ABSTRACT
The striking difference we observe today between rich and poor countries is a fairly recent phenomenon. This article compares the development of two nations, Norway and Guatemala, that became independent under similar circumstances 200 years ago. Both were poor and marginal at that time, one of them is now among the richest in the world, while the other is among the poorest in the Western hemisphere. We discuss economical, social and cultural factors that might explain their different development.

"When God created the Earth, and populated it with people and animals, the neighbours of Guatemala complained. They said: "Father, why are you so unjust against us, your children? Guatemala has everything: Forests, lakes, good hunting and rich soil, and we are left with arid deserts." God investigated their claims and answered: "My children, you are right. Guatemala received too much. To compensate, I'll leave the government of this land to the Devil in all eternity."

Two hundred years ago, before the Industrial Revolution caught speed, there were no important differences in prosperity between different parts of the world. A worker in the Yangzi delta in China earned more or less the same as a worker in England¹, the life of peasants depended on what they could harvest, not on the country they lived in. There were no rich and poor countries, only rich and poor people. Roughly nine out of every ten human beings at that time tilled the soil and harvested crops. In bad years there were peasant uprisings and starvation, but that could happen in Ireland just as frequently as in China.

The great divergence between poor and rich countries emerged over the next two centuries. By 1900, European and North American workers were much better paid than in other continents, and the differences kept increasing. We became divided into what became First world and Third world countries (Second World countries were the ones allied to the Soviet Union). Today, the GNI per capita in the richest countries, for instance:

<table>
<thead>
<tr>
<th>Country</th>
<th>GNI per capita per person per year</th>
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<tbody>
<tr>
<td>Norway</td>
<td>93.000</td>
</tr>
<tr>
<td>Switzerland</td>
<td>84.000</td>
</tr>
<tr>
<td>USA</td>
<td>54.000</td>
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is a hundred times that of the poorest countries, for instance:

<table>
<thead>
<tr>
<th>Country</th>
<th>GNI per capita per person per year</th>
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<tbody>
<tr>
<td>Haiti</td>
<td>840 USD</td>
</tr>
<tr>
<td>Congo, dem rep.</td>
<td>410</td>
</tr>
<tr>
<td>Burundi</td>
<td>280</td>
</tr>
</tbody>
</table>
Guatemala is in the lower middle of this country ranking, with 3590 USD per capita. The historical development of the economical difference between Norway and Guatemala is shown in figure 1:

Why did some countries become rich, while others are worse off now than centuries ago? There are several grand theories about economical development. The dominant one is still a variety of neo-classical modernization theory. (Rostow 1960, Marshall & Lipset, 1965). Traditional societies based on agriculture are gradually lifted out of poverty by investment capital, industrial production, improved technology and better education. Increased productivity gives higher wages, higher wages create more consumer demand and the country thus enters into a virtuous circle of economic growth.

The problem with modernization theory is that it doesn't explain why some many countries in this world stay poor. Many countries in Africa and Latin America have entered cycles of warfare, political instability, scarce industrial development and increasing, not diminishing gaps in relation to Europe and USA. That led to the rise of alternative explanations, particularly dependency theories in the late 1960's. They explain differences between centre and periphery as systematic exploitation, where former colonies are providing cheap raw materials, while centrally places countries control them and reap the profits. (Dos Santos, 1970 Gunder Frank, 1969, Galeano, 1971)

Acemoglu and Robinson (2012) offer a renewal of the neo-classical modernization theory, with more stress on the development of "inclusive" economies and "inclusive" political structures. They maintain that economical prosperity only develops through liberal institutions, little state control over private enterprises and predictable, stable social environment. The countries that maintain such conditions over a generation or two will prosper, while dictatorial countries with high level of
state control stagnate. Some countries in the third world are worse off now than when they gained independence, and Acemoglu & Robinson (A&R) attribute this to their "extractive" political and economic system. According to A&R, cultural traditions, ethnicity and history do not explain "why countries fail".

Dependency theories from the late 1960s have evolved into poverty trap theories. Jeffrey Sachs (2006) describes vicious circles that make it difficult for poor countries to catch up with the more developed ones. Population may grow faster than production, resources may be depleted and such problems intensify civil conflicts and wars.

This article compares in more detail the history of two countries. Both were poor and marginal territories 200 years ago. Both had roughly the same population size, and were sparsely populated. Both became independent by windfall, they did not fight for it, and had no preparation for the task of governing their own country. In that respect, both had much in common with the African nations that were hastily formed when Britain and France dismantled their colonies in the mid-20th century. However, my examples of their trajectory after independence are from the very beginning of the industrial revolution, before the great diverge between North and South had evolved. Why did one of these nations make it, while the other failed? Were there existing differences in natural resources or between their social structures that can explain later events? Was the later divergence due to external factors, with one country becoming exploited by great powers, and the other one luckily outside their sphere of interest? Keeping the general theories about development in mind, I will try to answer such questions as well as the sources permit.

It may seem a gross simplification to say that one country was a success and the other one a failure. Being more specific, I'd like to explain why one of them now has a gross national income per capita, adjusted for purchasing power differences, ten times higher than the other one, why it has a consolidated social welfare system with high literacy, low unemployment and low crime rates, while the other one has high levels of violent crime and corruption, a deficient educational system and a world ranking of 125 on the Human Development index. Norway holds the first rank on this index.
<table>
<thead>
<tr>
<th></th>
<th>NORWAY</th>
<th>GUATEMALA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, total (millions)</td>
<td>5,2</td>
<td>16,3</td>
</tr>
<tr>
<td>Gross national income (GNI) per capita (2011 PPP$)</td>
<td>67 614</td>
<td>7 063</td>
</tr>
<tr>
<td>Median age (years)</td>
<td>39,1</td>
<td>21,2</td>
</tr>
<tr>
<td>Population, urban (%)</td>
<td>80,5</td>
<td>51,6</td>
</tr>
<tr>
<td>Employment in agriculture (%)</td>
<td>2,1</td>
<td>32,7</td>
</tr>
<tr>
<td>Internet users (%)</td>
<td>96,8</td>
<td>27,1</td>
</tr>
<tr>
<td>Mobile phone subscriptions (%)</td>
<td>113,6</td>
<td>111,5</td>
</tr>
<tr>
<td>Old age pension recipients (%)</td>
<td>100,0</td>
<td>14,1</td>
</tr>
<tr>
<td>Mean years of schooling (%)</td>
<td>12,7</td>
<td>6,3</td>
</tr>
<tr>
<td>Population with at least some secondary education (%)</td>
<td>95,3</td>
<td>36,8</td>
</tr>
<tr>
<td>Primary school dropout rate (%)</td>
<td>0,4</td>
<td>28,2</td>
</tr>
<tr>
<td>Pupil-teacher ratio (%)</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>81,7</td>
<td>72,1</td>
</tr>
<tr>
<td>Infant mortality rate (%)</td>
<td>2,0</td>
<td>24,3</td>
</tr>
<tr>
<td>Homicide rate (per 100,000 people)</td>
<td>0,6</td>
<td>31,2</td>
</tr>
</tbody>
</table>

Our history starts in the second and third decades of the 19th century. Norway was a province of Denmark, a poor Northern outpost of Europe. It had 800,000 inhabitants, 0,4 per square kilometre. Most of its 385,000km2 is semi-arctic mountain highlands, unsuited for permanent settlement. Average yearly income in present US dollars was 800, like that of Haiti today. 

Figure 3 Map of Scandinavia
Guatemala was a Capitany General of the Spanish empire. It also had 800,000 inhabitants, dispersed over a vast territory. It included the present states of Guatemala, Belize, El Salvador, Honduras and Costa Rica, as well as the present day Mexican state of Chiapas, an area of 508,000 km$^2$.

*Figure 4 Map of Central America*
That corresponded to slightly less than 1 inhabitant per km². In contrast to Norway, Guatemala has rich, arable lands with a pleasant climate: tropical at the coasts, temperate in the highland, deep forests, sufficient precipitation and no glaciers or deserts. There are no estimates of average income in the early 19th century, the first is from the year 1920 of 1272 modern $6. Material conditions did not improve much from 1820 to 1920, which means that Guatemala probably was better off than Norway at the beginning of the 19th century. Many Norwegians starved to death in the early spring of 1813. The Mayan villages had abundant communal land, and starvation was uncommon.

Nicolás Aguilar y Bustamente in a confidential report to the Spanish Regency Board in 1813 gave this description of Guatemala:

"An area of 64 thousand square leagues, immense wilderness where no single village can be spotted. Impassable roads, even for internal transit from one village to another. Ports in the same state as Nature left them. The capital, some settlements and many villages inconveniendly located for commercial progress. Territorial property accumulated in few hands. Few owners, a greater proportion of labourers, and greatest the lazy, the idlers or with no fixed occupation.

The population badly distributed. Wealth accumulated in few places, and the rest of the people stuck in abject misery. Transport costs more than the value of crops that are grown. Economic science is ignored. Useful knowledge is not disseminated, the educational system centred on what gives less benefit. Villages without resources for improvement, and their inhabitants in misery or with little creative capacity. Agriculture is not very widespread,
trade is obstructed, industry discouraged. This is how I have found this realm with such distinguished nature, beautiful fields, variety of temperaments, diversity in fruits and hidden wealth in its bosom. 

Almost all his observations could just as well have been written about Norway, perhaps with these two exceptions:

- Nature had given Norway better natural sea ports than Guatemala. Norway had an important fishing industry, and exported timber to England and the Netherlands, freighting it on their own ships.
- Norwegian agriculture had more scarcity of arable land, but two thirds of all cultivated land was freehold. The rest was commons and state property, and gradually sold to local farmers during the 19th century (Sejerstad 1978:124). That means that Norway had a solid base of independent small farmers, surrounded by a larger group of servants, cottagers and day workers.

Guatemala's first decades of independence

The Day of Independence for Guatemala is September 15, 1821. On that day, a meeting was held in the capital city between the Spanish appointed governor Gabino Gainza and 23 hastily assembled representatives from the Church, military and local creoles. Guatemala was the last region on the American continent that maintained loyalty to the Spanish king, Philip VII. They had to respond to an invitation from Mexico, that had just declared its independence and invited the Central American provinces to join their new empire. If Guatemala stayed loyal to Spain, they would most certainly be invaded and conquered by the Mexicans. So they proclaimed their independence from both Spain and Mexico, and sent their decision out to all municipalities asking for their consent.

The responses were quite varied. The Northern highlands, Chiapas and Quetzaltenango, preferred to join Mexico. El Salvador and Nicaragua gave split votes, since there was great disagreement between different cities. Costa Rica was ambiguous about preferring Mexico or a Central American republic, but at the same time expressed their complete independence from Nicaragua.

Summing up such varied local responses was not easy, but rumours that a Mexican brigade was on its way decided the issue. On January 5th 1822, the provisional government of Guatemala decided to join the Mexican Empire. Most municipalities in Guatemala accepted this, except San Salvador, which refused to join Mexico and proclaimed their independence.

This was a crucial turning point for Central America. What should be done with provinces that did not obey the central authorities? Military options were limited, since there was no standing army and no money to recruit troops. What the rulers of Guatemala did was recruiting bands of mercenaries on the Caribbean coast, they could not be paid, but could live on whatever they could plunder on their way. These disorderly troops reached the city San Salvador on June 3, 1822. There were no military battles, but heavy civilian losses through pillage and burning. The
Guatemalan troops sacked the city but were withdrawn after they plundered a liquor factory on the outskirts of the city and discipline broke completely down\(^9\).

There was no traditional resentment between Guatemala and El Salvador before this event. Salvadorian merchants may have resented the privileges of the capital, similar resentments can be found between capital and province all over the world, including Norway. The city of San Salvador maintained the decision Guatemala had taken six months earlier, and which Guatemala returned to a year later, when the Mexican empire collapsed. But during the few months the union with Mexico lasted, fervent attempt to discipline the opposition lead to war. The only result of invading San Salvador was to create animosity between Guatemala and El Salvador, and lay the grounds for a multitude of later wars and interventions.

This was just the beginning of two centuries of bloody events. From 1822 to 1842, there were at least 143 armed conflicts\(^{10}\). Guatemala started and lost most of these bloody and futile clashes between liberals and conservatives, federalists and local strongmen. All the southern provinces: El Salvador, Honduras, Nicaragua and Costa Rica, became fed up with the Central American Federation and gained their independence. So did Chiapas, annexed to Mexico, and later Belize, which became a British colony. Guatemala kept most of its inhabitants, but lost most of its sparsely populated territory in the North, South and East.

**Norway's first decades of independence**

Norway also got caught up in the turbulence of European events. The Crown Prince of Sweden, a former French general, switched side and allied with Britain, declaring war on France. The annexation of Norway would be his reward. Denmark was at the losing side of the Napoleonic wars, and was forced to cede its province Norway to Sweden.

Norwegians had no wish to be handed over to Sweden as war spoils. The Danish regent in Norway convoked a National assembly, they declared independence and adopted a constitution in May 1814. Given the lack of support for Norwegian independence from the European great powers, the constitutional assembly proclaimed that they has taken the "immovable decision to defend their freedom and independence" and, if they should not succeed, were "decided to prefer death over the chains of slavery"\(^ {11}\). A patriotic poem in a popular pamphlet boasted that:

"Swords jingle at our side
screaming for Swedish blood"\(^ {12}\)

Norway did not, however, follow the path of Guatemala. A war was waged, the so-called Blueberry War since it took place in the woods between Norway and Sweden in the month of July. The Norwegians retreated before the battle trained and well equipped Swedish forces. The improvised Norwegian army had neither provisions nor armament for a protracted war. They entered into negotiations in the beginning of August 1814, and both sides showed an astonishing amount of common sense. Norway obtained a fairly favourable settlement. The king they had elected abdicated
and left the country. The Swedish king was elected instead, and the constitution adapted to allow a personal union between the two countries.

Norway may have tarnished its military honour, but saved its autonomy and avoided a war that could have been long and destructive. The British blockade could have starved the Norwegians into submission, with Swedish troops advancing over mountainous terrain perfectly suited for local resistance and guerrilla warfare. The end result would have been a devastated province under Swedish military rule. Norway was forced to join Sweden in a personal union under their king. However, they kept their liberal constitution and autonomous government. They improved their economy throughout the 19th century and obtained full independence from Sweden without bloodshed ninety years later.

That Blueberry War was the last one. Except for the German occupation during WWII, Norway has lived in peace during these two last centuries. In the same period, Guatemala has been through roughly 250 wars, uprisings and military coups. Norway had none. Guatemala has had ten different constitutions. Norway has kept the one they proclaimed in 1814, with many amendments, but with a continuous record of constitutional government. The 1814 constitution gave voting rights to all adult male property owners, which means that freehold farmers had a decisive political influence, and an increasing number of peasants with humble origins obtained a seat in parliament. Norwegian politics were marked by conflicts, between the Swedish king, Danish educated civil servants, industry leaders, farmers and the landless poor. These conflicts were, however, handled within the framework of the constitution and generally without violence.

How come Norwegians and Swedes acted with such great prudence and common sense, while the Central American provinces spent half a century fighting each other?

The answer to this question gives the key to understand later developments. In the epoch when Europe and the USA built factories and railways, Central America was immersed in uprisings, coups and devastating reprisals. That created a "poverty trap": capital flight, a social climate aversive to long term investments, a profound distrust of politics and a scheming and unscrupulous upper class. However, placing all the blame on the stupidity of governor Gainza is too superficial. Other countries in Latin America, the Caribbean and, a century later, Africa followed the trajectory of Guatemala, with civil wars, uprisings and coups. We'll go through some broader causes that may explain why Guatemala fared so much worse than Norway.

**Imperialism and external influence**

Both countries have a bigger and more powerful state as neighbour; in the case of Guatemala: Mexico, in the case of Norway: Sweden.

Both countries are also within the sphere of interest of a superpower, interested in its natural resources. In the 19th century both were dominated by Great Britain, in
the 20th century by the USA. Both countries were invaded in the 20th century, Guatemala by the USA, Norway by Germany.

Both nations felt the breath over their shoulder of an imperialist superpower, but their leaders handled the situation differently. Norwegians were not that easily corrupted by foreign agents. In Guatemala, the government was easily manipulated or bribed by the British ambassador, who represented British interest in tropical timber from Belize. In 1859 the Guatemalan government, with parliamentary approval, gave away most of the Caribbean coast to Britain, without any compensation for Guatemala.\footnote{13}

The same kind of commercial foreign interests were handled differently in Norway. In the last decade of the 19th century, British and German investors started buying natural resources, basically waterfalls for hydroelectric industry. The Norwegian parliament became aware of the danger to national sovereignty and passed protectionist laws in 1906, proclaiming that foreign investors could only lease, not buy land and natural resources.\footnote{14} Such protectionism was vital for developing Norwegian owned modern industry. It also gave a model for how to exploit North Sea petroleum when offshore oil was discovered in the late 1960s. Norway is one of the few countries that has not been overwhelmed and corrupted when oil and natural gas is discovered.

Direct military intervention from a superpower can change the destiny of a country. The US organized invasion in 1954 (see page 15) was a disaster for Guatemala. So was the German invasion for Norway in 1940, but Norway was in luck: The Germans lost the war, and surrendered 5 years later without any massive war damage done to the country. Guatemala was less lucky. American influence was massive for the next forty years, opposition to the military dictatorships led to guerrilla uprising, the US feared a communist takeover of all Central America and gave material and political support to a genocidal repression. Roughly 200,000 people were killed. An independent UN commission estimates that 93% of the violence was carried out by government forces, and 3% by the guerrilla.\footnote{15}

However, Guatemala and Norway were already on different trajectories by the middle of the 20th century. Their different development can't be completely explained by external factors. The crucial difference lies in how national decision makers have been able to stand up to foreign interests and avoid being corrupted by them.

Social classes in the Guatemalan society
There were four quite distinct social classes in Guatemala at the time of independence from Spain.

1. Spanish born (Peninsulares, gachupines) All important offices in the colonial administration and the military command were reserved for civil servants recruited from and born in Spain. The independence in 1821 meant that the Creoles took over
the power of the Spanish born. Some Peninsulares returned to Spain, other merged into the Creole group, now the dominating class.

2. Creoles (Criollos) American born legitimate children of the original conquistadores and later Spanish settlers. Most of them were landowners and in important positions in local and national politics, although top positions were reserved for the Spanish born. A popular saying in colonial times was "Gachupín with creole, hawk with dove"[^16]. The Creole class, just as the European aristocracy before the French revolution, lived on bonded labour provided by their peasants. They had little interest in technical innovation, as long as their peasants could work for them and let them live their traditional life, idealizing the heroic past of their ancestors, entertained by petty quarrels, marriages and local politics.

3. Ladinos. (Mestizos, Hispanics) The illegitimate children of the Creoles, with Indian or black mothers. They spoke Spanish, and lived on the fringes of the good society. Many of them were foremen and managers of rural estates, others were handicraftsmen in the still very small cities. They were not obliged to pay taxes, were free individuals but had no land. In 1821 they constituted perhaps 20% of the total population.

4. Indians. (indios, naturales) Speaking 22 different Mayan languages, with little or no connection and no loyalty outside their own community. They had their own communal land, and were obliged to work part of the year on the land of the Creole landowners. Each village had its own communal land, and extensive autonomy and personal liberties. The situation of Mayan Indians was vastly more favourable than that of native Indians in the US, who were exterminated, and also more favourable than that of U.S. black slaves, who were considered private property to be bought and sold. Slavery was forbidden in all Guatemalan constitutions in the 19th century.

The "Indians", as they are often still called, were obliged to pay a yearly head tax to the King. They also had to work without any remuneration for their Creole landowner during harvest season. They were prohibited from leaving their home district without written permission. They had two ways out of bondage: Becoming a "cacique", or village chief, collecting taxes and carrying out the orders of the rulers. The other was to enter the Church, some of them reached high offices in religious orders. (Martinez, 1994)

The legal and economic conditions of Mayan peasants was perhaps comparable to that of Eastern European serfs. The Mayan peasants spoke languages that were unintelligible to the land owners, but that was also the case in parts of Russia and the Habsburg empire. Norwegian rural dialects were related to but could barely be understood by Danish officials.

Norwegian peasants had more personal freedom and no oppressive landowners. However, they also had to pay a yearly head tax to the State, and in the 18th century they were obliged to live in their home district, and could not move out of it without a written permit, much the way Mayans were treated in Guatemala.

Peasant uprisings followed quite similar patterns in Norway and Guatemala at the beginning of the XIX century. In neither of these two countries were they directed against the King or the established order. Taxation was recognized as legitimate. Revolts and public indignation was always directed against local officials, accusing...
them of increasing taxes or inventing new duties meant for their own pockets. These could be spontaneous local revolts, assembling some hundred followers, breaking in and perhaps lynching the hated official. (Martínez, 2011, Mykland 1978).

One clear difference is that the uprisings were more violent in Guatemala than in Norway, and the following oppression with military troops was more savage. Norwegian peasant rebels were arrested, had a trial, and were more often sentenced to prison than to public execution. In Guatemala, the repression was more swift and brutal. The ladinos always sided with the authorities against the threat of an Indian uprising. They were conscripted into a local militia at need.

Moreover, local peasant uprisings were more frequent in Guatemala than in Norway. From Norway, I have recorded 5 examples of violent uprisings17. Severo Martínez (2011: 483) has recorded 114 "Indian Mutinies" in Guatemala in the same time period. Authority in Guatemala was based more on brute force than upon rule of law.

Norway had abolished nobility with their new constitution of 1814. So did Guatemala in the liberal constitution of 1824. In both countries, the upper class consisted of prosperous great landowners and some affluent merchants. There was a total of 1900 civil servants in Norway at the time of independence, including their families they constituted less than one per cent of the population, and could be considered a social class by itself. They were priests, military officers, local governors, lawyers and custom officials. They also constituted a clear majority in the elected Parliament.

This class of civil servants governed Norway with little opposition during most of the 19th century. Their background and education had much in common with the rulers of Guatemala in the first years of its independence: Gabino Gainza was a military officer with a long career as a colonial officer, Morazán was a judicial clerk, Mariano Galvez a doctor in jurisprudence.

However, while Gainza sent mercenary troops to strike down rebellions, this class of Norwegian civil servants skilfully avoided wars and violent internal disputes. They had a reputation for timid, slightly conservative positions, unquestioning loyalty to the State, high personal integrity and preferring mediation and compromise to open confrontations. Their concept of honour was perhaps different from the Latin stereotype, where a man of honour is supposed to be brave and willing to fight if he is insulted. The Danish/Norwegian civil servant’s honour is based on honesty: loyalty to superiors, no embezzlement, no favouritism, personal modesty. Why did the civil servants in Guatemala behave so differently?

It is often said (for instance A&R,2012: 386) that the same families have governed Guatemala since the times of independence. In fact, names such as Arzú, Castillo and De León pop up throughout Guatemalan history. However, the same can be said of Stang, Vogt and Stoltenberg throughout Norwegian history, families with ancestry back to the Danish administration. They have been judges, politicians and prominent civil servants during many generations. However, few of them became great landowners or industrial magnates and bankers, and few of them have accumulated great personal fortunes. The difference between the two countries lies
in how these families have used their influence. In the Norwegian case, their family pride lies in honest civil service, with a professional ethic against conceding favours to friends and family members. The same cannot be said of their Guatemalan counterparts.

The disputes between Guatemala, Mexico, El Salvador and Honduras were all between local creoles. The Creole families intermarried, and all their friends, enemies and colleagues were members of the same tiny group of civil servants, merchants and landowners. They have much in common with the corps of civil servants who ruled Norway after independence. But while the Norwegians chose compromise and peaceful solutions, the creole civil servants went to war: ravaging cities, imprisoning and killing members of their own social class.

Their belligerence was typical of 19th century nationalism, with one exception: They had no nation. The creole leaders of Guatemala had no citizenship to support and control them; they acted on their own behalf. They copied the romantic militarism of early 19th century Europe without having their army volunteers, their mass movements, the economic support from the middle class.

The Mayan peasants took no sides in this conflict. The poor but Spanish speaking half-casts, the "ladinos", took part as recruited soldiers, but they were not the ones who started any of these conflicts. All the blame for these wars that devastated their society fell on the creoles. Why did they go to war? Why were they less prudent and more belligerent than the upper class in Norway? The vast, illiterate majority of Mayan peasants surrounded them. They had just freed themselves from their Spanish overlords. Struggles between conservatives and liberals existed in all European states as well, but they were not as violent and unscrupulous as in Central America. In Europe they were solved through elections, not civil wars. But once you start killing your political enemies, it's hard to settle for compromise later on. To explain the different development between Norway and Guatemala, we have to explain why this tiny strata of creole had such a strong propensity to enter into violent disputes.

Class differences were more pronounced in Guatemala than in Norway during the period of independence, but that did not cause the different outcomes. The chaotic and violent upheavals in Guatemala can hardly be interpreted as class conflicts. The wars and uprisings were disputes within the creole class, not between landowners and peasants. Ladinos and Indians took part as foot soldiers, but they neither caused nor benefited from these upheavals.

Inclusive and exclusive institutions

Acemoglu and Robinson (A&R) in their book "Why Nations fail", from 2012 proclaim that all countries, regardless of previous culture, will progress if they follow the basic rules of liberal capitalism. The most important is an inclusive economy, where everyone, regardless of their social class can rise in the society, combined with an inclusive political system, where people have a say over who rules them.
The many historical examples in A&R give good examples of how ruling elites can be forced to share power, and how, in other countries, they can remain in power and maintain their privileges, in spite of lost elections, lost revolutions and lost wars:

"the ability of those who dominate extractive institutions to benefit greatly at the expense of the rest of society implies that political power under extractive institutions is highly coveted, making many groups and individuals fight to obtain it. As a consequence, there will be powerful forces pushing societies under extractive institutions toward political instability." (A&R, p. 471)

"The vicious circle is based on extractive political institutions creating extractive economic institutions, which in turn support the extractive political institutions, because economic wealth and power buy political power." (A&R, p. 399)

A&R are less convincing in their examples of how such elites open up and establish "inclusive" institutions that cause progress. Northern and Southern Italy has the same institutional set up, but their economic development is quite distinct. Northern Italy is booming, while great parts of the South are stagnated and corrupt. The institutions are the same in both parts of Italy, so the likely cause is to be found in the different social and cultural traditions in the North and the South, not in institutional difference.

Another problem about the theory of A&R is that their concepts are quite fuzzy. Economies can be more or less inclusive, and so can political systems. Is US politics and economy "inclusive"? Power and wealth is accumulated in a very small group of bankers and industrialists, while the middle class has diminished during the last 30 years. Neither is it clear that China has an "extractive" political system, as A&R maintain. That system has lifted 600 million of its inhabitants out of extreme poverty.

The section in their book about Guatemala (A&R p.385-392) traces the continuous rule of the elite descendants of the original Spanish conquistadores through four centuries. These elites have survived all the reform attempts, revolutions and coups of the past centuries, always protecting their own privileges, without much regard for the nation as a whole.

Countries like Guatemala that have quite exclusive economy and politics protecting a privileged class, do not continue to do so because it never occurred to them to open up for liberal reforms. They do so because their power elites stopped liberal reforms by brute force. I will here present two examples of frustrated intents to open up the political system and the economy of Guatemala. Such examples are lacking in A&R, they only present success stories of liberalising processes.

The liberal Decade- 1829-1838
This decade started with a brutal repression of the earlier conservative regime, with sack and pillage of Guatemala Capital and exile and confiscation of properties of the leading conservative figures. The Central American federation was re-established, and Dr. Mariano Gálvez elected as president of the Guatemalan state.
Gálvez was a doctor of Law and a man of letters, well informed and with a strong will to reform Guatemala into an inclusive state, with equal rights for the Mayan population, with trade, industry, education and roads. During his presidency, after his re-election in 1835, he also promoted a much-needed reform of the criminal justice system, with independent judges and a jury system. However, these modernising reforms created opposition. Before the Liberals came into power, education was firmly in the hands of the Catholic Church, and Gálvez tried to establish a non-confessional public school and university. That, and making church tithes voluntary instead of compulsory, made the Church his enemy.

When a cholera epidemic broke out in the eastern part of the country at the end of 1836, Gálvez sent out medical personnel to cure the infected and close contaminated water sources. Local priests spread the rumour that the victims of cholera had in fact been deliberately poisoned: the government wanted to exterminate the poor peasants and substitute them with English immigrants. Such false news spread quickly, there was an uprising and a strong military response from the government. Many conservative families supported the insurrection, to maintain their own privileges and those of the Church. The brutality of the governmental repression helped spread the insurgence, president Gálvez resigned in 1938 and the semi illiterate brigand Rafael Carrera with an insurgent peasant army took over. He was easily converted into a tool for conservative restoration. That meant the end of the Federal Central American republic, an end to liberal reforms and the start of a century of caudillo strongmen and military coups.

The Revolution of 1944.
The next frustrated attempt at inclusiveness took place a century later, between 1944 and 1954. The dictator Ubico and a few months later his successor General Ponce were both overthrown in 1944 by a peaceful popular uprising. A new, more democratic constitution was passed, and the following decade was one of social reform and free elections. However, the presidency of Arbenz in the early 1950s triggered resistance. He carried out a land reform, to reclaim idle land for rural labourers. The government expropriated vast territories bought up by the United Fruit Company. That company had become Guatemala's biggest landowner; they bought farms to avoid competition and left the land idle. This idle land was now expropriated by the State for the value the company had declared on their tax return, and the government was in the process of redistributing the land, opening up both the economy and the political system to the poor. However, the director of the United Fruit Company was Allen Dulles, and his brother, the Secretary of State John Foster Dulles saw this as a dangerous move towards communism. The CIA recruited and trained a troop of alienated officers, supplied them with arms and air support, and they invaded Guatemala in 1954. The popular government was crushed and four decades of brutal military dictatorships ensued.

These two examples show that opening up the economy and the political system is a process filled with dangers. Unstable societies that try this may be wrecked in the process by forces that resist change. Instability and lack of social cohesion makes a harmonious and peaceful political system impossible.
Following the footpath of developed, liberal countries such as USA and Britain may not be good model for developing countries. Liberalising the economy and the political system is not how USA and Britain got rich in the first place. They used slave labour and high protective tariffs in the early phases of the industrial revolution, and became protagonists of free trade later on, when they already dominated the world economy.

Acemoglu and Robinson (2012) see stable, liberal capitalism as a cause of prosperity. It may be the other way around, that liberalism is the stable mid-life stage of a capitalist society.

Innovating capacity: Modernization and infrastructure

Shipping and transport
The Norwegian skipper Conrad Røhr arrived in Cádiz, Spain with a cargo of timber in 1820. Norwegian vessels at that time carried traditional export products, such as dried fish and timber, since their freight was cheaper than that of Dutch and German ships. Usually, Norwegian ships then took return freight, such as barrels of salt, back to their home town. But the skipper Røhr negotiated a cargo of wine from Cádiz to Buenos Aires, and set sail for Rio de la Plata. That started a new development that would make Norway a leader in international shipping over the next century. How could a poor, marginal country succeed in that?

Norway definitely did not have better ships. Their sailing vessels were smaller and in worse shape than those of the competition. However, they may have been better organized. Ship captains were often co-owners of their own vessels, and could therefore negotiate freight and take decisions on the spot, without consulting the company back home. Also, the crew was usually recruited from the same home town, they knew and respected each other. There was definitely discipline and class distinctions, but their better teamwork and skills probably made them more reliable freighters in the 19th and 20th century. And, of course, given the poverty of their home country, wages were lower than on the vessels of the competition.

Guatemala, on the other hand, was sparsely populated on both the Atlantic and the Pacific coast, and never developed any shipping tradition. At that time, transport between the American East Coast and California went around the Cape Horn. With their strategic position between the Atlantic and Pacific ocean, Guatemalans could have built a harbour on both coasts and linked them with a railway connection. That would have given a strong boost to Guatemalan industry and commerce, and helped the coffee plantations of the late 19th century. Various projects were discussed and discarded. The merchants in the capital were always against plans for a sea port on the Pacific, because that would have favoured their rivals in Quetzaltenango. That cross country railway came much later and was build by the United Fruit company, not by the Guatemalan state. It was later abandoned and
dismantled. At present, Guatemala has no railway at all, and their shipping fleet is quite modest.

**Water mills and energy**
Both Norway and Guatemala have abundant water resources, with fast flowing rivers that never run dry, from the highlands down to the coasts. Norwegians started utilizing the force of water from the 13th century and onwards. They used two round grinding stones, the top stone is rotated by the force of water. It was used to grind flour, and in the 16th century also to cut timber, driven by a water wheel like the one in figure 5:
The technology was improved gradually, and in the late 18th century Norwegians used the water force to drive air bilges to assist in melting iron. Neither Norway nor Guatemala have significant coal resources, so the Norwegians used wood and charcoal for their furnaces and water mills for energy.
Guatemala made only sporadic attempts to utilize the natural force of water. The Jesuit priest Landívar presents one example of a water driven sugar mill in his book "Rusticatio Mexicana"

Figure 6 - Water mill from Guatemala

This volume was written and illustrated in Italy in 1782, and the accuracy of the drawing is dubious. Details in the mechanism may have been inspired by encyclopedic European illustrations. Guatemalan sugar mills are mentioned twice in Stephens (1841) (p. 81-84, p. 119), but these may have been driven by oxen, not water.

What is certain is that there was little filtering down of technical knowledge to the common peasants. Sugar plantations with foreign owners may have used water mills, but the locals never caught on to the idea of using water as a power source. Complaints about their lack of interest in modern technology are quite common, for instance in Stephens (1841) p. 352:

"They (Indians in Yucatán) inherit all the indolence of their ancestors, are wedded to old usages, and unwilling to be taught anything new. Don Simón brought out the common churn from the United States and attempted to introduce the making of cheese and butter, but the Indians could not be taught the use of them; the churns were thrown aside and hundreds of cows wander in the woods unmilked"
Peasants in Guatemala had the same necessity as peasants in Norway to grind flour. One can still see women bent over a maize grinder (metate) to prepare maize flour for tortillas:

Figure 7 Maize grinder

This maize grinder has seen no significant improvement in design over the last three millenias. Neither did the Mayan peasants become familiar with animals that can pull ploughs; horses, oxen and mules brought to the country by the Spanish never came into common use.

Maize, sugar and other industries are now of course mechanized, but this happened through importation of machinery from abroad in the 20th century. Guatemala missed the slow improvement of mechanical handicraft during the early 19th century, building water mills, mechanical saws, pulleys, pumps and iron tools. That prepared Norwegians for the great inventions in the later part of that century: electricity, large scale mechanical industry and car engines. Most of the ideas came from abroad, but they were implemented rapidly in Norway because the mind set of tinkering and improving technology was already there. That was definitely not the case in Guatemala, although the natural circumstances were equally favourable for technology.

**Religion and culture**

The Catholic church was the dominating institution in Guatemalan society in the XIX century. It had the support of the great landowners, and exerted a strong, conservative influence. It was also a protector of the rights of the indigenous, their right to land and their integration in the society.
The Norwegian church was somewhat different. It was an official State church, just like the Catholic church in Guatemala, but it was Lutheran Protestant, with priests as civil servants. The Catholic church in Guatemala was financed through a compulsory 10% tithe, which gave it more autonomy. The Norwegian church was financed through the State budget, which made it more obedient to the State.

The Lutherans had traditions of great intolerance and persecution of religious deviance, but the new Norwegian constitution of 1814 extended a certain freedom of religion, with the exception that monasterial orders, Jesuits and Jews were forbidden. Religious assemblies outside the official State Church were prohibited until 1842.

The dominant religion in Norway during the XIX century would be considered liberal by Latin American standards. Norwegians talked jokingly of "potato priests", who were more concerned with agricultural innovation than eternal salvation. The Lutheran priests also favoured popular education, health services and better roads, and liberal politicians never entered into frontal attacks on the Church. Guatemalan liberals did precisely that, and, as related in the chapter on the "Liberal Decade", that conflict ended with disastrous results for the liberal cause.

**Education and literacy**

Guatemala obtained its first university, the San Carlos, in 1676. The first printer shop was established in 1660. The Church and colonial authorities supervised both the university and the printers. The San Carlos University denied access to all students who could be suspect of heresy, such as Lutheranism or Hebrew faith, but did give higher education to many gifted Mayans of poor family. The first graduation of doctors in Medicine took place in 1717. The University of Guatemala established a Natural science faculty in 1786 (Bendaña, 2012:123).

Norway lagged far behind in this respect. The University of Oslo was established in 1812 and the first printer shop in the 1750s, both a century behind Guatemala.

This means that the upper class creoles in Guatemala had better access to higher education than their Norwegian counterparts. Apart from having their own University, many of them came from wealthy families and had studied in Spain. Their were neither primitive nor ignorant. They knew what war meant, and chose it with open eyes.

There was a higher effort to educate the peasant mass in Norway than in Guatemala. Popular education in Guatemala was in the hands of the Catholic Church, and they gave low priority to reading and writing skills. The Lutheran religion in Norway put more effort into teaching children to read the Bible, and a rudimentary public education was established in 1739. However, it was limited by general poverty, lack of motivation to pay for teachers, and huge distances between every rural farm. Also, like Guatemala, the language of the realm was unintelligible for
rural peasants. Norwegians were taught Danish, may have memorised some psalms and prayers, but were generally unable to read and write. A reasonable estimate is that at the time of their independence, less than 5% of the Guatemalans were literate\textsuperscript{21}, while the same was the case for 15% of the Norwegians.\textsuperscript{22} Literacy rates increased steadily in Norway during the 19th century, reaching almost full literacy in the 20th. Literacy rates in Guatemala stayed low, estimated at 7% in 1920, and adult literacy rates at present are now officially at 79.3\%\textsuperscript{23}, probably overestimated.

The ability to read and write was more widespread in Norway than in Guatemala in the 19th century. However, the social elite in Guatemala had longer cultural and academic traditions.

**Latin temperament**

Prince Wilhelm of Sweden visited Guatemala in 1920, becoming an eyewitness to the popular rebellion that toppled the dictator Estrada Cabrera. In his book about that voyage he gives many keen observations of the Guatemalan society a hundred years after its independence. Following the fashion of the 1920s his interpretation is openly racist:

\begin{quote}
"The Creoles are now to a very large extent mixed with foreign elements. The great majority have Indian blood in their veins, and the crossing of race produces a type generally inferior in point of culture to the pure-blooded Spanish forebears"
\end{quote}

\begin{quote}
"The middle class type, where the cross between Indian, Negro and Creole is even more widespread, is known as ladino....with their natural indifference and low cunning they form as a rule the most unreliable part of the population, and the least engaging.

Finally, under these, comes the great mass of pure-blooded Indians. Slow of wit, uneducated and disinclined to all form of change, they have never provided any favourable ground for political agitation. On the other hand, they furnish excellent material for the armies of the Republic, and often rise, as soldiers, to position of considerable trust. Here, of course, disinclination for independent political activity, and their inherent respect for government and officialdom generally, are distinctly advantageous."
\end{quote}

(Wilhelm 1922: p.154)

Such explanations are no longer politically correct. Ethnic stereotypes like these tend to be based on superficial and prejudiced observations about cultures that the traveler does not know.

In the 21st century the debate on race is still a taboo subject, but we do at least have more data. Lynn and Vanhanen (2002 & 2006) have compiled and averaged a large set of data from national IQ tests in 83 countries. The highest average scores are found in East Asia, followed by countries with European populations. Latin America ranks below Europe, but above Africa. Lynn and Vanhanen conclude that IQ scores show strong correlation with development; countries with lower average
IQ scores are those that lag behind in economy, political stability, educational achievements etc.

These conclusions run quite contrary to the liberal worldview, and have been heavily attacked by researchers who maintain that low IQ scores are the result and not the cause of underdevelopment. IQ tests measure cultural isolation, educational deficiencies, insufficient child nutrition, and not a genetic difference as such. However, inherent genetic differences between cultures are difficult to discard completely. Studies on adoption of black children into white families show that their intelligence lags behind that of white adopted children. On the other hand, Korean children adopted into Belgian families show higher average intelligence than white Belgians (Frydman & Lynn, 1989), just as the difference between national IQ test would predict: Koreans and Japanese have higher average IQ scores than Europeans.

Anyway, intelligence is no guarantee for good governance, neither is it easy to pin down intangible cultural factors such as "temperament". Is it actually true that people of Hispanic ancestry are more inclined to escalate conflicts into violence than people of Nordic blood?

Suppose for instance that the Nordic "race" has better self-control over impulses. That favours planning, cooperation and negotiation, and inhibits violent, spontaneous reactions. Such a trait would be reinforced by an unforgiving climate: those less inclined to plan ahead would stand less chance of surviving the winter.

Any hypothesis that the different development of Nordic and Hispanic societies is caused by genetic differences has shaky foundations, but cannot be discarded. Future genetics may be able to identify personality traits that are distributed differently in different populations. At present, it's all guesswork.

Social capital and trust in the two societies
Social capital can be defined as the sum of social networks and trust between the inhabitants of a community. (Bourdieu, 1992) Trust, outside of family and small groups, is something that develops gradually, and may lead to a more open, confident society where business enterprises flourish more easily.

Social networks can be either bonding or bridging. In modern Guatemalan society, prominent families in the capital may have extensive bonds within their in-group, but few bridging bonds to the rest of the society. The same is the case of a Quiché speaking village in the Mayan highlands: they have strong social bonding and informal social control between village members, but weak bridging links to the rest of the society.

These weak bridging links perhaps stem from the colonial period, when Guatemala suppressed and kept the Mayan population as unpaid workers for the Creole upper class. It stems from the civil wars, where bonds were ruptured by war, violence and
treason. It may take centuries to heal deep wounds between social groups, and to a large extent, the poor present state of social capital explains the troublesome and uneven state of the economy in Guatemala. According to opinion polls on whether you believe that most people can be trusted, whether you would be willing to loan money to a neighbour etc., Guatemala is found in the lower end of the global ranking (51.9 out of 150)\textsuperscript{25}

Norway is located at the top of this scale, with fairly open in-groups, and extensive bridging to the rest of the society. This country holds the world record in confidence in fellow citizens, (148 out of 150) and that may have contributed to the economic boom in the late 19th century. Industrialists with capital ventured to invest in development projects, they hired and allied with handicraftsmen from different social upbringings, and such enterprises were quite successful. That could not have taken place without a stable society, a stable political and monetary system and a network of social trust.

The future
Guatemala entered the 21st century in peace. There have been no military uprisings or coups since the early 1980s, thirty five years ago. However, most of its inhabitants are still poor, and with little formal education. The fertility rate has decreased somewhat, but is still the highest on the American continent\textsuperscript{26}.

In 2017 the total population of Guatemala has reached 16 million. According to the UN medium projections the country will pass 33 million inhabitants in 2050. That's exactly ten times the population it had a century earlier: 3.3 million in 1950\textsuperscript{27}.

A tenfold population spike is a social experiment with uncertain outcome. Most of these 33 million will live in urban areas. The capital including suburbs already has some 3 million inhabitants, an increase from 200,000 a century ago. During the next 30 years the capital area may reach 6 to 10 million. It already suffer from deficient infrastructure, urban sprawl with little or no planning, permanent traffic collapse and pollution. The capital is totally unprepared for housing, educating, feeding and transporting the triple of today's population.

*Figure 8 Demographic projection of Guatemala and Norway, 1950-2050*
European countries that doubled or tripled their total population in the course of one century did so during the industrial revolution, when there was a high demand for workers in the new factories. Those that did not industrialize fared badly. Ireland tripled its population between 1780 and 1840, and that brought about the Great Famine in the 1840s, when one million Irish died of starvation and another million or two left the country. European countries such as Norway were able to export a population surplus to the USA in the XIX century, alleviating the social tension of an increasing population.

Guatemala is now, along with some African countries, multiplying their population with a factor of ten during the century between 1950 and 2050. This is a historical period when unqualified manual labour is in low demand.

Repeating the process that made Europe and North America rich two centuries ago will not give the same result today. Building textile factories in Guatemala in the 21st century is not the same as it was in Manchester in the 19th century. Guatemalan textile factories were able to compete with Mexico and many parts of Asia until the beginning of the 21st century by offering lower wages. However, future successful textile factories are highly automated with few, but well qualified employees.

Guatemala is not well prepared for that. It has its fair share of innovative, talented young people who can create new jobs in substitution of those that disappear. However, such people tend to migrate and seek a more favourable environment in which they can develop their ideas. If they stay in Guatemala, they are susceptible to extortion from criminal gangs, squeeze from traditional interest groups that do not want to lose their monopolies, and a lack of infrastructure for modern business enterprises. It's easier to migrate to the USA or Europe and start a business there.
The rapid population increase in the next decades, combined with climate change and failure of major export crops may lead to collapse, food riots and social chaos. The country has rich agricultural soils, but most is dedicated to export (sugar, palm oil) and not to feed an increasing population. A further debilitation of social order may topple the country over to the failed state category, unable to protect or feed the rapidly increasing population. They become victims of criminal gangs that charge protection money, while the State is unable to collect taxes.

This rather dystopian vision of the future could of course be avoided by an honest and efficient government, swift and foresighted planning, and the creation of millions of new jobs. However, the historical experience of Guatemala does not make it very likely that that will happen. Dysfunctional systems of government in Guatemala survive any attempts of reform or revolution. Political and administrative blunders persist because they are beneficial to the people who control them. Dysfunctions help them maintain control, avoid competition and extract resources. Guatemala still has self-perpetuating "deep state" power centers with deep roots.

**Does International Development Aid help?**

Many see "modernization" as something that can be imported from the "developed" countries as aid. The history of aid to developing countries is summed up by Andrews et al. (2017, p. 44) in this way:

*The first phase, the accumulation or “big push” phase of the 1950s and 1960s, said “Rich countries have more stuff (e.g. bridges, factories, ports) than poor countries, hence building stuff is the key to development.” The second phase, the policy reform or “structural adjustment” phase of the 1980s and 1990s, said: “Rich countries have good policies, hence adopting good policies is the key to development.” The third, current phase, says: “Rich countries have good institutions, hence promoting good institutions is the key to development.”*

Guatemala has had its share of each of these development strategies. However, the resulting institutions tend to be what Andrews et. al call "Isomorph mimicry": something that looks like the original but does not produce the same results. We mentioned in the section on social classes that the military nationalism in the 19th century in Guatemala was a mimicry of European nationalism, but without a nation and without a citizenship that supported it. One could also say that the militant anti-communism in Guatemala from the 1950s to the end of the 1980s was a copy of US requirements: A strong bulwark against communism on the American continent. Fighting communism gave enormous resources to the military establishment, but since the guerrilla was pretty weak, they massacred innocent Mayan peasants and leftist intellectuals instead, all for the good cause of keeping the military in charge.

When the Soviet Union dissolved and fighting communism no longer was a priority for the US, the Guatemalan state rapidly adapted another mimicry, the look-alike of a social democracy. Huge amounts of foreign aid poured into the country to help with the reconstruction after the devastating civil war. Funds from international donors were earmarked for infrastructure, education, hospitals and nation building.
A completely new justice system and police force was also built up, all with ideas and funding from the international donors. What was missing was the support, trust and informal control that similar institutions have in established social democracies. The Norwegian population generally trusts the police. Investigating a murder case (30 homicides a year) the Norwegian police and justice system can count on help from all witnesses who have relevant information. In Guatemala, no one volunteers information to the police and courts, crime investigations are totally inefficient and more than 95% of all homicides remain unsolved. Guatemala has 4,500 homicides a year, and there is little sign of crime rates going down after 25 years of building a social democratic, modern state. Guatemala in 2017 is a state that can't issue passports, because the documents are out of print. It can't deliver mail, because the postal service was closed down. Corruption is rampant, government efficiency extremely low, the educational system has severe deficiencies, so has the public health system, roads etc.

The present state is a top down construction, and does not have the trust and support of its citizens. The power remains with the "deep state" of informal connections between powerful groups. The international community has tried to implant a model state, with ambitious legislation on money laundering, worker's rights, rights of indigenous populations, gender equality, environmental protection etc, all based on importing best practices from societies where such principles grew out of long political experience. In Guatemala, such legislation and the institutions to implement them are foreign implants, mimicry of the existing norms in more successful countries. Their creation keep donors and foreign advisors happy, but the resources and the social structure that support and control them is lacking. Compliance with such legislation is therefore quite low, and loopholes are created and exploited.

Conclusions
Billions of people have been lifted out of deep poverty during the last 30 years, particularly in China and other Asian countries, but also in Latin America. Countries such as Chile, Argentina and Costa Rica now have functioning democracies, improved living standards and a virtual revolution in education and access to information. Guatemala has also made substantial progress since the end of the civil wars in the 1980s. However, its future is uncertain, given its weak industrial base and infrastructure, the corrupt and inefficient political establishment and the explosive population increase.

Norway has long traditions of economical and political stability. This permits long-term investments, builds trust between different social groups and integrates the country. On the other hand, the disastrous civil wars, uprisings and coups created an entirely different social climate in Guatemala. Gradually, the gap between industrialised countries and the "third world" emerged.

That created a poverty trap. While Europe and North America was busy building railroads and factories, Guatemala had roughly 250 wars, uprisings and military coups. This maintained an antiquated and extractive social structure, a state in the
service of the privileged few. The old, extractive pattern emerges time and again after revolutions or constitutional reforms, with new people in charge.

The poverty trap may therefore be an evil circle where it becomes more and more difficult to break free. Public investment in education and infrastructure is difficult, because all intents to raise more taxes meet with strong protests. Poverty maintains itself. It also maintains a society with low levels of confidence and trust between different social groups, and a social climate not very favourable to technical innovation and economic progress.

If there is one outstanding factor that explains more than all the others, it is the quality of governance. Norway has developed into a better society than the Guatemalan because its governance has been more consensus oriented, less selfish, promoting what leaders believed was the common interest and not just following the fastest possible path to personal enrichment. There are strong checks and balances in place against corruption, most of them informal. Rumours about corrupt officials spread fast in Nordic societies, and lead to official investigation and punishment. In Guatemala, corruption has become commonplace, pervading the public administration and justice from top to bottom.

We’ve tried to follow the formation of two different states two centuries ago. Are the roots that explain these different outcomes even deeper? Both countries were then poor and marginal, but the decisions taken by their first leaders set these two countries on different paths. Leaders of the hastily formed Norwegian state were consensus oriented, willing to compromise, and put the nation’s general wellbeing above their own personal honour and ambitions. Over the centuries, the Nordic culture has developed some sense of community and mutual trust, and learned the benefits of cooperation and compromise. The leaders who proclaimed the independence of Guatemala were conflict oriented, with disastrous results for the new nation.

There are deeply rooted cultural differences behind these different trajectories. Establishing a copy of Western or Nordic liberal institutions do not produce the same effects, because they lack roots in the mind-set of the diverse cultures of Guatemala.

Boldrin et al (2012) note in their review of A&R:

“The fact is that Germany has done well under all sorts of institutions - as much so under the non-benevolent dictatorship of Hitler as the benevolent dictatorship of Bismarck. And it has done well as a post second world war democracy. All of which leads one to wonder: maybe it isn’t the institutions that matter? Maybe it is being German that counts?” (Boldrin, Levine and Modica,2012)

However, concluding that Norway fared better because Norwegians populated it does not explain much. Why are societies with a Northern European, Anglo Saxon or East Asian background fairly well organised, while great parts of Latin America
and Africa are not? After discussing all possible explanations for these differences, many questions are still left open.

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4 Source: Historical Statistics of the World Economy. Angus Maddison

5 Guillen p84

6 Source: Historical Statistics of the World Economy. Angus Maddison

7 Quoted from Severo Martínez, Centroamerica en los años de independencia, p. 25. My translation.

8 Woodward, p. 57 footnote to Marure.

9 Marure p. 87, quoted from Woodward

10 Alejandro Marure, efemérides, p. 148

11 Address to the newly elected Norwegian king, May 19th 1814

12 (Mykland, p. 434) Sværdene klirre ved vor side skrigende efter svenskens blod"

13 Woodward, 1993. Article 7 of the treaty included a vague statement about the mutual benefits of a canal and road connection between Belize and Guatemala. There was, however, no clear obligation for Britain to finance and build such a road, and it was never built.

14 NOU 2004:26 p. 30-31


16 “Gachupín con criollo, gavilán con pollo” (Martínez, 1994:50)

17 Strilekrigen in 1765, Lofthus uprising in 1786, hunger riots in 1813, the Sami rebellion in Kautokeino in 1852 and the Marcus Thrane movement in the 1850s.


19 (CIA in Guatemala)

20 (Sejersted, p. 192)

21 Wikipedia: Guatemala (in Spanish) gives a figure of 93% illiteracy in 1920

22 In 1837, 87% of all Norwegian children attended school, most of them just a couple of weeks during wintertime. It was estimated that 20% of those who attended school learned to write. (Sejersted, p. 321)


26 Source: UN population projections, medium variant
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