

Guatemala: President Pérez Resigns; Runoff Presidential Election on October 25

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After five months of corruption scandals and arrests of high-level officials, Guatemalan President Otto Pérez Molina resigned from office on September 2, 2015. On September 3, in response to a court order, he appeared at court to hear charges of criminal association, corruption, and fraud brought against him; Congress accepted Pérez's resignation and swore in Vice President Alejandro Maldonado, a former judge, as president. A new president and legislature are due to assume office in January 2016 after elections.

Since April 2015, revelations of mass corruption in the Guatemalan government had led to the arrest of the vice president and other government officials, the resignation or firing of multiple members of the president's cabinet, impeachment proceedings against the president, and mass protests calling for the president's resignation and an end to corruption and impunity. In an unprecedented action, the Congress voted on September 1 to lift the president's immunity from prosecution so that he could be investigated for corruption, as requested by the Guatemalan Attorney General (AG) and the United Nations-backed International Commission Against Impunity in Guatemala (CICIG). The United States has supported the strengthening of democratic institutions, CICIG, and the demonstrators' ["call for reform and change."](#)

National elections were held September 6, 2015. Some civil society groups and others had called for a delay in part because of ongoing investigations into several candidates' possibly illegal activities. Pérez's resignation seemed to bolster confidence in the judicial system, and voter turnout was a record 70%.

Corruption Scandals. In April, CICIG and the AG's office uncovered a corruption ring at the national tax agency (SAT), leading to the arrest of dozens of people, including the current and previous directors of the SAT. Public officials allegedly took bribes from business people in exchange for paying lower customs duties, defrauding the government of millions of dollars of revenue. Prosecutors found possible links to Vice President Roxana Baldetti, who resigned on May 8 and was arrested on August 21 on charges of accepting bribes and criminal conspiracy in what has become known as "La Linea" case. Prosecutors are searching for Baldetti's former top aide, considered the ringleader, who disappeared while on official travel abroad.

In May, prosecutors charged that in exchange for a bribe Guatemala's Social Security Institute (ISSS) awarded a \$15 million medical contract to a company with no experience. At least five people died as a result of the ensuing faulty care. Authorities arrested 17 people, including the ISSS's president, who had been Pérez Molina's private secretary. Following allegations of irregularities in a hydroelectric project's contract, the president on May 21 dismissed three cabinet ministers.

Impeachment of President Pérez Molina. After further investigation, Attorney General Thelma Aldana said that it was ["highly probable that the president of the republic may have participated"](#) in these corruption operations. On August 25 the Supreme Court granted the AG and CICIG's request to allow Congress to decide whether to lift Pérez's

immunity so he could face investigations. On August 13, with the Renewed Democratic Freedom (LIDER) party and the president's Patriot Party (PP) opposing, Congress had voted against lifting immunity. Just two weeks later, however, pressure for the president to resign or be impeached had mounted, and the legislature stripped him of immunity. Political actors as diverse as the Human Rights Ombudsman and the powerful private sector lobby, CACIF, had joined the call for Pérez's resignation. Six cabinet ministers resigned in the wake of the allegations against the president, leaving him increasingly isolated. With his resignation and immunity removed, judicial procedures may proceed. Pérez denies the charges. The court issued orders preventing Pérez from leaving the country, and for him to remain in jail during three months of investigation.

2015 Elections. The corruption scandals have also affected Guatemala's general elections. Positioning himself as an anti-establishment candidate, comedian Jimmy Morales of the conservative National Convergence Front came in a surprising first. Because no presidential candidate received over 50%, runoff elections will be held on October 25. (Presidents are constitutionally prohibited from running for reelection, so Pérez had not been a candidate.) Manuel Baldizón of LIDER, long seen as the leading candidate, was in a statistical tie for second, but withdrew from the race on September 14. The next day his vice presidential candidate was arrested; CICIG and the AG [alleged that his vice presidential candidate and other party members laundered over \\$900 million to finance political activities](#). Former First Lady Sandra Torres, the National Unity for Hope (UNE) party's presidential candidate, will face Morales in the run-off. Torres was criticized for lack of transparency in funding of a program she ran while her husband was president. Some observers express concern that Morales' party was founded by former military officers and that he lacks a true governing plan.

Stability. For decades, intimidation of judicial officials, widespread corruption, and the involvement of organized crime in violence and extortion have been widely seen as contributing to high levels of impunity and public mistrust in Guatemalan institutions. The state's failure to provide basic public services to large parts of the population, limited advances made in reducing Guatemala's high poverty levels and inequitable distribution of wealth, and the fallout from the corruption scandals all contribute to the risk of social unrest. So far the judicial process and protests have been relatively peaceful. Nonetheless, continued impunity could heighten protests; continued prosecution of corruption could provoke violent responses from those whose wealth or power are threatened.

While many see these events as a crisis, others—including many within the Guatemalan government—also see them as an opportunity to make the government more honest and accountable. The U.S. Congress has approved aid to strengthen Guatemalan institutions, as well as placed conditions on aid based on human rights and other concerns for years, and has supported CICIG. Congress is currently considering President Obama's \$1 billion aid request to improve prosperity, security, and governance in Central America. (See CRS Insight IN10237, [President Obama's \\$1 Billion Foreign Aid Request for Central America](#).) This aid could provide more assistance to Guatemala.