

Cartels, Corruption, Carnage, and Cooperation

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C O N N E X I O N S

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Chapter 1

Baker Institute for Public Policy¹

Baker Institute for Public Policy Content

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Chapter 2

Introduction¹

Few problems regarding the U.S.-Mexico border offer more challenge than those pertaining to illicit drugs. Trafficking in marijuana, cocaine, heroin, methamphetamines, and other psychoactive substances involves tens of billions of dollars, intricate networks of criminals in both countries, and cooperative arrangements with government agents, from local law enforcement to high levels of the Mexican government.

On the U.S. side, a key factor is an apparently ineradicable demand for these drugs, combined with a longstanding legal policy of prohibiting their use. This combination drives the retail prices of the drugs to levels far beyond the cost of production, generating enormous profits for criminals and those who abet their activities.

For decades, a symbiotic relationship between the political establishment and criminal organizations in Mexico served as a check on violence and threats to insecurity. In recent years, that balance has been upset, as criminal factions have raised the level of violence against each other as they struggle over control of the drug trade and against government forces attempting to stem that violence and establish a more legitimate democratic order.

The United States has increased its anti-drug forces along the border and has begun to send hundreds of millions of dollars to Mexico to help bolster its efforts to control and perhaps defeat the increasingly violent drug cartels. In addition, the two countries are working, with mutual apprehensions, to increase collaboration among their several anti-drug agencies. The outcome remains in doubt and no policy panaceas are in sight. It is possible, however, to offer plausible recommendations for improvement.

¹This content is available online at <<http://cnx.org/content/m37157/1.1/>>.

Chapter 3

The Growth of the Drug Cartels¹

In 1914, the United States Congress passed the Harrison Narcotics Tax Act, the country's first major effort to regulate the production, importation, and distribution of opiate drugs such as heroin, opium, and laudanum. Federal, state, and local laws against marijuana, cocaine, and other drugs soon followed, often accompanied by harsh penalties for their violation. Mexico, a major producer of marijuana and a significant source of opium, enacted similar laws, thus criminalizing what had long been legal behavior. The passage of such laws did little to affect the desire for the drugs in question, so Mexican farmers and entrepreneurs, now operating as outlaws, developed ways of smuggling their contraband products across the border to the United States. Although that task was fairly easy in the early years, the risks incurred in getting an illegal product from field to customer drove prices upward and produced substantial profits for those along the supply and delivery chain. The lure of lucre attracted a variety of criminal gangs to their enterprise. Eventually, as in many businesses, consolidation occurred and a powerful Guadalajara-based crime figure, Miguel Angel Félix Gallardo, managed to gain control over most of the cross-border drug business.

In September 1969, U.S. President Richard Nixon formally declared a War on Drugs, aimed at marijuana, heroin (from Asia as well as Mexico), cocaine (from South America), and newly popular drugs such as LSD. The key components of that war, now waged for 40 years, have been eradication, interdiction, and incarceration. Despite the eradication of millions of marijuana, coca, and opium plants, the seizure of hundreds of tons of contraband, and the incarceration of hundreds of thousands of offenders, accomplished at a cost of hundreds of billions of dollars, the successes of the War on Drugs have been few and impermanent. Demand levels vary over time, but the supply is always sufficient to meet it, often with a product of high quality. Difficulties in bringing a drug to market may raise the price, but that can also increase profits, assuring a ready supply of volunteers willing to take the risks.

At times, apparent success in one arena produces devastation in another. In the early 1980s, for example, U.S. operations aimed at thwarting the smuggling of cocaine from Colombia via Florida and the Caribbean proved sufficiently effective that the Colombians turned to Félix Gallardo and the extensive organization under his control. Soon, Mexico became the primary transshipment route for an estimated 90 percent of the cocaine that reached the United States, and the riches that accrued to that partnership grew to unimagined levels. Under Félix Gallardo's oversight, the Colombian-Mexican coalition operated rather smoothly, in spite of stepped-up efforts by U.S. agents at major transit spots along the border and U.S. pressure on the Mexican government to increase its own anti-drug efforts.

In 1989, prodded by the U.S. Drug Enforcement Administration (DEA), which furnished the Mexican government with intelligence about his activities and whereabouts, Mexican Federal Judicial Police arrested Félix Gallardo in his home. For a time, he was able to oversee his operation by mobile phone from prison, but as key men in his organization began to jockey for the top position, he brokered an arrangement by which the emerging rivals divided up the major trade routes among themselves, thus giving birth to the four major cartels—Gulf, Sinaloa, Juárez, and Tijuana—that dominated the Mexican drug trade for more than

¹This content is available online at <<http://cnx.org/content/m37159/1.1/>>.

two decades. In recent years, inter-gang rivalry, internal division, and the rise of new organizations have contributed to violence that has reached dramatic proportions.

The Gulf cartel, directed from Matamoros, across from Brownsville, Texas, and operating in the states along the eastern (Gulf) coast of Mexico and under South Texas, was first headed by Juan Nepomuceno Guerra, who had risen to wealth and power by smuggling whiskey

into Texas during Prohibition. He was succeeded by several men, the most notorious of whom was Osiel Cárdenas Guillen, who was arrested by Mexican forces in 2003 and extradited to the United States in 2007 by the government of President Felipe Calderón.

In the 1990s, the Gulf organization was joined by a group of Mexican army commandos who deserted to seek a more rewarding life of crime. Known as Los Zetas and since enlarged by new recruits, they have become notorious for their extreme brutality and brazen ways, but also for operations that reflect strategic planning and long-term aspirations. With Cárdenas out of the way, the Zetas first increased their clout within the organization to the point that analysts often referred to the gang as the Gulf/Zetas. Led by Heriberto Lazcano Lazcano, they subsequently drew away from the Gulf faction, with an apparently final break in early 2010, wrested control of substantial portions of Gulf's territory, and extended their own reach deep into Guatemala. They have also formed alliances with other cartels or factions to fight common enemies, including their former compadres.

The Sinaloa cartel, ensconced in the western region that still produces most of the marijuana and opium grown in Mexico and perhaps the most powerful of the cartels, is headed by Joaquin "El Chapo" ("Shorty") Guzman. A key faction led by five Beltrán-Leyva brothers broke away from Guzman to become an important independent group, working in recent years with the Zetas. The arrest of two of the brothers, the death of a third at the hands of the Mexican military, and the arrest of another key leader have left the Beltrán-Leyva gang in a weakened state. In July 2010, Mexican troops killed Ignacio Coronel Villareal, one of Guzman's closest associates, posing a potential threat to the Sinaloa gang's stability as well.

The Juárez cartel was originally led by another powerful Sinaloan, Amado Carrillo Fuentes. After he died during plastic surgery intended to alter his appearance to foil authorities, the leadership fell to his brother, Vincent Carrillo Fuentes. Most of the murderous violence that has wracked Ciudad Juárez in recent years has stemmed from the efforts of this group to repel the Sinaloan cartel's attempts to gain control of valuable cross-border smuggling routes and, more recently, the drug traffic in Juárez itself.

Félix Gallardo ceded control of northwest Mexico to his seven nephews and four nieces of the Arellano Félix family, based in Tijuana, with direct access to the rich California market. Once enormously powerful and violent, the Tijuana operation has been weakened by the death or imprisonment of all the brothers and other key figures and may have lost its grip on Baja California.

In response to developments such as the death, imprisonment, or extradition of dominant figures, other organizations continue to arise to vie for power and wealth. One of the most successful of these is La Familia, based in the state of Michoacan and notorious both for horrendous attention-grabbing violence—for example, rolling heads of victims onto dance floors—and incongruous profession of a form of fundamentalist Christianity.

Smaller organizations exist, often forming alliances of conveniences with each other and the major cartels. These and internal rivalries within the larger organizations, as well as successful efforts by military and law enforcement agencies, make it difficult to sketch the situation with a sure hand. The rise of these smaller bands may be a temporary phase or it may signal the future situation, with more groups fighting over a market variously perceived as shrinking or limitless.

Chapter 4

The Role of Corruption¹

It is crucial to recognize that these illegal operations, including a share of the violence, have occurred with the knowledge, permission, blessing, and even encouragement of the Mexican political establishment, from local police and mayors to the highest levels of the ruling party, which for 70 years after its birth in 1929 was the Partido Revolucionario Institucional (PRI). Like other institutions in Mexican society, the gangs operated in a patron-client or “elite-exploitative” relationship.² In return for being allowed to carry on their business without significant interference (or with overt assistance) from law enforcement personnel, the gang leaders were expected to pay what amounted to a franchise fee or tax on their earnings. The officials in question might simply accept a reasonable offer or, particularly at higher levels, make their expectations explicit. Precise arrangements and levels of officials involved have varied and accounts of these actions by historians, social scientists, and law enforcement agents differ on details, but there is little dispute regarding the overall pattern of thorough-going, institutionalized corruption. Luís Astorga, a sociologist at the Institute of Social Research of the National Autonomous University of Mexico and a premier authority on Mexican drug trafficking, summarized the situation well: “The state was the referee, and it imposed the rules of the game on the traffickers. The world of the politicians and the world of the traffickers contained and protected each other simultaneously.”³

Widespread discontent with the corruption and anti-democratic ethos of the PRI led to the rise and growing strength of the conservative National Action Party (PAN) and a leftist Party of the Democratic Revolution (PRD), and also to pressures for reform within PRI itself. Ernesto Zedillo, president of Mexico from 1994 until 2000, attempted some reforms. A few crime figures went to prison during Zedillo’s six years in office, but the cozy arrangement between the gangs and the government persisted.

PAN-member Vicente Fox, whose election in 2000 ended seven decades of PRI domination of the presidency, declared war on the cartels and sent federal police after them, resulting in the arrest of several high-profile drug trafficking figures but also in a sharp increase in violence as the gangs fought back, a harbinger of things to come.

NOTE: All article links may be found in the online version of this report at www.bakerinstitute.org/PolicyReport45⁴.

¹This content is available online at <<http://cnx.org/content/m37107/1.1/>>.

²Stanley A. Pimentel uses “elite-exploitative,” which he attributes to Peter Lupsha, in “The Nexus of Organized Crime and Politics in Mexico,” John Bailey and Roy Godson, *Organized Crime and Democratic Governability: Mexico and the US-Mexican Borderlands* (University of Pittsburgh Press, 2000) Chapter 2.

³Tracy Wilkinson, “In Sinaloa, the drug trade has infiltrated ‘every corner of life,’” *Los Angeles Times*, December 28, 2008. Unless otherwise noted, all *Los Angeles Times* articles cited herein are part of an extensive and continuing reportorial series, “Mexico under siege—The drug war at our doorstep,” and can be accessed by date at <http://projects.latimes.com/mexico-drug-war/#/its-a-war>.

⁴<http://cnx.org/content/m37107/latest/www.bakerinstitute.org/PolicyReport45>

Chapter 5

Criminal Enterprise¹

Drug smugglers have proven to be resourceful, adaptable, practical, and persistent, choosing and inventing means to suit opportunity and thwart resistance. They have used airplanes, boats, and submarines, and sent people across the border with drugs stuffed into backpacks and luggage, strapped to their limbs and torsos, secreted in bodily cavities, and swallowed in balloons to be eliminated on reaching their destination. But by far the most common method of transshipment is by motor vehicle—cars, vans, buses, trains, and, predominantly, trucks specially outfitted for the task with secret panels and other measures to disguise the nature of their cargo. U.S. and Mexican anti-drug forces develop new methods of detection and increase the number of inspectors at the border, but the North American Free Trade Agreement (NAFTA) effectively guaranteed that such measures would have limited impact. According to U.S. Bureau of Transportation Statistics, 4.9 million trucks crossed the U.S.-Mexico border in 2008.² Smugglers are caught from time to time, but the sheer volume of traffic makes it impossible for inspectors to check more than a small sample of vehicles. News media periodically issue dramatic reports of record seizures of drugs, but supply on the street seldom seems affected for long and anti-drug agencies acknowledge that they have no reliable way of estimating the ratio of drugs seized to drugs available on the market.

Because marijuana is bulkier and smellier than other drugs in the trade, it is easier to detect. This, coupled with the fact that it is by far the most widely used of all illegal drugs and produces an estimated 50 percent of drug-related profits, has led the cartels to produce more of it in the United States, closer to its markets. They are known to operate “grows” in Kentucky and deep in national forests in California and the Pacific Northwest, where the overgrowth shields their plants from DEA surveillance planes.

Like other successful large enterprises, the cartels have branched into other fields of action such as kidnapping, extortion, prostitution, importing guns and other weapons, smuggling migrants, pirating CDs and DVDs, and investing in real estate and various businesses, some for the purpose of laundering proceeds from crime, some just to make money in a legitimate business.

They also spend money to win the admiration of their local communities and the wider populace. Snake-skin boots, gaudy jewelry, high-powered trucks and SUVs, and beautiful women create an image that young men with few hopes for meaningful legal employment want to emulate. Generous funding of roads, schools, medical centers, communication systems, even churches and chapels helps soften disapproval and fear of their violent ways, turning them into folk heroes in the eyes of many and generating a genre of music, called *narcocorridos*, that glamorizes their exploits. In Culiacan, gift shops sell trinkets that reference the drug trade, and people throughout Mexico who are involved in that trade pay homage to Jesus Malverde, a folklore figure they regard as their patron saint, asking him to deliver them from evil in the form of their rivals in crime and their enemies in law enforcement. And when the young narcos die in battle, as thousands of them have, their friends and relatives bury many of them in elaborate tombs that celebrate their brief careers.

NOTE: All article links may be found in the online version of this report at

¹This content is available online at <<http://cnx.org/content/m37106/1.1/>>.

²U.S. Department of Transportation, “2008-Border Crossing Data,” news release, April 17, 2009.

www.bakerinstitute.org/PolicyReport45³ .

³<http://cnx.org/content/m37106/latest/www.bakerinstitute.org/PolicyReport45>

Chapter 6

Carnage¹

Like Prohibition-era gangs in the United States, the Mexican cartels have used violence to establish control over their turf and, when they sensed opportunity, to muscle in on the territory of others. Intra-gang turf wars and battles between cartels and Mexican government forces claimed nearly 25,000 lives between January 2006, when President Felipe Calderón declared, on his first day in office, his determination to oppose the cartels with the full force of his government, and August 2010.²

Calderón moved quickly to keep his promise, sending thousands of army troops—the number eventually rose to nearly 50,000—to areas known to be centers of cartel activity, reorganizing and upgrading the federal police, and setting out professional standards for state and local police. He can claim impressive results: arrests of thousands of suspects; seizures of tons of drugs with an estimated street value in the tens of billions of dollars;³ and the extradition of several high-level drug traffickers, including Osiel Cárdenas. But the conflagration of violence that has accompanied Calderón’s war on the cartels has disillusioned many Mexicans and sparked unwelcome talk of the possibility of Mexico’s becoming a “failed state.” The country does not meet accepted criteria for that status, but narco-cartels have superseded or seriously weakened legitimate government in a growing number of Mexican states.⁴

Most of the violence has been internecine, between cartels, factions therein, or opportunistic small gangs seeking to carve out a piece of the lucrative pie. Increasingly, the gangs use violence as a way to taunt and terrorize, beheading their victims, hanging their obviously tortured bodies in public places, dissolving their bodies in vats of lye, and posting videos of their grisly deeds on YouTube. In the summer of 2010, they raised the level of public fear even further by detonating a car bomb near a federal building in Ciudad Juárez⁵ and by assassinating a candidate almost certain to become governor of Tamaulipas, the state that borders Texas from Brownsville to Laredo. Subsequently, gangs have slain several mayors and government forces have discovered mass graves containing dozens of bodies of people assumed to be gang victims. In earlier times, government forces could keep the violence in check. Today, using weapons smuggled in from the United States and other countries, the cartels have more firepower than local police and, sometimes, than the army, and are willing to use it to protect or enlarge their turf and assert their lack of fear of government forces. Predictably, this has significantly raised the death toll among both the police and the military, raising concern that Calderón underestimated the size and nature of the problem, that his policies have made things worse, and that the gangs might prevail throughout the country, as they already have in dozens of cities and

¹This content is available online at <<http://cnx.org/content/m37155/1.1/>>.

²*Los Angeles Times*, “Mexico under siege,” July 1, 2010. Based on data gathered by Mexican newspaper *Agencia Reforma*, with generally agreed upon additions to its figure of 22,700.

³66,000 arrests, see “Mexico under siege,” *Los Angeles Times*, July 13, 2009; \$20 billion in drugs, *Los Angeles Times*, June 3, 2008.

⁴The Fund for Peace publishes an annual “Failed States Index,” using 12 criteria. In its 2009 report, it places Mexico 98th in a list of 177 countries, ranked from most likely to least in danger of failing. Countries seen as more vulnerable include Egypt, Israel, Russia, and Venezuela.

⁵Car bomb in Ciudad Juárez, see Tracy Wilkinson, “Mexico cartel kills four in car bombing,” *Los Angeles Times*, July 17, 2010.

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