots of social vulnerability, at least until the new authorities came to power.

Nonetheless, there were good prospects that academics and commentators would resume this dialogue in earnest after the new government came to power. Uruguayan society has developed the remarkable habit of making certain themes of scholarly enquiry elements of public discourse and, eventually, of public policy. Everyone in Uruguay — those who extol the virtues of the current economic orthodoxy as well as those who condemn its failings — is concerned with the unprecedented fissures that this hitherto cohesive society has begun to reveal. Sooner or later, intellectuals and reformers are likely to place such issues as children's poverty, social exclusion and marginality, or rising social and spatial segregation on the political agenda. When this happens, they will be equipped with a solid piece of analytical and empirical work to support their cause.

The importance of the political cycle

Because the very subject of poverty is politically charged, it is inextricably intermeshed with the political dynamics of a country and, consequently, with the type and timing of elections, as well as the ways in which electoral campaigns are carried out. At one extreme, candidates may frame their entire platform in terms of poverty; at the other, they may choose to ignore it altogether. Similarly, events ranging from a natural disaster within the country's borders to financial crisis in another region may foster or impede the inclusion of poverty issues in approaches to the electorate. Whatever the situation, action to reduce poverty is intrinsically long-term, well beyond the electoral mandate of most countries. For this very reason, few candidates wish to invest their political capital in policies and programmes that show few results over a period of four or five years. This becomes all the more true when the issue itself has not become a normal subject of political discourse.

In Uruguay, this was certainly the case. The study on vulnerability provided a thorough diagnosis of the social situation as well as a set of concrete recommendations for public policy. It helped refute the myth that market mechanisms can in

themselves resolve the problems of society, stressing instead the need to conceive economic and social development in holistic terms. This requires public action to correct market failures, transcending the boundaries of specific sectors so as to tackle poverty and vulnerability in an integrated manner. Nonetheless, as indicated above, the change of government in early 2000 interrupted the nascent dialogue on vulnerability and inequality. Understandably, the former administration preferred to celebrate Uruguayan achievements in education, health and life expectancy rather than draw attention to the recent HDR finding that most Uruguayan children live in poor households.

Even more serious, perhaps, is tendency of short-term political calculations to interfere with the production of information for decision-making, either biasing or even discontinuing efforts to compile reliable data that may reveal long-term social trends that call for policy formation. This happened as recently as 1995, when the National Institute of Statistics (INE) stopped measuring poverty — at precisely the time when a decade-long decline in poverty rates changed course. Whether the prevailing situation would change under the new administration was unclear. While the emergence of residential segregation has certainly become a subject of widespread discussion, intellectuals contend that their dialogue with political leaders has weakened in recent years — a situation that does not bode well for an imminent resumption of this dialogue and, consequently, the prospects for devising informed public policy.

In Guatemala, too, an election and a change of government dominated the first two months of 2000. Because PSI activities were more in the nature of building awareness about the plight of indigenous people than influencing policy directly, Menmagua organised a series of high-profile events to project the Mayan agenda into the public arena. This vigorous outreach campaign further emboldened Menmagua to convene a 'Presidential Forum' in Solalá to acquaint all the candidates with the poverty study and the National Development Plan. Seven of the ten candidates did indeed attend — not, however, the one who eventually won the election. Nonetheless, the Forum was broadcast nation-wide over two radio stations and was also covered by television and newspaper correspondents. In addition, presidential candidates, including the current incumbent, raised the issue of poverty in their speeches.

The new government seems more sensitive than its predecessor not only to poverty-related issues, but also those associated with inequality, notably the lack of opportunities for indigenous people and the dismal level of basic social services. Short-term political needs, coupled with the novelty of public awareness of the multiple dimensions of poverty, could seriously obstruct the formulation of poverty reduction strategies in Guatemala. Even the Planning Secretariat, which designs policies, saw little need for a public policy specifically aimed at poverty

reduction because it will probably not yield results during the four years of the presidential mandate.

Moreover, planning officials claimed that a poverty strategy targeted explicitly to the indigenous communities would be inappropriate, since it would automatically exclude many poor people who are not of indigenous origin. Further complicating matters, the change from one administration to another brought about a period of uncertainty during which several key Cabinet posts remained unfilled, throwing the country as a whole, including the Mayan Council, into a state of suspended animation. Thus, despite intensive lobbying by Menmagua, the prospects for any immediate change in policy seemed rather dim. Since almost half of Guatemala's population are indigenous and live in extreme poverty, this scenario does not augur well for any effective national strategy for poverty reduction.

Conclusion

PSI activities in Uruguay and Guatemala succeeded in bringing critically important issues to the limelight at a time when election campaigns were beginning in each country, eventually resulting in a change of government in early 2000. These problems were certainly not new — ethnic discrimination as a major cause of poverty in Guatemala or rising vulnerability and social disintegration in Uruguay. But they were articulated so as to catch the attention of academics, the press, and policy-makers for projection into the public arena as 'hot', if not, indeed, burning issues.

The quality of the work varied from one country to another. The involvement of ECLAC experts and local academics in Uruguay alongside UNDP contributed to a solid body of work that contains state-of-the-art analysis, well-grounded empirical research, and a good dose of policy recommendations for follow-up by decision-makers. The high quality of the study on the sources of vulnerability has also led to new initiatives that aim to analyse similar processes at work in other Latin American countries, thereby potentially enriching the body of knowledge on the dynamics of poverty across much of an entire continent.

This was not the case in Guatemala, where technical support to Menmagua proved insufficient to compensate for its technical shortcomings — themselves the result of the apparently uncoordinated nature of the assistance Menmagua had received from donor organisations over the years. Government officials, even some academics, dismissed the Mayan poverty study and development plan on account of its weak technical quality. Yet, because both documents were stemmed from a vision of society outside the purview of official Guatemalan circles, it is conceivable that the government would have disavowed them even if they had been technically adequate.

In any event, focussing on the *technical* content of Menmagua's reflection misses the point of what PSI activities sought to achieve in Guatemala. Their main

goal was not to produce information for direct use in policy, but to support the *political mobilisation* of a constituency critical to both poverty reduction and the consolidation of the peace process. That was a strategic choice on the part of UNDP in Guatemala, which reveals certain assumptions about the nature of policy change and effective strategies for influencing it. Opening up the policy arena to a disenfranchised group, it was felt, could ultimately lead to more structural, long-lasting change — even if it precluded a more immediate, tangible translation of PSI inputs into policy outputs. Producing a document of the highest *technical* standards appeared less urgent than developing a common *political* platform for the Mayan people. What matters most is that this platform was not only developed *for* the Mayans, but also *by* them. The process of preparing the poverty assessment and the national plan was critical to developing self-knowledge in the indigenous movement — and self-knowledge *is* a precondition of self-empowerment.

This process underlines the variety of forms of knowledge and their uses. For donor organisations, an important lesson emerges from the two cases reviewed in this chapter. Dealing with poverty implies far more than supporting the production of knowledge. Because of the indissoluble bond between poverty reduction and improved governance, donors will need to be cognisant of the intricacies and idiosyncracies of local polities. Political processes are *not* linear. They move fitfully, then surge before halting and even ebbing — then surge once more. Accommodating all these movements requires flexibility, openness and, above all, curbing the desire to capture in some standard grid what is essentially dynamic and irregular.

Notes

[1] Some estimates put this figure at 150,000 Guatemalan refugees in Mexico and an unknown number of internally displaced persons, who migrated to elude the movements of the army. According to the 1990 United States census, Guatemalans in the US numbered 200,000. Remittances in 1995 amounted to US$ 417 million, ranking as the second source of foreign currency inflows after coffee (Bastos 2000).

[2] Still, some of its policies have been quite effective in addressing poverty. In 1989, for example, a constitutional amendment approved in a plebiscite indexed retirement and pension benefits to the level of inflation. This single change had a remarkable effect. In Montevideo, the number of people over 60 who were living in poverty fell from 27 per cent in 1989 to 18.9 per cent in 1994. Other cities experienced similar drops from 21.9 to 15.5 per cent (Lorenzelli 1998).

[3] The study defines 'basic social services' as comprising pre-primary and primary education, and

preventative health services, including water and sanitation (Schneider 1999). According to the 1999 *Human Development Report* of Guatemala, public resources equivalent to 1.1 per cent of GDP were allocated to the health sector in 1998, thereby achieving the goal of public health expenditures provided for in the Peace Agreements. This, however, was not the case in education (Guatemala 1999).

[4] One of these articles, for example, stated that the situation had improved markedly since 1986, when nearly 40 per cent of urban households were poor. It noted, however, that poverty began to rise again in 1997 to reach a new level of approximately 15 per cent following the 'tequila' recession. This tone stood in sharp contrast to other articles that continued to emphasise the comparatively superior performance of Uruguay relative to its neighbours in the region.