

Examples and meaning as a Guatemalan of the five areas:

**Area 1: Size of government:**

- Government taxation and spending: in Guatemala there is huge part of the economy which is informal, government is unable to tax this portion of the economy because it doesn't know where it is nor it can, in fact a huge portion of Guatemalan GDP is measured informally (as much as 22%); despite this fact taxation to those who do pay is not always as fair, taxes are high specially in the capital, and spending is virtually nonexistent, with the small exception of some social programs of hunger and others (many of whom are funded by other countries) spending is very low in Guatemala.
- Government controlled enterprises: these enterprises are rare in Guatemala, with an exception of the asphalt industry and others directly linked to them, government controlled enterprises tend to be rare.

**Area 2: Legal System and Property rights.**

- Legal system: Guatemala's state is relatively weak in comparison to others, the civil society doesn't cooperate with the state because in the majority of cases the state is unable to guarantee protection, also laws are not easily enforceable, laws are written and passed but rarely enforced the right way especially now in this coronavirus crisis.
- Property rights: Government guarantees in the constitution private property, but things such as the subsoil being property of the government limits those rights, if I find gold in my land I can't legally have that gold, that gold is the governments property, these sort of things are the limits of private property I'm talking about. We have a big problem with corruption so property rights of some people can be omitted by corrupt politicians and bureaucrats.

**Area 3: Sound money:**

- Inflation: inflation in Guatemala is usually low but nevertheless incremental, despite this people are rarely deterred from saving due to inflation, Guatemalans do tend to save money which they can later invest on capital and acquire wealth, the soundness of the money isn't an issue and hasn't been for a long time, of course with the recent coronavirus crisis sound money can be something we lose.

**Area 4: Freedom to trade internationally:**

- Here the "Aduana" (government agency involved in international trade) have been involved in several scandals for it's overwhelming corruption, the recent case "la línea" involving the president and the vice president of two administrations ago, have made a significant crime scheme in that institution, everybody knows that in order to bring or send something outside of Guatemala the process is always complicated, packaging is stolen, lost, decompensated, accused of not paying taxes, people tend to not even prefer ordering online because of this, and only incur in online shopping for stuff they really can't find anywhere else.

- Heavy taxes greatly burden the buyer and seller on issues involving international trade.
- Nonetheless Guatemalans are relatively free to send in or out of the country stuff, in spite of the taxes and the *Aduana* making trouble we are relatively free, entrepreneurship has not been greatly harmed by this environment.

#### **Area 5: Regulation:**

- Freely operating your business: worker laws are very rigorous and tend to favor heavily the worker and scrutinize the employer, any person who knows law in Guatemala is aware of this fact, problems such as the minimum wage have caused significant trouble because most people hired at that price don't produce as much because of lack of skill and or expertise, despite of this harsh environment Guatemalans are able to operate their business and if they watch their backs with all these laws they have relative freedom to operate their business.
- Gain credit and exchange: Credit policy in this country is very similar to others, exchange between individuals is semi free because the government is not usually very aware of exchanges, but sometimes it does regulate aspects of interest such as the plastic straw scandal that happened a year ago, plastic straws were banned on all restaurants and super markets, heavy fines were imposed on those who gave or sold straws, things such as these are the ones to watch out for but in spite of this the freedom is fairly high.
- Monopolies and oligopolies can be a problem as well and are usually the problems concerning certain products and services.

#### **Areas compared 2017**

Areas	
Size of government	Guatemala
Legal System and Property Rights	USA
Sound money	USA
Freedom to trade Internationally	Guatemala
Regulation	USA