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**WESTERN HEMISPHERE
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Guatemala: A Failing State?

**J. Mark Ruhl
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July 2011

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The views expressed in this research paper are those of the author and do not necessarily reflect the official policy or position of the US Government, Department of Defense, US Southern Command or Florida International University.

EXECUTIVE SUMMARY

- Guatemala is not a failed state and is unlikely to become one in the near future. Although the state currently fails to provide adequate security to its citizens or an appropriate range of effective social programs, it does supply a functioning electoral democracy, sound economic management, and a promising new anti-poverty program, My Family Progresses (MIFAPRO).
- Guatemala is a weak state. The principal security threats represented by expanding Mexican drug trafficking organizations (DTOs), criminal parallel powers, and urban gangs have overwhelmed the resources of the under-resourced and compromised criminal justice system. The UN-sponsored International Commission against Impunity in Guatemala (CICIG), however, has demonstrated that progress against organized crime is possible.
- The principal obstacles to strengthening the Guatemalan state lie in the traditional economic elite's resistance to taxation and the venal political class' narrow focus on short-term interests. Guatemala lacks a strong, policy-oriented, mass-based political party that could develop a coherent national reform program and mobilize public support around it.
- The United States should strengthen the Guatemalan state by expanding the Central America Regional Security Initiative (CARSI) and by strongly supporting CICIG, MIFAPRO, and the Supreme Electoral Tribunal (TSE).

INTRODUCTION: FAILED STATES

In 2007, UN High Commissioner for Human Rights Anders Kompass publically labeled Guatemala a failed and collapsed state. Other observers¹ both inside and outside the country have reached similar conclusions. With Mexican drug trafficking organizations holding sway over large sections of the nation, street gangs running rampant in Guatemala City, and one of the world's highest homicide rates, such characterizations are understandable. However, calling Guatemala a failed state is an exaggeration. As serious as the nation's security problems are, the Guatemalan state is not nearing collapse. Indeed, it provides capable macroeconomic management and the highest level of electoral democracy since the early 1950s. In addition, after decades of woefully inadequate efforts to address the needs of the nation's poor majority, social policy is finally making progress via a new conditional cash transfer (CCT) program. Risks of future state failure cannot be ignored, but Guatemala does not yet resemble failed states such as Zimbabwe or the Congo, much less Somalia.

Guatemala is a weak state that is performing poorly in many policy areas, but adequately in others. Its most serious vulnerabilities lie in the security area. Criminal activity has become so widespread that it has overwhelmed efforts by state authorities to bring it under control. Police and military forces are small, underpaid, poorly trained, and infiltrated by criminal elements. Too many prosecutors and judges have been intimidated, corrupted, or killed. Guatemala may not be a failed state, but it is failing at the critical task of providing public order and the rule of law to its 14 million citizens. Moreover, this failure threatens to undermine the

¹ Gustavo González, "Guatemala: estado fallido," *La República*, June 25, 2010; M. A. Bastenier, "¿Guatemala, estado fallido?" *El País*, January 21, 2008.

nation's progress in electoral politics as money from drug trafficking seeps into campaign finance. Guatemala's deteriorating security situation also facilitates the northward flow of narcotics and illegal immigrants that the United States is struggling to contain. To prevent further deterioration, the United States and its allies should expand the Central America Regional Security Initiative (CARSI) to provide more assistance to reform and strengthen Guatemala's law enforcement capabilities. Additional support also should be directed at consolidating improvements in social policy and in the conduct of elections.

There is no consensus definition of a failed state. Analysts use the term in different ways and apply varying criteria for state failure. The London School of Economics' (LSE) Crisis States Research Center, for example, defines a failed state simply as one that has collapsed and "... that can no longer perform its basic security and development functions and that has no effective control over its territory and borders."² Rotberg,³ however, distinguishes among strong, weak, failed, and collapsed states. He evaluates states by the degree to which they deliver the most crucial political goods: most importantly security, followed by political freedoms, then by goods such as education, health care, and economic opportunity. Strong states like those in Scandinavia perform well across all categories, weak states show a mixed profile, and failed states such as the Congo provide none or almost none of these political goods. According to Rotberg, most failed states are convulsed by internal violence and/or ruled

² Jonathan Di John, *Conceptualizing the Causes and Consequences of Failed States: A Critical Review of the Literature*, Crisis States Working Papers Series, No. 2 (London: LSE Development Studies Institute, January 2008), 9-10.

³ Robert I. Rotberg, "Failed States, Collapsed States, Weak States: Causes and Indicators," in *When States Fail: Causes and Consequences*, ed. Robert I. Rotberg (Princeton, IN: Princeton University Press, 2003).

by despotic regimes. Rare collapsed states like Somalia fail in every respect and can be completely destroyed by violence. In spite of its security crisis, Guatemala does not, as yet, meet either the LSE or the less stringent Rotberg definition of a failed state. The country ranks 73rd of 177 nations (Somalia ranks first) on the 2011 Failed States Index,⁴ scoring about the same as China, a result that earns only a warning of possible future state failure. Guatemala appears to be most accurately classified as one of Rotberg's weak states that are failing at some of their essential tasks.

INSECURITY

In many ways, Guatemala is more dangerous today than it was during all but the most intense periods of its more than 30 years of guerrilla war (1960s-1996). From 2000 to 2010, the nation's homicide rate doubled to 50 per 100,000, equivalent to ten times the U.S. level. Forty percent of murders are attributed to the narcotics trade,⁵ and fewer than four percent result in an arrest and conviction. Significant quantities of narcotics have been moving across Guatemala since the 1980s, but the drug traffic has skyrocketed in recent years. An estimated 250 to 350 metric tons of cocaine now transit Guatemala annually. The greatest number of cocaine shipments arrives from Colombia or Ecuador by sea on the largely unpatrolled Pacific coast where they are broken up into smaller packages for the trip to Mexico by truck. Air routes to the Petén and Alta Verapaz as well as land routes from Honduras are also important. In addition, Guatemala exports a small poppy crop for heroin production and imports large quantities of pseudoephedrine for shipment to

⁴ Fund for Peace, accessed on June 23, 2011, <http://www.fundforpeace.org/?q=fsi>.

⁵ *The Economist*, "The Tormented Isthmus," April 16, 2011, 26.

Mexico for processing into methamphetamine.⁶ The porous Guatemalan-Mexican border poses no obstacle.

Traditionally, Guatemalan “*transportista*” crime families have handled the movement of cocaine through the country for international drug-trafficking organizations (DTOs), but since about 2006 Mexican DTOs, particularly the infamous Zetas, have begun to exert more direct control. The Zetas have also carried their battle with the Sinaloa cartel into Guatemala as both organizations have moved some operations there (training camps, arms caches, safe houses) in response to Mexico’s intensified anti-drug campaign. The Zetas’ violent conflicts with their enemies have caused a rising body count. Mexican DTOs also engage in a variety of other criminal activities in Guatemala including human trafficking and extortion.

Drug traffickers are most active in eight of Guatemala’s 22 departments: Huehuetenango and San Marcos (which border Mexico in the south); the tropical Petén in the north; Zacapa and Izabal on the Honduran border; rugged Alta Verapaz and Quiché in the center; and Jutiapa on the Pacific coast. Narcotraffickers operate with relative impunity in their areas of control and now contest state authority in about half of the country. Massive financial resources and superior weaponry (armor-piercing ammunition, fragmentation grenades) enable Mexican DTOs to coopt or coerce local cooperation wherever they go.

Guatemalan and foreign drug traffickers have long collaborated with well-connected clandestine security networks that Guatemalans refer to as the “parallel or hidden powers.” These domestic criminal organizations provide intelligence and high-level political contacts to clients and

⁶ U.S. Department of State, *International Narcotics Control Strategy Report, Vol. I*, March 2011, 270-272.

carry out a wide range of criminal activities on their own (arms trafficking, money laundering, and extortion). Parallel powers initially grew out of Guatemalan military intelligence (D-2) which directed the armed forces' successful counterinsurgency campaign. While still in uniform, senior officers like General Francisco "Paco" Ortega Menaldo⁷ formed secret organizations such as the *Cofradía* (Brotherhood) and put their skills to criminal uses. In 1996, the former military intelligence chief was cashiered from the army for his alleged participation in a contraband ring with customs officials. He resurfaced in 2000 as the top security advisor to President Alfonso Portillo (2000-2004) who is himself now under U.S. indictment for money laundering. From this position, Ortega Menaldo exercised control over all military appointments despite the fact that the U.S. government signaled its disapproval by withdrawing his visa on suspicion of drug trafficking.⁸ More recently, President Alvaro Colom (2008-2012) also has relied on Ortega Menaldo's security advice, and the former general has reasserted his influence over the military hierarchy.⁹ The *Cofradía* has long since splintered into different factions, and new parallel powers unconnected to military intelligence have arisen, but Ortega Menaldo's network is still formidable. These criminal organizations have placed agents throughout Guatemala's government and criminal justice system.

⁷ Michael Deibert, "Guatemala's Death Rattle: Drugs vs. Democracy," *World Policy Journal* 25, no. 4, (Winter 2008/2009): 170.

⁸ J. Mark Ruhl, "The Guatemalan Military since the Peace Accords: The Fate of Reform Under Arzú and Portillo," *Latin American Politics and Society* 47 no. 1 (Spring 2005): 68-69.

⁹ José Rubén Zamora, "El regreso de Ortega Menaldo," *El Periódico*, January 11, 2008.

An estimated 14,000 urban gang members¹⁰ constitute another growing source of criminal activity. *Mara Salvatrucha (MS-13)* and its smaller rival *Calle 18/Mara 18 (M-18)*, both of which originated in Los Angeles, California, control major sections of Guatemala City's poor *barrios*. These transnational criminal organizations dominate the retail sale of narcotics and extort money from businesses, bus drivers, and residents. More than 170 bus drivers and other transportation workers were murdered by gangs in 2010.¹¹ MS-13 and M-18 also engage in kidnapping, robbery, car theft, and murder for hire. Both gangs recruit locally among the urban poor and welcome members who continue to be deported from the United States. The gangs' relationships with DTOs and the parallel powers are not well understood. The Council on Hemispheric Affairs (COHA) claims that the Sinaloa cartel has contracted *Mara Salvatrucha* to move drugs and human cargo.¹²

A WEAK CRIMINAL JUSTICE SYSTEM

Guatemala's National Civilian Police (PNC), its Public Ministry (Attorney General's Office), and its courts have proven too weak to handle the security challenges posed by drug traffickers, parallel powers, and urban gangs. The police force numbers only 25,500 with about one-fifth of its officers relegated to guarding government buildings and individuals. Only a small number of PNC officers are assigned to important drug trafficking departments such as

¹⁰ See Hal Brands, *Crime, Violence, and the Crisis in Guatemala: A Case Study in the Erosion of the State* (Carlisle Barracks, PA: Strategic Studies Institute, May 2010), 24.

¹¹ Peter J. Meyer and Clare Ribando Seelke, *Central America Regional Security Initiative: Background and Policy Issues for Congress* (Washington, DC: Congressional Research Service, March 2011), 10.

¹² Megan McAdams, "Bloodshed in Guatemala as Cartels and Street Gangs Wage War," Council on Hemispheric Affairs. Last modified March 7, 2011. <http://www.coha.org>.

Alta Verapaz (415 officers).¹³ Guatemalan police are ill-trained, underequipped, and poorly paid. A great many of them engage in criminal activity themselves or take bribes to ignore crimes committed by others. Morale can scarcely be high in a police force where senior officers are regularly sacked for corruption. In 2009, the PNC's general director, assistant director, and director for operations were all fired over 100 kilograms of missing cocaine. Not surprisingly, only 31 percent of Guatemalans express trust in the police, the second lowest level in the Americas.¹⁴ Individuals and businesses that can afford to do so, have acquired private security, ballooning the nation's private security force to 125,000. Poorer Guatemalans sometimes resort to vigilante justice, e.g., lynching of suspected criminals.

The Public Ministry does not have enough trained prosecutors, forensics experts, or investigators, and it contains too many officials of doubtful loyalty. Constant turnover in leadership has also impeded consistent policy formation. Parallel powers have sometimes succeeded in influencing the selection of the Attorney General and other senior office holders. In addition, Guatemala's courts are notoriously slow, bound by archaic procedures, and open to manipulation by criminal defendants. Too few convictions result. Frustrated by low conviction rates, police regularly bypass the judicial process with extrajudicial killings of gang members and other suspected criminals.

The failure of civilian law enforcement institutions has led Guatemalans from all social classes to demand that the

¹³ Steven S. Dudley, *Drug Trafficking Organizations in Central America: Transportistas, Mexican Cartels, and Maras*, Working Paper Series on U.S.-Mexico Security Collaboration, Woodrow Wilson Center Mexico Institute and University of San Diego Trans-Border Institute, May 2010, 28.

¹⁴ Nabeela Ahmad et al., "Trust in the National Police," *Americas Barometer Insights* no. 59 (2011): 2.

military reassume a greater role in internal security in spite of its authoritarian history and the well-documented human rights abuses of the guerrilla war. The armed forces were downsized by two-thirds to 15,500 effectives after the 1996 Peace Accords and redeployed out of their rural counterinsurgency bases. The removal of the military made it easier for drug traffickers to operate in these vacated areas. Despite protests from his leftist supporters, President Alvaro Colom has been forced by the security situation to enlarge the armed forces to over 17,000, expand its participation in urban law enforcement, and send it back into some of its former areas of operation. Colom has placed soldiers on city buses and increased joint patrols with the police. The military has constructed a new base in Quiché, and several hundred troops have been dispatched with temporary state of siege powers to Alta Verapaz and Petén. Unfortunately, the army is untrained in counter-narcotics operations and lacks necessary communications equipment, transportation, and air support.¹⁵

The most positive development on the security front has been the arrival of the International Commission against Impunity in Guatemala (CICIG). In 2007, a determined coalition of politicians and civil society convinced reluctant legislators to agree to a United Nations (UN) plan to create CICIG to help local prosecutors and police fight organized crime. The externally-financed commission is composed of experienced law enforcement professionals from around the world who have taught new investigative and prosecutorial techniques, vetted candidates for senior law enforcement positions, and made recommendations for changes to Guatemala's legal code.¹⁶ CICIG has also spearheaded a

¹⁵ Matthew B. Greco, *Ungoverned Spaces in Guatemala and U.S. National Security*, U.S. Army War College Program Research Project, May 4, 2009, 6.

¹⁶ See the CICIG website at <http://www.cicig.org> for current projects.

number of high-profile investigations and raised the morale of honest Guatemalan law enforcement personnel. Although the commission has experienced its share of disappointments and controversy, it has compiled an impressive list of achievements in a short period:

- CICIG investigators solved the bizarre Rosenberg murder case¹⁷ that threatened to bring down the Colom government. Before arranging his own assassination, prominent businessman Rodrigo Rosenberg had recorded a videotape falsely blaming his murder on the President.
- CICIG was responsible for purging the PNC of over 2,000 corrupt police officers including 50 senior officials. Two former PNC Directors and their chief assistants were later convicted and imprisoned. Ten compromised Public Ministry prosecutors resigned under pressure.
- CICIG increased the transparency of the nominating process for attorney generals and judges and prevented a number of individuals with suspected criminal ties from gaining these high offices.
- CICIG persuaded the Guatemalan Congress to pass laws giving police and prosecutors powerful new crime-fighting tools (legal wiretaps, witness protection program, plea bargaining options, asset seizure law).

¹⁷ See David Grann, “A Murder Foretold,” *The New Yorker*, April 4, 2011.

- CICIG played a key role in preventing the escape of indicted former President Alfonso Portillo to Belize, and the commission is appealing his acquittal on embezzlement charges while supporting a U.S. request for his extradition. CICIG has also been instrumental in the indictment of many other high-ranking civilian and military officials several of whom have been convicted. Convictions of murderers, drug traffickers, and kidnapers have accelerated.

Despite uneven cooperation from Guatemalan governmental institutions, CICIG has shown that the criminal justice system can be made to work. In 2009, the Guatemalan Congress extended CICIG's mandate through September 2011, and President Colom has requested that the legislators do so again for an additional two years. A U.S.-supported Police Reform Commission headed by noted human rights activist Helen Mack also has begun to complement CICIG's work.

The Guatemalan state is still doing a poor job of providing security for its citizens, but with international assistance its performance has begun to show some improvement. Murders and kidnappings are down slightly, and seizures of guns, drugs, and cash are up. With the support of the United States Drug Enforcement Administration (DEA), Guatemalan security forces have substantially reduced drug flights into the Petén and captured important traffickers such as San Marcos drug boss Juan Ortiz López. According to the Latin American Public Opinion Project (LAPOP), fewer Guatemalans (40%) feel insecure in their neighborhoods than in 2004.¹⁸ In fact, Guatemala's perceived insecurity rate fell

¹⁸ Dinorah Azpuru, *Cultura política de la democracia en Guatemala*, 2010 (Nashville, TN: LAPOP, Vanderbilt University, December 2010), 76.

to about the Latin American average in 2010. Nevertheless, in the same survey, 23 percent of Guatemalans claimed that they themselves or someone in their family had been victimized by crime in the last 12 months. Crime and insecurity remained the number one public issue in national polls.

A NEGLECTED MAJORITY

Traditionally, the Guatemalan state has also failed to adequately address the basic social needs of its poor majority. Public education and health care have been sorely neglected, and until recently significant anti-poverty programs were unknown. Guatemala ranks next to last in the Americas on the Human Development Index (HDI). Almost half of Guatemalan children are chronically malnourished, and the average child completes just four years of school.¹⁹ Half of the population lives on under US\$ 2 a day, and an extremely poor 15 percent survive on less than a dollar a day. Income and wealth in Guatemala have been distributed very unequally since colonial times. Today the top 20 percent of income earners amass 58 percent of income,²⁰ and the largest 3 percent of landed estates encompass almost two-thirds of all agricultural land²¹ in a country where half of the population still lives in the rural areas. Poverty, inequality, and a lack of social mobility promote crime as well as illegal migration to the United States.

The Guatemalan state's inability to deliver crucial political goods, like security, education, and basic economic

¹⁹ "The Tormented Isthmus," 25-26.

²⁰ United Nations Children's Fund (UNICEF), *Guatemala at a Glance*, accessed June 15, 2011,

http://www.unicef.org/infobycountry/guatemala_statistics.html.

²¹ "Torres Clears Final Hurdle," *Latin American Weekly Report*, April 20, 2011, 4.

assistance, has undermined its legitimacy. Except for Hondurans, Guatemalans were the least likely to say that their nation was “making progress” in the 2010 *Latinobarómetro* poll.²² Only 28 percent of Guatemalans expressed satisfaction with the way democracy works in their country. Almost half of Guatemalans, nonetheless, still preferred democracy to any other political system, but this represented the weakest endorsement for democracy in any Latin American country. Lukewarm support for democracy leaves Guatemala vulnerable to the future appeals of authoritarian, populist politicians offering simple solutions to the country’s security and development problems.

The Guatemalan state has failed to fight crime effectively or improve social conditions primarily because it has been starved for financial resources and led by an ineffectual political class. Tax revenue represents only 10.3 percent of GDP,²³ one of the very lowest levels in the Americas. The nation’s traditional economic elite has fought successfully to keep income taxes low. Guatemala’s wealthy claim that politicians and bureaucrats would only waste or steal additional funds. Certainly the nation’s self-interested political class does not inspire confidence. The majority of Guatemalan politicians enter politics to gain power and money for themselves and patronage for their followers. They accept financial support²⁴ from whatever elite or even criminal interests will help them win office. Politicians organize ephemeral, personalistic political parties that stand for little and disappear when their political bosses’ fortunes

²² “The Latinobarómetro Poll: The Democratic Routine,” *The Economist*, December 4, 2010, 51.

²³ U.S. Department of State, *International Narcotics Control Strategy Report*, 270.

²⁴ See Anita Isaacs, “Guatemala on the Brink,” *Journal of Democracy* 21 no. 2 (April 2010): 115.

fade.²⁵ Elected legislators switch parties at will and supply no dependable legislative coalitions for Guatemala's one-term presidents to lead. Political corruption appears to have declined since alleged embezzler Alfonso Portillo left office in 2004; but the 2010 Corruption Perceptions Index (CPI) still classifies the country's corruption level as "serious." It is little wonder that ordinary Guatemalans have so little respect for political parties.

ELECTIONS, ECONOMIC MANAGEMENT, AND MIFAPRO

Unlike failed states such as Zimbabwe or the Congo, the Guatemalan state is doing some things reasonably well. The respected Supreme Electoral Tribunal (TSE) has conducted three free and fair general elections since the Peace Accords leading Freedom House to classify Guatemala as an electoral democracy. In 2007, Alvaro Colom of the National Unity of Hope (UNE) became the first elected president from the left in more than half a century. He rode to office on increased voting turnout by the rural indigenous poor that, in turn had been made possible by electoral reforms sponsored by his predecessor. The indigenous Mayan population constitutes at least 50 percent of the nation and has long been the victim of severe discrimination. Although the elections were marred by more than 50 murders of political activists and candidates and by the suspected influence of drug money, these contests represented continued democratic progress for a nation that was ruled by the armed forces for over forty years. The upcoming September 2011 elections will be a fourth test of the electoral system. Conservative former general Otto Pérez Molina of the Patriot Party (PP) who finished second in 2007 is heavily favored. Guatemalan

²⁵ Omar Sánchez, "Guatemala's Party Universe: A Case Study in Underutilization, *Latin American Politics and Society* 50 no. 1 (Spring 2008).

politicians, whatever their defects, appear, for now, to have accepted the basic rules of democratic electoral competition. No failed states are electoral democracies.

Active participation by organized groups from across the political spectrum also has become well-established in once-heavily-repressive Guatemala. Not just the elite Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), but also human rights organizations, indigenous groups, and labor unions can make themselves heard, although those on the left still risk physical harm when they do. LAPOP surveys show that Guatemalans participate in religious and community groups and municipal meetings more than most other Latin Americans.²⁶

The Guatemalan state also provides capable macroeconomic management. International Monetary Fund (IMF) targets for fiscal and monetary policy are met regularly, and the nation's public debt amounts to only 20 percent of GDP. Guatemala's representatives have negotiated favorable international trade accords such as the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). It is true that Guatemalan economic growth has trailed Latin American averages in recent years, but there have been none of the sharp, prolonged economic declines typical of failed states. Both foreign investment and tourism currently are on the rise. Economic performance, however, would be much stronger if crime and violence did not cost the nation an estimated 7.7 percent of GDP²⁷ (security costs,

²⁶ Azpuru, *Cultura política*, 151, 155.

²⁷ World Bank, *Crime and Violence in Central America: A Developmental Challenge*, Sustainable Development Department and Poverty Reduction and Economic Management Unit, Latin America and the Caribbean Region (2011), 6, accessed June 17, 2011, <http://www.worldbank.org/lac>.

higher insurance, theft) and discourage higher levels of investment. Employers also lament workers' low skills and gaps in economic infrastructure, but Guatemala benefits from its wide variety of exports (coffee, bananas, sugar, crude oil, and textiles) and about US\$ 4 billion in remittances from citizens working abroad.

Social policy is finally showing signs of progress too. Life expectancy (71) and literacy rates (80%) have edged upward in recent years while infant and maternal mortality rates have fallen. Primary school attendance and infant immunization rates have increased. Most importantly, the Colom government initiated a popular conditional cash transfer (CCT) program called My Family Progresses (MIFAPRO) in 2008 that pays poor families US\$ 40 every month as long as their children attend school and undergo required health checkups. MIFAPRO is patterned after highly successful anti-poverty programs in Mexico and Brazil. The Guatemalan CCT currently provides benefits to 814,625 families who represent almost half of the country's extremely poor households at the cost of less than one-tenth of one percent of GDP.²⁸ MIFAPRO has been directed by President Colom's wife Sandra Torres who has resisted transparent record-keeping and tried to use the program to win the political allegiance of beneficiary families, but a recent intervention by the Constitutional Court has reduced her influence. Even conservatives like Pérez Molina now recognize that dismantling MIFAPRO would entail too great a political cost.

²⁸ Simone Cecchini, "Do CCT Programmes Work in Low-Income Countries?" *International Policy Center for Inclusive Growth One Pager*, no. 90 (July 2009).

GUATEMALA'S FUTURE AND THE ROLE OF THE INTERNATIONAL COMMUNITY

Guatemala is unlikely to become a failed state in the near term. An electoral democracy is in place despite its flaws, economic management is prudent, and a new conditional cash transfer program is beginning to address poverty issues. Security problems are extremely serious, but CICIG has shown that progress even here may be possible. In order to become a failed state like Zimbabwe or the Congo, the Guatemalan state's mixed performance in providing political goods would have to deteriorate dramatically. The greatest potential for such a state failure lies in the further expansion of the Mexican DTO invasion and deeper involvement of drug traffickers in Guatemalan electoral politics.

Indicators that the risk of state failure in Guatemala is becoming very serious could include;

1. A complete breakdown of the electoral system involving the use of violence on a broad scale by major political competitors;
2. A takeover of formal political power by drug-trafficking organizations (thinly disguised); and/or,
3. A sharp, extended decline in GDP.

In contrast, a major strengthening of the state could be indicated by such developments:

1. A large increase in tax revenue via a new income tax;
2. A thorough reform and expansion of the PNC by 50 percent or more;

3. The de-politicization and enlargement of MIFAPRO to cover 100 percent of the nation's extremely poor.

While Guatemala is unlikely to become a failed state anytime soon, it is also difficult to imagine such positive improvements as these in the current political context. Reformist President Colom lacked the legislative majority to pass even modest fiscal reform measures much less more far-reaching programs. Moreover, his party, --the *Unidad Nacional de la Esperanza* [National Unity for Hope (*UNE*)] -- is no more ideologically coherent or deeply rooted among ordinary people than any others in Guatemala. Colom also accepted campaign money from many questionable donors and sought security advice from a former general who is reputed to lead one of the parallel powers. Guatemala is most likely to remain a weak and troubled state for the foreseeable future.

The next Guatemalan president will probably be conservative Otto Pérez Molina whose Patriot Party (PP) symbol is a clenched fist. Many analysts perceive him to be an extreme right-wing politician and link him to human rights crimes and parallel powers. However, evidence for the most damaging accusations against him is weak,²⁹ and it is worth remembering that Pérez Molina was considered one of the army's most prominent moderate officers in the 1990s. He played a key pro-democracy role in blocking President Jorge Serrano's attempted coup in 1993 and helped negotiate the Peace Accords which many others in the armed forces had resisted. Although Pérez Molina will not be friendly to innovative social policies, his thorough understanding of Guatemala's law enforcement institutions should help him to

²⁹ Claims that Pérez Molina was involved in the 1998 assassination of Bishop Juan Gerardi are particularly unconvincing inasmuch as they are based on the accusations of a single, unreliable source.

address the nation's security crisis. The PP leader is also a longtime enemy³⁰ of ex-general Ortega Menaldo whose influence will decline after the new president takes office. Pérez Molina's elite supporters will not want him to pursue meaningful tax reform, but if anyone could accomplish this goal in Guatemala it would probably be someone with conservative credentials such as his.

What should the United States and the international community do to address Guatemala's vulnerabilities and increase the chances that the state will become stronger rather than weaker in coming years? The first step for the United States should be to greatly expand its Central America Regional Security Initiative (CARSI). CARSI began in FY2008 as part of the Bush administration's Mérida Initiative and emerged as a separate program in FY2010.³¹ CARSI currently supplies equipment (weapons, X-ray cargo scanners, night vision goggles, radios, and helicopters), training for specialized vetted units, and technical assistance (community-policing techniques) to more trustworthy elements within Guatemalan law enforcement. It also funds programs to deal with the social conditions that contribute to crime (at-risk youth activities). Unfortunately, with the US government focused on drug trafficking in Mexico, CARSI has been underfunded. The US\$ 100 million that President Obama administration requested for CARSI for all of the Central America countries in FY2011 is woefully insufficient to have the desired effect on Guatemala's multi-dimensional security crisis. Secretary of State Hillary Clinton, however, promised more generous security assistance at the June 2011 Central American Security Conference. In addition, the World Bank and Inter-

³⁰ Deibert, "Guatemala's Death Rattle," p. 171; Ruhl, "The Guatemalan Military," p. 72.

³¹ See Meyer and Seelke, *Central America Regional Security Initiative*, pp. 19-27.

American Development Bank together pledged US\$ 1.5 billion to fight organized crime in the region.

The United States and its allies should also lobby for the continuation and expansion of the United Nations' CICIG mission and continue to support the work of the new Police Reform Commission. In addition, the international community must stand ready to protect the independence of the Supreme Electoral Tribunal (TSE) whose professionalism undergirds Guatemala's electoral democracy and to assist the TSE as it develops its capacity to monitor campaign finance sources.³² Deeper involvement of rival drug traffickers in political campaigns would subvert the democratic process and raise the potential for increased political violence. Another high international priority should be support for the de-politicization and expansion of MIFAPRO, a CCT program which has the potential to reduce extreme poverty substantially.

International efforts alone, however, will never be able to strengthen the Guatemalan state sufficiently to end concerns about its possible failure. A segment of Guatemala's political elite must develop the vision and political will to reform the tax code, the criminal justice system, and social policy so as to create a context in which international assistance can be most effective. A reform coalition is desperately needed. Regrettably, Guatemala lacks a strong, policy-oriented, mass-based political party that could develop a coherent national reform plan and mobilize public support around it.

³² Carolina Gamazo, "Tribunal Supremo Electoral pública lista de financistas de PP y UNE," *El Periódico*, June 26, 2011.

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