

# THE WAR ON MEXICAN CARTELS

## OPTIONS FOR U.S. AND MEXICAN POLICY-MAKERS

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## **ABOUT THE INSTITUTE OF POLITICS NATIONAL SECURITY POLICY GROUP**

The Institute of Politics is a non-profit organization located in the John F. Kennedy School of Government at Harvard University. It is a living memorial to President John F. Kennedy, and its mission is to unite and engage students, particularly undergraduates, with academics, politicians, activists, and policymakers on a non-partisan basis and to stimulate and nurture their interest in public service and leadership. The Institute strives to promote greater understanding and cooperation between the academic world and the world of politics and public affairs. Led by a Director, Senior Advisory Board, Student Advisory Committee, and staff, the Institute provides wide-ranging opportunities for both Harvard students and the general public.

The National Security Policy Group is part of the Institute of Politics' Policy Program, an initiative designed to help students express their views and make recommendations on complex and pressing policy issues such as healthcare and education. The National Security group was created in 2010 by Jean-Philippe Gauthier, a Harvard undergraduate, in order to deal with issues relating to national security and foreign affairs. This report is the result of a semester-long intensive effort by a team of fourteen undergraduates and graduates, and it is the second report published by the National Security Policy Group.

The Institute of Politics does not endorse specific policy positions; accordingly, all views expressed in this publication should be understood to be solely those of the authors.

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## CONTENTS

ACKNOWLEDGMENTS	V
EXECUTIVE SUMMARY	VI
1. Current Situation in Mexico William Dean	7
2. Turf Wars and the Mexican Government's Strategy James McCune and Elsa Kania	10
3. Governmental, Judicial and Police Corruption Alex Velez-Green, Robin Reyes and Anthony Ramicone	14
4. Drug Cartel Financing: A Focus on Money Laundering Andrew Seo and Laura Derouin	20
5. Community-level counter-narcotics efforts Minh Trinh	24
6. Cartel Weapons and their Provenance Colby Wilkason and Mikhaila Fogel	29
7. U.S. Assistance to Mexico Tyler Keefe and Valentina Perez	31

## ACKNOWLEDGMENTS

For the past four months, a team of interdisciplinary undergraduates have worked to analyze the current relationships between the United States, Mexico and the Mexican drug cartels, and issue policy recommendations based on these findings. Although the situation in Mexico received a lot of attention from the media in the past months, we have failed to see politically-feasible solutions materialize from either government or academic circles. As such, the National Security Policy Group thought it appropriate that the war against the Mexican cartels be the subject of its second policy report. The students gathered information from scholarly and news articles, as well as through interviews with leading academic experts and former Mexican practitioners.

The first person who deserves our thanks is Jose Carlos Rodriguez-Pueblita, Adjunct Lecturer in Public Policy at Harvard University's John F. Kennedy School of Government, for helping us brainstorm possible subtopic ideas and gain a better understanding of the situation in Mexico.

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## EXECUTIVE SUMMARY

The situation in Mexico has become increasingly volatile since 2006. After a semester of research, the National Security Policy Group has come up with a list of recommendations that can help reduce the violence in Mexico and further weaken the cartels.

### Recommendations to Move Forward:

- The Mexican government can better use its military and law enforcement personnel by:
  - Specializing portions of its military forces to deal with specific facets of the war on drugs by significantly reforming military training procedures, departmentalizing the military and integrating these departments into a larger bureaucratic system, and
  - Launching a more aggressive public relations campaign specifically targeting the major leaders of the cartels in order to reduce the culture of fear and helplessness created by the cartels.
- The Mexican government must fight corruption at all governmental levels. It should:
  - Revise its federal reelection process to create greater accountability mechanisms for politicians in office,
  - Implement a more transparent fund flow between federal and state governments,
  - Allow for greater public participation in the selection of judges, and
  - Reform the wage system, and improve training, resource allocation and accountability mechanisms for law enforcement officers.
- The Mexican government should take action to strengthen its community-level efforts by:
  - Building strong communities in which people have a wide set of options for legitimate careers by greater subsidizing education and focusing on community initiatives
  - Maintaining the status quo with regards to community-level self-governance and vigilante efforts.
- The United States government should reinforce its counter-financing of narcotics efforts by:
  - Strengthening its intelligence collection and analysis capabilities, and
  - Drafting the necessary legislation to compel banks to freeze the assets of individuals associated with narcotics activities.
- The United States government should strengthen its efforts to prevent U.S.-made weapons from falling into cartel hands by:
  - Making identification requirements for firearms and ammunition more stringent, and
  - Creating a task force to help Central American countries locate, document and secure old stockpiles of U.S. weapons that were abandoned in these countries.
- The United States should increase the size and scope of the Mérida Initiative by:
  - Labeling the Mexican cartels as terrorist organizations,
  - Focusing on training and equipping Mexican military personnel, and
  - Tying Mérida Initiative funds to initiatives by local and state Mexican governments.
- Lastly, the United States government should continue to place significant emphasis on treatment, prevention and enforcement measures for domestic drug consumers.

## CURRENT SITUATION IN MEXICO

### William Dean

The intense domestic conflict surrounding the drug cartels in Mexico has boiled over the border and into the United States. As the number one drug consuming nation in the world and as an immediate neighbor to Mexico, the U.S. is inextricably tied to this conflict.

#### Drug trade: how much and where?

According to a report by the Center for Strategic and International Studies (CSIS), around 8% of the American population above the age of 12 had experimented with illicit drugs in 2008.<sup>1</sup> The United States has the highest demand for illegal drugs of any country in the world. According to the White House Office of National Drug Control Policy, “Americans consume \$65 billion worth of illegal drugs annual, roughly what they spend on higher education.”<sup>2</sup> After filtering through various intermediates, these sales amount to a massive annual income for the Mexican drug cartels. According to several estimates, the cartels make anywhere from \$10-\$40 billion a year – roughly the size of a Central American nation’s economy.<sup>3,4</sup> CRS reports that “more than 95% of the cocaine destined for the U.S. market now flows through Mexico,”<sup>5</sup> while the CIA states that Mexico is the “largest foreign supplier of marijuana and methamphetamine to the U.S. market.”<sup>6</sup> The country produces around 50 metric tons of pure heroin (or 125 tons of black tar heroin), and marijuana cultivation covers almost 18,000 hectares.<sup>7</sup> These illicit products enter the United States through various portals along the U.S.-Mexican border. There are nine significant crossings, such as Tijuana-San Diego, Mexicali-Calexico, and Ciudad Juarez-El Paso.<sup>8</sup> From Texas and southern California, these drugs are distributed throughout the United States via partner organizations, some of which are direct extensions of the Mexican drug cartels.

#### Drug wars: how many deaths, who’s involved?

To date, the Mexican “Drug War” has killed between 30,000 and 40,000 people – civilians, cartel henchmen, and federal employees. The impact on the nation has been profound, and the

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<sup>1</sup> Sidney Weintraub and Duncan Wood, “Cooperative Mexican-U.S. Antinarcotics Efforts,” *CSIS*, August 2010, [http://csis.org/files/publication/100812\\_Weintraub\\_MexicanUSAntinarc\\_Web.pdf](http://csis.org/files/publication/100812_Weintraub_MexicanUSAntinarc_Web.pdf).

<sup>2</sup> Tim Padgett, “Day of the Dead,” *Time Magazine*, 30 June, 2011, <http://www.time.com/time/world/article/0,8599,2080608,00.html>.

<sup>3</sup> Weintraub and Wood, “Cooperative Mexican-U.S. Antinarcotics Efforts.”

<sup>4</sup> June S. Beittel, “Mexico’s Drug Trafficking Organizations: Source and Scope of the Rising Violence,” Congressional Research Service, 7 January, 2011, <http://fpc.state.gov/documents/organization/155587.pdf>.

<sup>5</sup> *Ibid.*

<sup>6</sup> “Illicit Drugs,” *CIA World Factbook*, 27 August, 2012, <https://www.cia.gov/library/publications/the-world-factbook/fields/2086.html>.

<sup>7</sup> *Ibid.*

<sup>8</sup> Weintraub and Wood, “Cooperative Mexican-U.S. Antinarcotics Efforts.”

violence has not been contained within it – kidnappings and murders directly related to the drug cartel violence have spilled over the border into southern Texas. There are three main sources of violence in this conflict: intra-cartel disputes, inter-cartel rivalries, and the overall war that Mexican President Felipe Calderón’s government is waging on the cartels. When he entered office in 2006, Calderón immediately moved on the cartels. He sent in the federal police along with army units in an attempt to eliminate high value leaders. The cartels “reacted by unleashing a wave of violence, fighting for turf. Calderón insists this shows the gangs are rattled, but his critics say his strategy has often made matters worse.”<sup>9</sup> The cartels are now escalating their violence in order to counteract the aggressive strategy of the central government. In a fast-paced arms race, the drug lords are now “firing everything from assault rifles to rocket-propelled grenades.”<sup>10</sup> According to the North American Congress on Latin America, “both the cartels and the Mexican state get the arms from the U.S.”<sup>11</sup> In what policy-makers have come to label the “iron river,” nearly 2,000 small arms cross the border into Mexico daily.<sup>12</sup> According to the Mexican government, in 2005, “U.S. arms [were] recovered in 80% of crimes in Mexico.”<sup>13</sup> Worsening these conditions is the challenge of police corruption: in August 2010, the Calderón government fired some “3,200 officers, about 10% of the 34,500-person federal force.”<sup>14</sup>

The violence has transformed into something new in recent years. The brutality meted out by the cartel gangs could potentially be labeled as terrorism. In 2010, the cartels focused in part on aggression towards public servants, killing 12 mayors and a gubernatorial candidate.<sup>15</sup> Inter-cartel violence is also on the rise as the organizations fracture and begin to struggle for premium trading routes. As the government moves on one organization, for instance La Familia, and arrests or eliminates critical leadership, two types of conflicts ensue. Within the cartel, different factions battle to fill the power vacuum. Outside the cartel, other organizations recognize the weakness of their competitor and move to assume its territory and trading routes. The result is a new wave of killings.

### **Drug cartels: where’d they come from, who are they?**

As the United States started its War on Drugs, the Coast Guard moved to shut down the drug trade through the Caribbean and into Florida, the main artery for cocaine from Columbia into the U.S. With that route effectively eliminated, the Columbian cartels were forced to move their products through Mexico and into Texas and southern California for distribution. The intermediaries that these cartels used were paid in kind, and were thus able to establish drug trading routes of their own. As the U.S. and Columbian anti-narcotics forces shut down the Columbian cartels at home, the Mexican intermediaries were able to take over the drug trade.

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<sup>9</sup> Padgett, “Day of the Dead.”

<sup>10</sup> Ibid.

<sup>11</sup> Bill Weinberg, “Guns: The U.S. Threat to Mexican National Security,” North American Congress on Latin America, 24 March, 2008, <https://nacla.org/news/guns-us-threat-mexican-national-security>.

<sup>12</sup> Weintraub and Wood, “Cooperative Mexican-U.S. Antinarcotics Efforts.”

<sup>13</sup> Weinberg, “Guns: The U.S. Threat to Mexican National Security.”

<sup>14</sup> Beittel, “Mexico’s Drug Trafficking Organizations.”

<sup>15</sup> Ibid.



The only major player at that time was the Sinaloa Cartel, led by Felix Gallardo.<sup>16</sup> To this day, the Sinaloa Cartel remains the dominant drug trading organization in Mexico, with a monopoly on up to 45% of the industry. “The growth and entrenchment of Mexico’s drug trafficking networks occurred during a period of one-party rule in Mexico by the Institutional Revolutionary Party (PRI).”<sup>17</sup> The PRI “ruled for 71 years and was the cartels’ tacit partner. When Calderón’s National Action Party toppled the PRI in 2000, the cartels splintered and embarked on an orgy of violence.”<sup>18</sup>

There are now seven of these drug trading organizations: Sinaloa, Tijuana/AFO, Juárez/CFO, Beltrán Leyva, Los Zetas, Gulf, and La Familia Michoacana. The Juárez cartel was formerly a part of the larger Sinaloa group, but in an exemplary instance of rivalry and intra-cartel violence, the two now fight aggressively over overlapping territories. The Juárez group is responsible for much of the violence surrounding Ciudad Juárez, one of the hotspots in the drug war where many thousands of civilians have died. Los Zetas was formerly the elite military branch of the Gulf cartel, but following a similar intra-cartel dissolution, it has become its own trading group. The Gulf cartel is struggling to maintain its territory on the eastern coast of Mexico and has become increasingly violent. The Beltran Leyva brothers, leaders of their eponymous drug cartel, have been high profile targets of the Calderón presidency. Their capture or death has thrown the cartel into confusion, and neighboring groups have been moving to absorb the Beltran Leyva territory. La Familia Michoacan was a newer cartel which quickly gained a reputation as the most violent. After the deaths of the main leaders of the group, a power struggle left the cartel in the hands of new leaders who renamed it The Knights Templar. Their organization is infused with an unusual evangelical message and remains among the most violent of the cartels.

As the war against the drug trading organizations continues, there seem to be two possible outcomes. In the first, the major cartels are targeted. The Sinaloa and Gulf cartels will lose their grasp on the borders and be consumed by smaller scale operations. This will leave the Mexican government with a greater number of cartels, but each will have smaller areas of influence and fewer people on the ground. Whether that type of situation is easier to deal with than the one currently facing the Mexican government is up to debate. In the second outcome, the opposite chain of events occurs. The central government targets smaller, weaker groups, disbanding them. This would allow for the major players to absorb that newly available territory leaving just two or three cartels in control of the drug trade. These major players would then have to be taken down in a concerted police and military effort for their shutdown to be effective.

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<sup>16</sup> Beittel, “Mexico’s Drug Trafficking Organizations.”

<sup>17</sup> Ibid.

<sup>18</sup> Padgett, “Day of the Dead.”

## TURF WARS AND THE MEXICAN GOVERNMENT'S STRATEGY

**James McCune and Elsa Kania**

The complex network of relationships between the various Mexican drug cartels ultimately indicates a bipolar framework with many smaller cartels aligned around two major cartels: the Sinaloa Cartel in Western Mexico and the Los Zetas Cartel in Eastern and Southeastern Mexico. However, each group has allied subsidiaries scattered throughout the country, and even operating within close proximity of the opposite "pole." For example, the Gulf Cartel, an ally of the Sinaloa Cartel as of 2010, is locked in fierce fighting with the Zetas for possession of Tamaulipas, a north Mexican state bordering Southern Texas.<sup>19</sup> Similarly, the fighting in Ciudad Juarez between the Sinaloa and Juarez (La Linea, an ally of the Zetas) Cartels killed over 5000 people between 2007 and 2010.<sup>20</sup> All things considered, the two major groups, Los Zetas and the Sinaloa Cartel, along with other secondary groups such as the Beltran Levaya Cartel, La Linea, and the Knights Templar have been responsible for much of the recent violence of the Mexican drug wars.

The main response of the Mexican federal government to the drug cartels has been carried out via the deployment of the Mexican Army and federal police forces to combat the cartels directly. However, despite the federal government's deployment of more than 10,000 federal police officers and upwards of 50,000 Mexican soldiers, the violence in the Mexican states has only increased, the total number of drug-related deaths numbering over 40,000 since 2006.<sup>21</sup> A culture of impunity and lawlessness pervades many Mexican communities, where drug cartels operate without hindrance from fearful and inadequate police forces, and without criticism from a censored media. Some of the major "hotspots" of cartel violence include the Mexican states of Baja California, Chihuahua, Guerrero, Sinaloa, and Michoacan, which control the entry of most of the Mexican drugs into the United States, the main consumer of these drugs.<sup>22</sup> Also, major drug trafficking cities such as Juarez in the northern state of Tamaulipas and Culiacan, the capital of Sinaloa, have been subject to extreme episodes of drug-related violence since the beginning of the war on drugs in 2006.

In 2011, a number of hotspots of violence have emerged. Inter-cartel and military-on-cartel clashes have been especially prevalent in three main areas: the states of Nuevo Leon, Tamaulipas and Veracruz, the states of Zacatecas, San Luis Potosi and Aguascalientes and southern Coahuila, through Durango, and the Western states of Nayarit, Jalisco, Michoacan and

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<sup>19</sup> Paddy Allen and Jo Tuckman, "Mexico's Drug Wars: Interactive Map," *The Guardian*, 1 September, 2010, <http://www.guardian.co.uk/world/interactive/2010/sep/03/mexico-drugs-trade-interactive-map>.

<sup>20</sup> "Cartels Winning Mexico's Drug War; Sinaloa Kingpin Controls Key Ciudad Juarez Trafficking Routes," *The New York Daily News*, April 9, 2010, [http://articles.nydailynews.com/2010-04-09/news/27061318\\_1\\_juarez-cartel-vicente-carrillo-fuentes-sinaloa](http://articles.nydailynews.com/2010-04-09/news/27061318_1_juarez-cartel-vicente-carrillo-fuentes-sinaloa).

<sup>21</sup> "Mexico Drug War: Security Forces 'committing abuses,'" *BBC*, 9 November, 2011, <http://www.bbc.co.uk/news/world-latin-america-15655191>.

<sup>22</sup> Ray Walser, "U.S strategy against the Mexican Drug Cartels; Flawed and Uncertain," *The Heritage Foundation*, 26 April, 2011, <http://www.heritage.org/research/reports/2010/04/us-strategy-against-mexican-drug-cartels-flawed-and-uncertain>.

Guerrero.<sup>23</sup> One central hotspot of inter-cartel conflict is the Guadalajara plaza, which is a crossroads of transportation corridors along the Pacific coast that goes to the port of Manzanillo, largely due to the overlap of the territories of rival cartels there. In addition, an emerging site of conflict has proven to be the state of Tamaulipas, where the military replaced local law enforcement in June. The strategic importance of smuggling corridors through this region to the cartels may make conflict particularly heated, and urban areas may be at risk. This military presence may also intensify the struggle between the Gulf Cartel and the Zetas, which has largely played out in the port city Veracruz where the Matazetas (“Zeta killers”) have carried out assassinations of over fifty alleged Zeta operatives in September.<sup>24</sup> The Zetas have simultaneously been under threat from the Mexican government, as with the capture of the plaza boss, Carlos Arturo Pitalua-Carillo in October.<sup>25</sup> [An unusual element has been added to the turf wars by the interjection of Anonymous, the online activist organization, which has recently begun “Operation Cartel,” targeting the drug cartels, particularly Los Zetas, and their government supporters, such as in hacking the personal website of a former attorney general to post a message that he is a Zeta.]

On the whole, although this more forceful strategy has been successful in working towards the long-term goal of defeating the cartels entirely, the Mexican government has not been successful in protecting civilians and minimizing violence. Indeed, the military strategy has, to some extent, backfired, since the presence of troops increases violence, both directly, by confronting the cartels, and indirectly, by exacerbating local conflicts between rival cartels. In addition, removing the leaders of cartels only causes them to splinter into smaller, rival organizations that are fighting over territory and revenue and are generally more desperate, willing to resort to extreme measures to ensure their survival. As such, there is a trade-off between ensuring stability and security on a local level and fighting the cartels.

Ultimately, this dynamic leaves the Mexican government with two major policy alternatives, the first being to focus on the long-term eradication of the cartels, which to this date has resulted in both mass military mobilization and increasing civilian deaths. Conversely, the government could shift its attention to solving the short-run problems of civilian casualties and the cartels’ use of violence and fear to control their respective plazas, while scaling back on the massive military campaign aimed specifically at the leaders of the largest cartels.

One alternative the Mexican government may choose to implement in dealing with the drug cartels is specializing portions of its military forces to deal with specific facets of the war on drugs, such as ferreting out and eliminating drug supply chains, providing security to civilians, and acting in place of corrupt local police forces as a means of enforcing the rule of law within Mexican territory. To accomplish this specialization, the government would have to significantly

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<sup>23</sup> Scott Stewart, “Anonymous vs. Zetas Amid Mexico’s Cartel Violence,” *STRATFOR Global Intelligence*, 2 November, 2011, [http://www.stratfor.com/weekly/20111102-anonymous-vs-zetas-amid-mexico-cartel-violence?utm\\_source=freelistf&utm\\_medium=email&utm\\_campaign=111103&utm\\_term=sweekly&utm\\_content=readmore&elq=28898886eaec467db80581889a09a38d](http://www.stratfor.com/weekly/20111102-anonymous-vs-zetas-amid-mexico-cartel-violence?utm_source=freelistf&utm_medium=email&utm_campaign=111103&utm_term=sweekly&utm_content=readmore&elq=28898886eaec467db80581889a09a38d).

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

reform military training procedures, as well as departmentalizing the military and integrating these departments into a larger bureaucratic system. Sweeping reforms in military organization, however, may prove costly to the Mexican government in terms of assessing its specific military needs and tailoring these reforms to fit said needs. The cost-benefit analysis involved in outlining each possible necessity for military involvement in the drug war would undoubtedly slow the implementation of military reforms, and stretch the Mexican defense budget considerably. However, this policy is much more efficient than reforming local police forces, or simply replacing local forces with the military for two reasons. First, local police reform would certainly become much more costly if the government were to de-corrupt local officers by offering better incentives than do the cartels instead of sending in a military force loyal to the government to assume the duties of inefficient local police forces. Second, the government could advertise military careers to those people who would otherwise join cartels as a part of this reform and departmentalization campaign; this would help to minimize cartels' recruiting among its typical pool of uneducated Mexican men without any real career prospects by offering these people a choice, and incentivizing a decision to join the military. Despite the costs of reformation in the form of departmentalizing, training, and arming the military to better handle the violent and well-trained cartel enforcers, the Mexican government would produce a more efficient fighting force prepared to deal with both the short-term issues of civilian security and enforcement of the law within the Mexican state and the long-run issues of eradicating the drug trade and curtailing the activity of the cartels within Mexican borders.

To end the culture of fear and impunity in which the cartels currently operate, the Mexican government should also implement a publicity campaign targeting the major leaders of the cartels, perhaps even creating a deck of cards depicting the major leaders of cartels, figures whom the government would focus on capturing and imprisoning. Dispersing this 'deck of cards' widely and creating a checklist of sorts for law enforcement as a benchmark by which to measure the government's success in taking out these key figures would create an environment in which the terror that they perpetuated could be replaced with a culture of accountability. In supplement to this policy, offering substantial rewards and guarantees of safety to those who cooperate with the authorities in capturing these figures could contribute to the government's ability to gain better information from informants.

In addition to attacking the impunity of the cartels within their respective plazas, the Mexican government must work to build strong communities in which people have a wide set of options for legitimate careers. Ultimately, a process such as this begins with the youth in a given community. To prevent the young men and women in Mexican communities from joining the cartels, the Mexican government must work to subsidize education as well as support initiatives aimed at both keeping Mexican youth in school and increasing the educational level of the average Mexican citizen. Also, the government must work to keep young people away from drugs, using initiatives similar to the Boy Scouts in the United States, which encourages positive values and discourages recreational drug use.

By utilizing community initiatives aimed at eradicating the impunity of the drug cartels, discouraging their appeal among those without real career choices, and creating stronger communities overall, the Mexican government would help reduce the pool from which the

cartels recruit operatives. Additionally, the above policies can be implemented alongside the other military reforms mentioned earlier. By increasing the level of community security and training the military to more efficiently curtail cartel operations in a given community, the fear of cartel reprisals for the defiance of the status quo would be reduced. Implementing these community initiatives alongside the previously outlined military policies also reduces the cost of implementing the latter to those regarding government subsidies and incentivizing, as people are more likely to participate in an environment in which cooperating with the government rather than the cartels does not automatically mark them for execution.

## GOVERNMENTAL, JUDICIAL AND POLICE CORRUPTION

**Alex Velez-Green, Robin Reyes and Anthony Ramicone**

Extensive corruption in the Mexican government, judicial system, and law enforcement is one of most significant obstacles challenging the government's ability to stop drug trafficking and cartel violence in Mexico. As such, tackling this corruption must be a high priority for the Mexican and American governments as they seek to end the destruction caused by the Mexican drug cartels. In this section, we analyze the structural roots of corruption in the Mexican government, judicial system, and law enforcement apparatus, respectively. We then offer proposals for corruption-reducing policies. To fight government corruption, we propose that Mexico revise its federal reelection processes and implement a more transparent fund flow between the federal and state governments. To protect the Mexican judiciary, the US should wield its influence in the UN to establish specific anti-corruption requirements for the judiciary, as well as tie Mérida Initiative funds to concrete Mexican efforts to protect reports and the free flow of information. Finally, wage reform and improved training, resource allocation, and accountability mechanisms are crucial steps towards reducing corruption in the Mexican law enforcement apparatus. The above proposals consist of measures to be implemented by the United States, and measures that the US government should encourage the Mexican government to institute. We recognize that any effective strategy to reduce drug trafficking and related violence will require an unprecedented level of cooperation between governments on both sides of the border.

Mexican citizens have long been accustomed to bribing officials with *mordida*, or "bite," and social norms enabling such corruption are reflected in cartel behavior.<sup>26</sup> Cartels regularly pay for officials to turn the other cheek. Additionally, drug cartels place accomplices— such as Julio César Godoy, a congressman with ties to La Familia—in the government.<sup>27</sup> These politicians are subsequently protected by *fuero*, immunity granted to officeholders, which can only be removed by a majority vote of legislators.<sup>28</sup> Aside from norms allowing government corruption, certain systemic factors enable corruption. The lack of a federal reelection process diminishes politicians' responsibility to the people. Further, federally-provided state funds do not have to be documented, inhibiting the tracking of funds to ensure appropriate allocation.<sup>29</sup>

One way to reduce political corruption is to instate reelection procedures within the Mexican federal government. Within the current system, politicians are unable to seek a second term in office, and thus make decisions without fear of electoral repercussions. By giving politicians a chance at reelection, these procedures would make politicians more responsive to voters since

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<sup>26</sup> Stephen B. Morris, "Introduction," *Corruption & Politics in Contemporary Mexico* (University of Alabama, 1991): xv-xix.

<sup>27</sup> Mark Aguirre, "De narcos, políticos y policías," (*El Viejo Topo* 279, 2011): 39-45.

<sup>28</sup> "Impunity in Mexico: No Fuero," *The Economist*, 24 September, 2010, [http://www.economist.com/blogs/americasview/2010/09/impunity\\_mexico](http://www.economist.com/blogs/americasview/2010/09/impunity_mexico).

<sup>29</sup> This is not to say that there have not been improvements. Since the PAN began winning some elections and real political competition came in existence, newly elected officials have been keen to root out corruption left by the previous administration in order to win public support.

voters can punish politicians whom they deem corrupt. Given Mexico's history under the dictator Porfirio Diaz, it would be difficult to convince the Mexican public to support this kind of measure.<sup>30</sup> Therefore, for this system to be effective, term limits would have to be established and enforced. Furthermore, Mexico would have to strengthen the independent electoral system (IFE), standardize electoral practices at state and local levels, and implement other mechanisms—including an improved law enforcement system—to prevent electoral fraud and coercion.

Altering the mechanisms of funding between the Mexican federal and state governments would decrease corruption as well. Recently, the federal government has begun to provide performance-based funding; money is allocated to states for a specific purpose, and future funding depends on whether states have met said goals. The federal government should attempt to expand this policy. It should prepare counter-drug policies—such as restructuring municipal police forces—as goals for the state; as these goals are met, more money would be allocated to sustain these efforts and accommodate state-chosen projects. The federal government should make it clear that if the goals are met, then, more funding will be provided to states for uses of their choosing as long as they are transparent with the use of these funds.

The above-mentioned proposals center upon steps to be taken by the Mexican government. To encourage these changes within Mexico, the United States should use American financial assistance, such as the Merida Initiative, as leverage over the Mexican legislature. Specifically, the U.S. should attach conditions mandating progress towards the above goals with assistance payments. To influence state and local policies in a more direct way, the U.S. should apply targeted funding on a much more individualized and localized basis. It can target funding, stipulating that as certain programs or policies are implemented by municipalities, such as restructuring the local police system, they would receive additional funding. These policies and programs should require independent oversight. This type of direct pressure at a local level should be done, as it will require much less bureaucracy and will produce more direct results.

Similarly to the Mexican government, the country's judicial system is increasingly strained by the drug wars. In this case, however, the system's failure is not due to pressure applied by Mexico's drug wars through bribes and threats. Rather, the real failure of the legal system as an institution is the product of the structure of Mexico's political system. The concentration of power in the PRI over seventy-two years provided order and stability by creating a "cartel among competing politicians."<sup>31</sup> The PRI emerged as the party through which politicians would seek power. Because all politicians feared a potential civil war, relative order was established within the PRI. As the PRI consolidated power, it implemented a system called the Hegemonic Punishment Game to control all levels of government.<sup>32</sup>

Since 2000, Mexico has taken several positive steps towards consolidating its democracy; however, the effects of the PRI dictatorship on the Mexican judicial system remain potent. The

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<sup>30</sup> Kevin B. Grier and Robin M. Grier, "Political Cycles in Nontraditional Settings: Theory and Evidence from the Case of Mexico," *Journal of Law and Economics* (2000): 239-264.

<sup>31</sup> Barry Weingast, "The Performance and Stability of Federalism, Mexican Style: An Institutionalist Perspective," *Federalism Papers*, Duke University (2003): 13.

<sup>32</sup> *Ibid.*

impact of the hegemonic party upon the judicial system meant that in a country where judges are appointed, not elected, the PRI appointed judges that it knew would further its own interests and preserve the hegemony of the party. Political reforms since then, due to a competitive three party system, have been limited in addressing this institutionalized flaw, and the lack of a strong judicial system helped insulate politicians that were tied to the drug cartels.

Our recommendations first consider policies that the U.S. government can adopt or influence directly. Next, recognizing that many of the institutional improvements required in Mexico would depend on implementation by the Mexican government, we devote a separate section to address these topics. However, we conclude that public safety is a primary cornerstone to make any other changes possible in Mexico.

What can the United States do to influence the judicial system and police enforcement in Mexico? First, it should pressure the U.N. to delineate clear recommendations within the UN Convention Against Corruption (2004). While this convention states the importance of anti-corruption measures in the judicial system, it falls short of making specific requirements. Specifically, the U.S. should push for increased transparency through better oversight bodies, required reporting, and better government interaction/promotion of NGOs and community based organization to help prevent corruption.<sup>33</sup> If it is not politically feasible to encourage specific measures through the U.N., then a separate convention, tied to the Merida initiative, should be pursued. Next, since public safety is critical to ensure that reporters, citizens and employees report corruption or crimes, the U.S. should tie funding and aid to Mexico to the implementation of measures to help address these issues.<sup>34</sup> Furthermore, the U.S. can use its digital diplomacy policies, recently deployed in conflict areas throughout the Middle East, to help in the mapping and reporting of crime and corruption.<sup>35</sup>

Thirdly, recognizing that functioning police forces are essential to ensure the safety of non-corrupt officials as well as to maintain public safety and order, the U.S. should target aid to specific communities at the local level, creating secure cities one at a time and then exporting that model to other regions. Specifically, the Merida Initiative funding could be used as an incentive mechanism to entice officials at the state and local level to sign off on policies that would enhance transparency, allow for the overhaul of the local police forces, and allow monitoring and reporting of crimes directly to a federal body. This would achieve two objectives. First, it would overcome funding issues at the local levels. Second, it would help create local police forces that are better trained, better paid, and better equipped, but that remain independent of local political pressures by reporting directly to a federal agency.

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<sup>33</sup> Mexico has already established precedent for this, as it is a signatory of the UN Convention Against Corruption. Available online at: <http://www.unodc.org/unodc/en/treaties/CAC/convention-highlights.html>.

<sup>34</sup> Laurie Freeman, "State of Siege: Drug-Related violence and Corruption in Mexico," *WOLA Special Report* (June 2006): 22.

<sup>35</sup> Nancy Scola, "Three Days in Colombia: What Digital Diplomacy Looks Like on the Ground," *Personal Democracy Forum, Tech President*, 2010, <http://techpresident.com/blog-entry/three-days-colombia-what-us-digital-diplomacy-looks-ground>.



Before presenting proposals to enhance the functioning of Mexican law enforcement, we present a synopsis of the country's police system. Mexico's law enforcement apparatus is divided geographically into federal, state, and municipal police departments, each with distinct responsibilities.<sup>36</sup> The country's federal police are charged with combating and prosecuting the transport and sale of drugs and arms, which are classified as federal offenses. State and municipal departments are tasked with investigating robbery, homicide, and other crimes which are limited geographically to within their jurisdiction. Each division also divides its police force by function: preventive police are charged with preventing crime, while judicial police actually acquire and act upon legal warrants for arrest and other actions.<sup>37</sup> At the federal level, the Federal Police (PF) is the uniformed Mexican federal preventive police.<sup>38</sup> The Federal Ministerial Police (PFM) is the principle investigating arm of the Mexican Attorney General. At the state level, each of Mexico's thirty-one states maintains both a uniformed police force and judicial force. Finally, at the municipal levels, localities typically maintain three separate police services: transit, preventive, and judicial.

Police corruption results from many interconnected and mutually-reinforcing factors. Key structural concerns such as low wages, low advancement potential and a lack of training and equipment, and poor accountability mechanisms increase incentives for police officers to engage in corruption. Furthermore, these structural problems perpetuate both the selection of unqualified individuals for policing positions and poor police performance.

In combination with the dangerous nature of policing in Mexico, low wages provide little incentive for ethically and practically qualified individuals to join the police force.<sup>39,40</sup> More importantly, they give those in the force little incentive to remain loyal. Higher wages will reduce police officers' legitimate needs for supplemental income from bribes, help attract better applicants for police positions, and encourage superior service. Through the Mérida Initiative, the U.S. has an opportunity to leverage its influence to encourage Mexico to reform this system of police wages. Firstly, poor transparency makes it difficult to track how much of the funds given to the federal government are used to invest in local and state law enforcement. A critical step would be increasing that transparency in order to better assess these entities' legitimate needs for more fiscal support. To help solve this problem, the U.S. should require Mexican states and municipalities, under a federal directive, to reveal where they are allocating the funds they receive as a condition for accepting the Mérida Initiative.

Second, again leveraging its military and economic support to Mexico, the U.S. should encourage the Mexican federal government to have Mexican municipalities maximize the

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<sup>36</sup> Daniel M. Sabet, "Two steps forward: Explaining an unusual success story in Mexican police reform," *Police and Public Security in Mexico* (2008).

<sup>37</sup> Benjamin Reames, "Police Forces in Mexico: A Profile," *Project on Reforming the Administration of Justice in Mexico*, Center for U.S.-Mexican Studies, UC San Diego (2003).

<sup>38</sup> La Policía Federal de México,  
[http://www.ssp.gob.mx/portalWebApp/appmanager/portal/desk?\\_nfpb=true&\\_pageLabel=portals\\_porta\\_l\\_page\\_m2p1p2&content\\_id=810130&folderNode=810234&folderNode1=810238](http://www.ssp.gob.mx/portalWebApp/appmanager/portal/desk?_nfpb=true&_pageLabel=portals_porta_l_page_m2p1p2&content_id=810130&folderNode=810234&folderNode1=810238).

<sup>39</sup> "Organised crime in Mexico: Under the volcano," *The Economist*, 14 October, 2010,  
<http://www.economist.com/node/17249102>.

<sup>40</sup> Sabet, "Two steps forward."

efficiency of their law enforcement bodies by consolidating the functions of transit, preventive, and investigative divisions. As per the American model, preventive police officers can be assigned transit duties. Furthermore, preventive divisions' functions should also be expanded to include warrant enactment and certain investigative procedures. These steps will help Mexican municipalities shrink the size of their police departments, thereby liberating more funds to raise police wages.

In addition to low wages, insufficient training and equipment are major obstacles to preventing corruption in Mexican police departments. The American military and the Drug Enforcement Administration (DEA) have already assisted in training Mexican law enforcement officers both in Mexico and through exchange programs with the U.S.<sup>41,42</sup> This training must continue and should be expanded. It is crucial, however, that these programs be done in conjunction with improved candidate screening techniques on the Mexican side to ensure that they will not transfer their training to criminals in Mexico. Candidates for this training should be submitted to stringent screening mechanisms and qualification requirements.<sup>43,44</sup> The U.S. has also already taken steps through the Mérida Initiative to better arm Mexican police officers, including financing the purchases of imaging technology, aircrafts, naval vessels, and weapons.<sup>45</sup> The American government should continue providing such necessary financing in order to bring Mexican law enforcement to technological parity with the drug cartels. This funding should be funneled specifically towards the PF and certain state police agencies which have demonstrated both need and loyalty to the federal government.

These recommendations to the USG either appropriate funds from the Mérida Initiative or rely on the U.S. leveraging other economic aid to facilitate the necessary changes in Mexico's law enforcement system. Any funds issued through the Mérida Initiative for wage growth or additional training and resources must be traceable. Wage increase must be the highest priority because it addresses a primary cause of corruption. Then, the U.S. government can begin to increase its supply of training and equipment to Mexican law enforcement. Instead of trying to implement a costly program too broadly, this model allows the construction of safe communities one at a time. That will ultimately help increase transparency in the function of local governments in general and ensure that electoral participation is free of external pressures. Specifically, we recommend implementing this plan in areas that are known to be international tourist destinations. By creating a reputation of "safe communities" for these areas, Mexico can boost its important tourism industry.

After the first two measures are successful, the Mexican government should push for the construction of an oversight and supervisory system in Mexican law enforcement in order to

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<sup>41</sup> Jim Michaels, "U.S. military works with Mexico to fight drug traffickers," *USA Today*, 6 April 2010, [http://www.usatoday.com/news/military/2010-04-06-Mexico\\_N.htm](http://www.usatoday.com/news/military/2010-04-06-Mexico_N.htm).

<sup>42</sup> "International Training," *United States Drug Enforcement Administration*, <http://www.justice.gov/dea/programs/training/part18.html>.

<sup>43</sup> Sabet, "Two steps forward."

<sup>44</sup> Anozie, V., et al, "Reducing Incentives for Corruption in the Mexico City Police Force," *International Workshop, Public Affairs 869* (2004).

<sup>45</sup> Todd Turner, "Crisis in Mexico: Assessing the Mérida Initiative and Its Impact on US-Mexican security," Air Command and Staff College, Air University, Maxwell Air Force Base, 2009.

correct poor accountability mechanisms in all jurisdictions—federal, state, and municipal. Specifically, departments across these divisions generally lack mechanisms for monitoring personnel activity, such as the U.S.’s internal affairs units.<sup>46</sup> The lack of these monitoring units reduces the chance of corruption being discovered. Therefore, the United States should encourage Mexican police and judicial officials to establish oversight bodies at the municipal and state levels. These entities should be linked to central state and federal supervisory commissions charged with monitoring their effectiveness. These higher monitoring agencies should be incorporated into existing judicial police structures. Furthermore, to reduce chances of corruption in these agencies—oversight and supervisory—specific funds should be allocated to enable competitive wages and other benefits for the officers in these bodies.

Finally, there are several steps Mexico can take to improve the functioning of its judicial and police system. Mexico should adopt measures that allow more public participation in the selection of judges, including the possibility of making some judicial positions elected position. Extradition to the U.S. is one tool that is already utilized, but that could be further expanded.<sup>47</sup> Mexico should also build the investigative capacities of Mexican police officers, especially at the local levels, and develop first response capabilities. This is essential so that jurisdictional issues do not force officers to wait on the “proper authorities” to arrive before responding to crimes. Public dissemination of crime reports, such as those found in local newspapers in the US, should be implemented as well. Given the threats that local newspapers in Mexico may face, websites at the state or federal level can be created and police officers should be mandated to report the calls to which they respond; this will further impact transparency and encourage follow-up to crimes. Additionally, more stringent enforcement measures should be taken against violators identified by the frequent accountability and oversight mechanisms currently in place in order to set a guiding precedent on other officials’ unlawful behavior. Stiffer penalties and longer sentencing for murders, drug trafficking, and violent crimes should all be instated. Finally, Mexico should clearly delineate jurisdictions for crimes. For example, drug-homicides are currently considered by the state authorities to be under the federal jurisdiction, but how does that impact on-scene investigations? One place to start could be by fixing jurisdictional issues regarding the investigation of murders.

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<sup>46</sup> Sabet, "Two steps forward."

<sup>47</sup> Juan D. Lindau, "The Drug Wars Impact on Executive Power, Judicial Reform, and Federalism in Mexico," *Political Science Quarterly* 126, no. 2 (2011): 182.

# DRUG CARTEL FINANCING: A FOCUS ON MONEY LAUNDERING

**Andrew Seo and Laura Derouin**

Last year, it was revealed that Mexican drug smugglers had laundered hundreds of billions of dollars through one of America's largest banks.<sup>48</sup> Members of the Sinaloa Cartel used Wachovia, now part of Wells Fargo, to shuffle \$378.4 billion to fund their operations. The entire scheme was uncovered in a Mexican law enforcement investigation concerning a DC-9 private jet. The cartel bought several other jets to transport tons of cocaine during the 2000s. Sinaloa and other cartels employ a wide variety of deceptive techniques to manage their funds, which are used to purchase weapons, buy and sell drugs, extend their operations, protect themselves through bribery and corruption, and acquire property and other assets needed to be able to operate anonymously.

This section outlines the process of money laundering, analyzes other past successful efforts to enforce criminal financial deterrence, discusses current practices, and synthesizes this research to present a streamlined set of policy recommendations.

## The Process

While cartels utilize innumerable financial gambits, money laundering is considered one of the most common methods. The U.S. Customs Service defines money laundering as:

[T]he process whereby proceeds, reasonably believed to have been derived from criminal activity, are transported, transferred, transformed, converted, or intermingled with legitimate funds, for the purpose of concealing or disguising the true nature, source, disposition, movement or ownership of those proceeds.<sup>49</sup>

The process allows an individual or an organization to take funds derived from or associated with illicit activity and make them seem legitimate, thus putting them beyond the reach of law enforcement.

The Office of National Drug Control Policy estimates that Americans spend approximately \$65 billion annually on illegal drugs.<sup>50</sup> This massive volume of sales means that large amounts of cash accumulate in stash houses and collection points across the country.<sup>51</sup> There is a myriad of methods used to launder this money to insure its safe and efficient delivery as payment of salaries and bribes and as profit to the cartels. Simplistically, money laundering occurs in three

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<sup>48</sup> Michael Smith, "Banks Financing Mexico Gangs Admitted in Wells Fargo Deal," *Bloomberg*, June 29, 2010, <http://www.bloomberg.com/news/2010-06-29/banks-financing-mexico-s-drug-cartels-admitted-in-wells-fargo-s-u-s-deal.html>.

<sup>49</sup> Phil Williams, "Money Laundering," *IASOC Magazine* 10, no. 4 (1997).

<sup>50</sup> *Inside the DEA, DEA Programs, Money Laundering*, United States Drug Enforcement Administration, 21 November, 2011, <http://www.justice.gov/dea/programs/money.htm>.

<sup>51</sup> Oriana Zill and Lowell Bergman, *Do the Math: Why the Illegal Drug Business is Thriving*, October 2000, PBS. 21, <http://www.pbs.org/wgbh/pages/frontline/shows/drugs/special/math.html>.

stages:<sup>52</sup> (1) placement: putting the money into the system; (2) layering: actions taken to obscure the paper trail; and (3) integration: where illicit money is mixed with licit finance.

Money laundering techniques utilized by the cartels at the placement stage include: (a) smurfing or structuring deposits (breaking up large funds into amounts of less than \$10,000—threshold mandated for reporting—and then depositing them into banks); (b) cash-based front companies; (c) smuggling of cash abroad; (d) international gold trade; (e) black-market Mexican and Colombian peso exchanges; (f) private bankers; (g) non-bank financial institutions; (h) international shell corporations; (i) lawyers, accountants, and other financial intermediaries; (j) non-financial high-value transactions in real estate or artworks; (k) system of internet money transactions; (l) Electronic transfers; (m) exploitation of offshore banking and (n) use of trade and free trade zones.<sup>53,54</sup> Most cartels employ many, if not all, of these techniques to evade authorities.

### **Past Practices**

Two proven methods of criminal financial deterrence are Israel's efforts against radical Islamic terrorist organizations over the past few decades and the United States' raid on bank accounts linked to the Taliban following 9/11. In analyzing these examples, the Drug Enforcement Administration (DEA) can formulate analogous plans to target cartels.

#### *Israel-Radical Islamic terrorist organizations*

In 2007, Israel established a collaborative intelligence center in Jerusalem between the Money Laundering Authority, the police, and the Tax Authority.<sup>55</sup> The center's priority is to combat money laundering by and financing of terrorist groups. Furthermore, the Center permits "law enforcement bodies to share information while safeguarding the privacy of clients of banks, insurance companies, investment managers and other institutions that are required to submit financial reports," according to *The Jerusalem Post*.<sup>56</sup> It is imperative that the Mexican government and those working to thwart the cartels emulate this practice: safeguarding information while providing access to organizations working in a streamlined fashion.

#### *U.S.-Taliban*

Following the attacks on 9/11, the U.S. worked swiftly to freeze bank accounts across the world that were associated with Al Qaeda; 27 accounts were frozen on September 24, 2001, less than

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<sup>52</sup> Phil Williams.

<sup>53</sup> David Graver, "Drug-Money Laundering in Mexico," *Mexico: Facing the Challenges of Human Rights and Crime*, ed. William Cartwright (Ardsley, New York: Transnational Publishers, Inc., 1999): 39-82.

<sup>54</sup> Phil Williams.

<sup>55</sup> Dan Izenberg, "Intelligence center set up to coordinate fight against money-laundering, terrorism financing," *Jerusalem Post*, 12 March, 2007, <http://www.jpost.com/Israel/Article.aspx?id=54419>.

<sup>56</sup> *Ibid.*

two weeks after the attacks.<sup>57</sup> Money and these bank accounts serve as the lifeline for terrorist organizations and drug cartels; operations halt without readily-available finances. Compiling a list of cartels and their affiliates, in a manner analogous to those taken by the U.S. in 2001, is paramount.

## Current Practices

In the U.S., the DEA, a federal law enforcement agency under the Department of Justice, works with the Treasury Department, the Office of Foreign Assets Control, and the Financial Crimes Enforcement Network to counter money laundering related to the activities of drug cartels.<sup>58</sup> Its strategy involves intelligence-based enforcement. Domestic and international efforts to track bulk currency movements are used to produce intelligence that leads to the identification, targeting, and prosecution of command and control targets in the drug trade.

The DEA has 24 Financial Investigation Teams. Outside agencies that participate alongside the DEA include the Internal Revenue Service, Federal Bureau of Investigation, Immigration and Customs Enforcement, National Guard, U.S. Postal Inspection Service, Financial Investigative Contractors, and state and local police officers. Important anti-money laundering legislation in the United States includes the Bank Secrecy Act (1970), the Money Laundering Control Act (1986), the Anti-Drug Abuse Act (1988), the Annunzio-Wylie Anti-Money Laundering Act (1992), the Money Laundering Suppression Act (1994), the Money Laundering and Financial Crimes Strategy Act (1998), the PATRIOT Act (2001), and the Intelligence Reform and Terrorism Prevention Act (2004).<sup>59</sup>

The Government of Mexico (GOM) has made fighting money laundering one of its top priorities and has made progress in combating these crimes. Mexico has adopted a national anti-money laundering strategy and increased the capacity of supervisors and law enforcement to carry it out.<sup>60</sup> The GOM works on transnational cases very closely with U.S. law enforcement. On June 15, 2010, the Finance Ministry announced regulations limiting U.S. dollar transactions in Mexico.<sup>61</sup> On August 26, 2010, the GOM announced the National Strategy for the Prevention and Elimination of Money Laundering and Financing for Terrorism.<sup>62</sup> A package including nine reforms, three modifications to federal codes, and the creation of the Law to Prevent and Identify Operations with Illegal Origins and Terrorism Financing is still pending in Congress. The

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<sup>57</sup> Judith Miller, "A Nation Challenged: The Money Track," *New York Times*, 25 September, 2001, <http://www.nytimes.com/2001/09/25/world/nation-challenged-money-track-27-whose-assets-will-be-frozen-are-just-first-many.html>.

<sup>58</sup> *Inside the DEA, DEA Programs, Money Laundering*, United States Drug Enforcement Administration, 21 November, 2011, <http://www.justice.gov/dea/programs/money.htm>.

<sup>59</sup> *History of Anti-Money Laundering Laws*, Financial Crimes Enforcement Network (United States Department of the Treasury), 21 November, 2011, [http://www.fincen.gov/news\\_room/aml\\_history.html](http://www.fincen.gov/news_room/aml_history.html).

<sup>60</sup> *Money Laundering and Financial Crimes Country Database*, United States Department of State: Bureau for International Narcotics and Law Enforcement Affairs, May 2011, <http://www.state.gov/documents/organization/164239.pdf>.

<sup>61</sup> *International Narcotics Control Strategy Report: Volume II: Money Laundering and Financial Crime*, Department of State, ed. William R. Brownfield (Washington D.C.: Diane Publishing, 2011): 143.

<sup>62</sup> *Ibid.*

2011 Money Laundering and Financial Crimes Country Database listed the following as important steps to creating a more effective AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) regime in Mexico: “Mexico should fully implement and improve its mechanisms for asset forfeiture, control the bulk smuggling of currency across its borders, monitor remittance systems for possible exploitation, improve the regulation and supervision of money transmitters, unlicensed currency exchange centers, *centros cambiarios* and gambling centers, and extend AML/CFT requirements to designated non-financial businesses and professions.”<sup>63</sup>

## Recommendations

Upon reviewing past practices by Israel and the U.S. in countering terrorism and evaluating current practices implemented by Mexico and the DEA, we recommend the following:

- The first step is to identify individuals and organizations that are known or suspected to be involved in the Mexican drug trade. Persons of interest may include Mexican officials with business in the U.S. who move large sums of money around. Offering incentives to locals for identifying cartel members is another effective means at compiling such list.
- Those who fit said criteria will be added to a central database to be shared amongst the various departments and agencies working on deterring the financing of drug cartels. Financial institutions and other intermediaries of money laundering must also have access to this list. The means of updating this database frequently as new information becomes available is also essential. In acknowledgement of the transnational scope of this problem, it would be ideal to share this database with Mexican and international governments and financial institutions, perhaps as a measure similar to the United Nations Security Council Resolution 1267.
- After compiling and distributing this list, the financial institutions themselves need the power to act on suspected acts of money laundering by freezing accounts. Suspicious activities involving the people on the list should trigger a freeze mechanism that gives authorities the time to investigate the transaction and the parties involved.
- Finally, in order for the first three steps to work effectively in deterring drug cartels from money laundering, all financial institutions *must* comply with these measures. Since it is not in the organizational interest of these institutions to comply given the volume of business these cartels conduct, measures have to be established by the government to assure their compliance.

This four-step plan is just the start in terms of deterring the financing of cartel activities. However, its execution will work at lengths to abate this situation and, once and for all, turn the tide in the war on the Mexican cartels.

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<sup>63</sup> *International Narcotics Control Strategy Report*, 143.

## COMMUNITY-LEVEL COUNTER-NARCOTICS EFFORTS

### Minh Trinh

As the Mexican Drug war wages on, local communities struggle with the violence that surrounds them. Most of the time, fearing the great power of the cartels, locals have abandoned their homes, leaving behind ghost towns throughout northern Mexico as the bloodshed escalated.<sup>64</sup> There are, however, isolated but nevertheless important efforts at the community level against the cartels, most of which are made possible by the breakdown of law and order in several parts of Mexico. This paper surveys the nature of community-level efforts, and discusses policy options that can best integrate these efforts in the grand strategy of the war.

### Nature of Community-Level Efforts

There are two distinct types of community-level efforts, the first of which is community-level self-governance. Self-governance efforts, beginning with the 1994 Zapatista Uprising, are generally attempted by local community to set up autonomous law enforcements to provide more reliable and trustable protection against the cartels and to resist further encroachments of the cartels into their lives. Most notably, in May 2011, locals in the town of Cheran, Michoacan, occupied police headquarters, seized weaponry and set up roadblocks in response to the killing of two residents of Cheran by illegal loggers who were linked to the drug cartels.<sup>65</sup> Ten different towns in Guerrero, Mexico, have also established their own local law enforcement in response to the violence.<sup>66</sup>

The second type of community-level efforts is vigilante operations – violent operations by individual groups targeted at the drug cartels themselves, often in the name of justice. Unlike self-governance efforts, although these groups are often based in small regions, they are not accountable to any community. A notable vigilante group is the Zeta Killers, which announced its intention to wipe out large numbers of Los Zetas members earlier in 2011.<sup>67</sup> The “Los Mata Zetas,” as they are called, are linked to the deaths of 67 individuals, including the dumping of 35 bodies on a busy street in Veracruz.<sup>68</sup> Vigilante groups in the past also include the Popular Anti-

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<sup>64</sup> Michael Marizco, “The Drug War and Cartels Lead to an Exodus in Northern Mexico,” *Fronteras*, 11 July, 2011, <http://www.fronterasdesk.org/news/2011/jul/11/drug-war-and-cartels-lead-exodus-northern-mexico>.

<sup>65</sup> Karla Zabudovsky, “Reclaiming the Forests and the Right to Feel Safe,” *The New York Times*, 2 August, 2012, <http://www.nytimes.com/2012/08/03/world/americas/in-mexico-reclaiming-the-forests-and-the-right-to-feel-safe.html?pagewanted=all>.

<sup>66</sup> “Mexico: Communities Organize Against Spiraling Violence,” *Menafn*, 18 December, 2011, [http://www.menafn.com/qn\\_news\\_story.asp?storyid=%7Be5f2ecdc-c3b2-4440-acfe-311c50327b4c%7D](http://www.menafn.com/qn_news_story.asp?storyid=%7Be5f2ecdc-c3b2-4440-acfe-311c50327b4c%7D).

<sup>67</sup> Sarah Miller Llana, “Mexico’s Zeta Killers kill 32, revive a debate about the ‘good-guy cartel,’” *Christian Science Monitor*, 7 October, 2011, <http://www.csmonitor.com/World/Americas/Latin-America-Monitor/2011/1007/Mexico-s-Zeta-Killers-kill-32-revive-debate-about-the-good-guy-cartel>.

<sup>68</sup> “Zeta Killers’ arrested as 32 bodies found,” *The Telegraph*, 7 October, 2011, <http://www.telegraph.co.uk/news/worldnews/centralamericaandthecaribbean/mexico/8814401/Zeta-Killers-arrested-as-32-bodies-found.html>.



Drug Army of 2008, the Juarez Citizens' Command of 2009, and the Omega Squads in 2010.<sup>69</sup> Not all vigilante groups are anti-cartels, however. Some vigilante groups in the past have been shown to be connected to other drug cartels, and their “struggles” were in fact turf wars camouflaged in the name of justice. The cartel La Familia Michoacana was initially formed as a community self-defense group. In Columbia, what originated as a network of vigilante groups have also transformed into a paramilitary organizations involved in the drug trade.<sup>70</sup>

A few important features characterize these community-level efforts. Firstly, all the efforts distrust the national government, which they believe to have been either inept or infiltrated by members of the drug cartels. Self-governing towns, for example, opt to set up their own police forces, sometimes even their own public services. In Cheran, locals stormed the police headquarter and seized weapons for their own use. On the other hand, by engaging in violence, vigilante groups also express their rejection of the national government’s authority.

The second feature is violence. As can be expected, all vigilante operations have resulted in deaths and injuries, and the fighting that vigilante groups carry out can indeed be hardly distinguishable from cartel wars. Self-governance has not resulted in significant violence, but there is no guarantee that it would not. Indeed, with the resisting towns having armed themselves and the drug cartels seeing these towns as obstacles, it would only be a matter of time before towns like Cheran become the site of bloody skirmishes.

The third feature is the lack of cooperation and synchronization of the operations. Indeed, all these operations take place as isolated efforts and are not linked to any grand strategy.

The last important feature of these operations has to do with the media attention they receive, thanks to their association with the ideals of bravery, justice and perseverance. When the hacker group Anonymous threatened to release the identities of many Zetas members in response to the captivity of two of their members, for example, the story was featured by international news giant such as CNN, BBC or the Guardian.<sup>71,72,73</sup> Media appearance increases public awareness of the operations, sometimes at a magnitude disproportionate to their real significance, and thus has an important bearing on the choice of policy options.

## Available Options

In response to these community-level efforts against the drug cartels, Mexican and U.S. authorities can adopt one of the following policy plans:

### *a. Full-fledged support*

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<sup>69</sup> Geoffrey Ramsey, “Vigilantism on Rise in Mexico as Drug Wars Rages,” Insight Crime, 18 May, 2011, [http://insightcrime.org/insight-latest-news/item/943-vigilantism-on-rise-in-mexico-as-drug-war-rages\\_](http://insightcrime.org/insight-latest-news/item/943-vigilantism-on-rise-in-mexico-as-drug-war-rages_)

<sup>70</sup> Ibid.

<sup>71</sup> Catherine E. Shoichet, “Is Mexican Cartel the Next Anonymous Target?” CNN, 31 October, 2011, [http://articles.cnn.com/2011-10-31/americas/world\\_americas\\_mexico-anonymous-threat\\_1\\_zetas-mexican-drug-cartel-mexican-state](http://articles.cnn.com/2011-10-31/americas/world_americas_mexico-anonymous-threat_1_zetas-mexican-drug-cartel-mexican-state).

<sup>72</sup> ‘Hackers’ threaten Mexican drug cartel in YouTube film,” BBC, 31 October 2011, <http://www.bbc.co.uk/news/technology-15520912>.

<sup>73</sup> Ibid.

The authorities can provide committed support to both self-governing towns as well as to vigilante groups. Support can be in the form of material goods (most importantly, arms), recognition of their efforts as legitimate and provision of legislations that accommodate the groups' efforts, as well as integration in the national anti-cartel plan. The advantage of this option is that it sends a clear message that the government is committed to the fight against cartels. This would have a positive effect on the popularity of the government, as well as encouraging further efforts against the cartels. On the other hand, there are several disadvantages. Firstly, support for extralegal operations may discredit government authority and perpetuate lawlessness and violence. Secondly, the prospect of successful impact is uncertain, as all the community-level operations are to begin with uncoordinated actions. Lastly, if the vigilante groups are in fact linked to cartels as many suspect, providing them with material as well as legal support would be gravely counter-productive.

*b. Tacit support*

A tacit support policy plan supports community-level only through unofficial channels. It may also include material support, but exclude official endorsement and legitimization. In essence, the plan provides more limited support for the efforts while keeping the government's hands clear. It does not provide as much encouragement to the community-level fight against the cartels and does not increase the government's popularity, but can limit the danger of violence and lawlessness being perpetuated as well as the danger of giving considerable support to the drug cartels themselves.

*c. Status quo*

The authorities may also ignore the community-level efforts and choose not to take action. This option has two main advantages. Firstly, it precludes the risk of inadvertently supporting the drug cartels. Secondly, it sends no mixed messages and prevents damage to government authority at the local level. The disadvantages are that it does not encourage any further resistance against the cartels and that it exposes self-governing towns and vigilante groups to retaliation from the cartels.

*d. Rejection and crackdown*

Controversial as it may sound, denouncing the community-level efforts as illegal and cracking down on these operations is also a policy option. This option emphasizes the need for the fight against drug cartels to remain within legal boundaries, therefore consolidating government authority. Shutting down of extralegal violence also helps bring lawlessness into control. The disadvantages of this option are obvious: it would discourage resistance against drug cartels, and it would be highly unpopular.

## Making a decision

The order of preferences of each policy option with regards to the four individual criteria is shown below:

	Full-fledged Support	Tacit Support	Status quo	Rejection and Crackdown
Encourages resistance	4	3	2	1
Strengthens government authority & reduces violence	1	2	3	4
Improves popularity	4	2.5	2.5	1
Does not risk being counter-productive	1	2	3.5	3.5

In general, the options seem to differ little in their net desirability value. However, it must be pointed out that the “distribution” varies significantly. As can be clearly seen, the first and the last options lie consistently on the extremes of the order of preferences. In other words, they involve a stark trade-off between the promotion of further resistance against the drug cartels and public support on one side, and the detriment of government authority and risk of inadvertent support for the drug cartels on the other. Regardless of which of these two options are chosen, there will always be a great cost incurred. Requiring less stark a trade-off, the second and third options are therefore better choices for an administration facing significant challenges at home.

To decide which of these two options best serve the war against drug cartels, two issues must be addressed. Firstly, it is important to know how much impact community-level efforts could have on the war. If the potential of community-level efforts is great, then preference should be given to policies that encourage them. If, on the other hand, community-level efforts would not be able to bring about much impact even if given support, then policies that encourage them may not be desirable after all. Secondly, the choice of policy in this area also needs to be placed within the greater context. In particular, the ideal policy options should be consistent with the grand strategy pursued by the national government.

With regards to the first issue, it must be pointed out that virtually all community-level efforts are isolated incidents and are only functional in a relatively limited geographical span. The goals of self-governing efforts are also limited to the security and well-being of the towns. On the other hand, although vigilante groups such as the Zetas Killers have explicitly stated their intention to attack members of the drug cartels, they still lack the resources legitimate law enforcing bodies enjoy (unless they are given full-fledged support, which has already been shown to be too extreme of an option). Because of these reasons, community-level efforts lack

the potential to have much impact. With regards to the second issue, other papers in this series have shown that the strengthening of government authority is critical to success. Policies that promote community-level efforts at the expense of the central government conceding its monopoly of violence and of law and order breaking down therefore run counter to the grand strategy, and are thus undesirable.

Compared to its principal alternative, status quo would be less effective in encouraging further community-level efforts, but would do a better job at stalling the breakdown of law and order and maintaining state authority, and it is immune to the risk of inadvertently sending support to puppets of the drug cartels. Because encouraging further community-level efforts does not guarantee high rewards, while state authority is of critical importance to the grand strategy, status quo can be considered the ideal option given the current situation.

## CARTEL WEAPONS AND THEIR PROVENANCE

### Colby Wilkason and Mikhaila Fogel

According to a report published by Senator Diane Feinstein (D-CA), Senator Charles Schumer (D-NY) and Senator Sheldon Whitehouse (D-RI), approximately 70% of weapons recovered from cartel crime scenes and submitted for tracing were traced to the United States.<sup>74</sup> Officials within the Mexican government have repeatedly stressed that the lack of strong U.S. gun control measures has led the country to become a major source of cartel weapons. With 6,600 licensed gun dealers living on the north side of the border, high residential gun sales, and multiple gun shows (in which no documentation is necessary for purchase), policing the sale of arms has been near impossible for the U.S. government.

In addition to providing the firearms for the cartels, the United States is also their chief supplier of ammunition. On November 3, 2011 alone, border patrol agents on the Rio Grande River recovered 5,000 rounds of ammunition from cars crossing the border.<sup>75</sup> Transporting ammunition across the border currently carries heavy criminal penalties in Mexico, but there is no way to control the sale of ammunition on the U.S. side of the border.

Rifles and automatic weapons are just the baseline of cartel arsenals: after engaging in battle with members of Jaime “el Hummer” Gonzalez Duran’s cartel, Mexican federal agents recovered 150 grenades, 14 cartridges of dynamite, 98 fragmentation grenades, 67 bulletproof vests, and a Light Anti-Tank (LAW) rocket.<sup>76</sup> According to the Mexican attorney general’s office, there have been 101 grenade attacks against government buildings in the last three years.<sup>77</sup> Mexican forces have recovered over 5,800 live grenades since 2007. Also, these grenades are almost uniformly Cold War era items. The vast majority of grenades recovered by the Mexican government were originally sent to El Salvador, Guatemala and Nicaragua by the United States to fight communist revolutionaries during the Cold War; these weapons have been disappearing from national armories and reappearing in the hands of street gangs and cartels for the past two decades.<sup>78</sup>

Given the fact that roughly 70% of recovered cartel weapons originated in the United States, it falls on the United States government to control the circulation and sale of arms on its side of the border. During the summer of 2011, the Department of Justice began requiring weapons vendors in border states to report whenever more than two semi-automatic weapons were sold

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<sup>74</sup> “Mexico drug war: U.S. sting ‘let cartels buy guns,’” *BBC*, 15 June, 2011, <http://www.bbc.co.uk/news/world-us-canada-13785080>.

<sup>75</sup> Angela Kocherga, “Texas border town becomes a hotspot for ammunition smugglers,” *KVUE*, ABC, 22 November, 2011, <http://www.kvue.com/news/Texas-border-town-becomes-a-hotspot-for-ammunition-smugglers-134361843.html>

<sup>76</sup> “Mexican Drug Cartels Armed to the Hilt, Threatening National Security,” *Fox News*, 4 February, 2009, <http://www.foxnews.com/story/0,2933,487911,00.html>.

<sup>77</sup> Nick Miroff and William Booth, “Mexican drug cartels’ newest weapons: Cold War-era grenades made in U.S.,” *The Washington Post*, 17 July, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/16/AR2010071606252.html?sid=ST201007210624>.

<sup>78</sup> *Ibid.*

to the same individual within a five-day period.<sup>79</sup> Since the program was only enacted in July, documentation of its effectiveness is still unavailable. Within these states, local and state governments should do their utmost to ensure this law is upheld. Collaboration with the federal government will also be crucial to success. States should also take steps to require registration and stricter documentation at gun shows.

As politically unpopular as this recommendation may seem, if weapons buyers were required to submit a portfolio to sellers containing gun purchase history and criminal record, vendors would be able to better identify to whom they are selling weapons. Similarly, such portfolios should be required before attending gun shows.

In addition to the restrictions on the sale of firearms, documentation for the purchase of ammunition would be critical to the success of the U.S. government's efforts. One recommendation would be that for every time buyers purchase ammunition, they would have to present documentation, and their name would go in a database where the government would be able to track which buyers, especially near the Mexican border, were purchasing very large amounts of bullets. This database would create "red flags" for border-patrol guards so they would be able to tag potential weapons smugglers. Such a system is already in use for counter-terrorism purposes, and it would be necessary to tailor existing legislation to allow its use for counter-narcotics purposes, but it would help make the acquisition of weapons and high-quality ammunition more difficult for the cartels.

Although these measures would certainly create a political backlash from ardent defenders of the second amendment, such backlash is preferable to large loss of life. Indeed, these measures would help curb the transfer of guns and ammunition over the United States-Mexico border.

In terms of grenades and other large weapons stolen from Cold War Era armories, the United States Government could form a taskforce combining the various organizations that originally distributed weapons (e.g. the Central Intelligence Agency) and equivalent agencies in Central American countries to locate, document, and secure the stockpiles of weapons to ensure they do not fall into the wrong hands. The sole purpose of this group should be to collect information and deliver advice.

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<sup>79</sup> Richard A. Serrano, "U.S. to require more gun-buyer information in border states," *LA Times*, July 12, 2011, <http://articles.latimes.com/2011/jul/12/nation/la-na-guns-dealers-20110712>.

## U.S. Assistance to Mexico

### Tyler Keefe and Valentina Perez

The United States has been engaged in a “war on drugs”, an international and domestic campaign of drug prohibition to reduce the global drug trade, since the Nixon administration. Domestically, the war on drugs has focused on drug policies intended to discourage the production, distribution, and consumption of illegal drugs. Internationally, the U.S. has provided financial and military aid to foreign countries battling drugs and drug organizations in an attempt to promote multilateral cooperation against the global drug trade. Since the hub of this industry is located in Central America, primarily in Colombia and Mexico, most U.S. aid has been focused on these two nations. With the increase in violence in Mexico, the United States has renewed its efforts in assisting the Mexican government by increasing its efforts to combat the Mexican drug cartels. The areas of this effort revolve around law enforcement, military, and financial support.

The primary U.S. program governing relations with Mexico concerning assistance in the Mexican Drug War is the 2008 Merida Initiative. It is a 3-year commitment with Mexican, Central American, Haitian, and Dominican governments to fight criminal organizations and drug trafficking. It provides \$1.6 billion in aid.<sup>80</sup> The Merida Initiative “provide[s] equipment and training to support law enforcement operations and technical assistance for long-term reform and oversight of security agencies,”<sup>81</sup> including inspection equipment, technology, technical advice and training, helicopters, and surveillance aircraft to participating countries.<sup>82</sup> As of August 2011, nearly 4,500 Mexican federal police agents have been trained by U.S. personnel, and the Department of Defense has supplied Black Hawk helicopters to Mexico and has begun to fly unarmed drones over Mexican soil to track drug traffickers. Domestic efforts of the initiative also support programs to reduce the demand for drugs, stem the flow of arms, and combat drug and criminal organizations.<sup>83</sup> The Merida Initiative addresses America's growing responsibility in the global war on drugs by assisting American allies and tackling the large American demand for drugs, which drives much of the global drug trade.

In the realm of law enforcement, the United States is actively assisting the Mexican government via the ATF, DEA, FBI, and Criminal Division of the Department of Justice. The ATF is responsible for combatting violence along the U.S.-Mexican border through its “violent crime-fighting and firearms trafficking expertise, along with its regulatory authority and strategic partnerships.”<sup>84</sup> These responsibilities are carried out through projects such as Project Gunrunner to enhance cooperation between local, state, and federal agencies in the U.S. and

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<sup>80</sup> US Department of State, Merida Initiative, <http://www.state.gov/p/inl/rls/122397.htm>.

<sup>81</sup> Ibid.

<sup>82</sup> Ginger Thompson, “US Widens Role in Battle Against Mexican Drug Cartels,” *The New York Times*, August 6, 2011, [http://www.nytimes.com/2011/08/07/world/07drugs.html?\\_r=3&pagewanted=1&ref=americas](http://www.nytimes.com/2011/08/07/world/07drugs.html?_r=3&pagewanted=1&ref=americas).

<sup>83</sup> Ibid.

<sup>84</sup> “Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels,” April 2009, <http://www.atf.gov/press/releases/2009/04/040209-doj-factsheet-combatting-mexican-cartels.html>.

Mexico to slow the flow of illicit firearms between the two countries, developing more efficient methods of tracing weapons via eTrace, and providing training to Mexican law enforcement officers as well as to firearms retailers near the border to assist them in fighting the illicit arms trade.<sup>85</sup> The DEA has been utilizing its relationship with Mexican law enforcement to break up the cartels. By actively participating in investigations in Mexico, advising Mexican officials, and creating the El Paso Intelligence Center to share information between U.S. agencies and their Mexican counterparts, the DEA has been successful, albeit limitedly, in its efforts to break up the cartels.<sup>86</sup> The FBI has been playing a vital role in assisting the Mexican government by providing its intelligence and anti-gang resources via the TAG and CAFÉ Initiatives. The Transnational Anti-Gang Initiative (TAG) enhances coordination between the FBI and its Central American counterparts. This allows them to better investigate, obstruct, and break up transnational gangs. The Central American Fingerprint Exploitation Initiative (CAFÉ) created a database of Central American fingerprints accessible to governments of Central America that would improve investigative efforts.<sup>87</sup> The Criminal Division of the Department of Justice is taking part in the Mexican drug war by improving its cooperation with its Mexican counterpart. This has helped ease fugitive extradition, increased sharing of classified intelligence to assist investigations, and strengthen assistance in trans-border asset seizure and anti-money laundering efforts.<sup>88</sup>

In combination with law enforcement agencies, the U.S. military and the intelligence community have been playing key roles in the fight against the cartels. In August 2011, the United States posted small numbers of CIA operatives and civilian military employees to Mexico to assist with intelligence collection, training, and operational planning. These efforts are being made to “get around Mexican laws that prohibit foreign military and police from operating on its soil, and to prevent advanced American surveillance technology from falling under the control of Mexican security agencies with long histories of corruption.”<sup>89</sup>

Despite current efforts by the United States to assist with the Mexican Drug War, the violence is increasing and the cartels are gaining ground. The United States must reassert its efforts in order to roll back the influence of the cartels and end their reign. We advise a two front approach to combatting the cartels: reducing the large demand for drugs in the U.S., and collaborate with the Mexican government to target the cartels in Mexico.

In order to address the large demand of drugs in the United States, which fuels much of the sale of drugs from Mexico, domestic policy should continue to include treatment, prevention, and enforcement measures. Studies have shown that treatment is cost-effective and can be cost-reducing, especially when targeted to specific and at-risk populations, because it can reduce individual drug use and reduce drug-related risks from crime, overdose, and HIV infection.<sup>90</sup>

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<sup>85</sup> “Fact Sheet: Department of Justice,” 2009.

<sup>86</sup> Ibid.

<sup>87</sup> Ibid.

<sup>88</sup> Ibid.

<sup>89</sup> Thompson, “US Widens Role in Battle Against Mexican Drug Cartels.”

<sup>90</sup> Rosalie Liccardo Pacula, “An Assessment of the Scientific Support Underlying the FY2011 Budget Priorities of the Office of National Drug Control Policy,” April 2010, [http://www.rand.org/content/dam/rand/pubs/testimonies/2010/RAND\\_CT344.pdf](http://www.rand.org/content/dam/rand/pubs/testimonies/2010/RAND_CT344.pdf).



These measures, notably the reduction in crime, increase the social good and support the implementation of treatment programs aimed at drug users, particularly drug-related offenders. However, while treatment greatly reduces drug use in drug users, treatment alone is not significantly effective in reducing the number of drug users in the U.S.<sup>91</sup>

Broad prevention programs that target common risk factors associated with unhealthy and antisocial behaviors (which may lead youth to engage in substance abuse) have been shown to reduce drug initiation and also have positive effects on youth health and wellbeing. Such prevention programs can have great success when enacted in school settings because of the benefits they may bring to students, as long as quality is ascertained.<sup>92</sup> Efforts should also be put into studying secondary and tertiary prevention programs and their effectiveness.

Enforcement programs are a necessary component of drug use reduction, but the scope of and effectiveness of these programs must be scrutinized and researched. A 2007 study has shown that the effectiveness of enforcement techniques depends greatly on the stage of the drug “epidemic” and that enforcement is most fruitful (in use reduction) when the drug “epidemic” is in its early stages.<sup>93</sup> Specifically, more research should be done into the effectiveness of interdiction and when it ceases to be useful, seeing as one 1993 study has shown that interdiction is unlikely to reduce consumption by raising drug prices and reducing drug availability.<sup>94</sup> A prime area for expansion is greater coordination between low-level enforcers and treatment providers: when arresting offenders, treatment as an alternative to penal punishment would serve as a form of secondary or tertiary prevention and could lead to use reduction.

It is necessary to examine the effectiveness of use reduction techniques (prevention, treatment, and enforcement) in relation to how much is spent on each method and subsequently strike a balance between the three. It is also necessary to realize that, due to the natural variations in drug use, each main method of reducing drug use is most useful at a certain stage in a drug “epidemic”: enforcement in the early stages, treatment as the epidemic matures, and non-specific prevention can occur consistently.<sup>95</sup> The current administration has made large efforts to increase funds aimed at treatment and the consolidation of funds for programs and methods which have proven to be effective. However, there must be objective scrutiny of each method in relation to its effectiveness and how cooperation between methods can be increased to form a dynamic domestic drug policy.

On the front of assisting the Mexican government, two measures could be taken by the U.S. government to improve the efforts of combatting the cartel. Firstly, the passing of a bill to label

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<sup>91</sup> Peter Reuter and Harold Pollack, “How Much can Treatment Reduce National Drug Problems?” <http://onlinelibrary.wiley.com/doi/10.1111/j.1360-0443.2005.01313.x/pdf>

<sup>92</sup> Rosalie Liccardo Pacula, “The Economic Cost of Methamphetamine Use on the United States,” *RAND Corporation*, Congressional Briefing, 13 July, 2009, [http://www.rand.org/multimedia/podcasts/congressional\\_briefing\\_series.html](http://www.rand.org/multimedia/podcasts/congressional_briefing_series.html).

<sup>93</sup> J. Caulkins, “The Need for Dynamic Drug Policy,” *Addiction* 102(1, 2007): 4-7, <http://www.heinz.cmu.edu/research/290full.pdf>.

<sup>94</sup> J. Caulkins, G. Crawford and P. Reuter, “Simulation of adaptive response: a model of interdicator–smuggler interactions,” *Computer and Mathematical Modelling* 17 (1993): 37–52.

<sup>95</sup> Caulkins, “The Need for Dynamic Drug Policy.”

the Mexican drug cartels international terrorist organizations. This act would allow all those caught assisting the cartels by any means in the United States could be tried for supporting terrorism. This would dramatically increase the punishment for perpetrators.<sup>96</sup> Also, such a move would require U.S. financial institutions to freeze suspected cartel assets in their possession and report them to the Department of Treasury. By declaring the cartels foreign terrorist organizations, the U.S. would be able to deter cartel affiliates through stronger penalties and better counter-financing.

Secondly, the U.S. should continue to support the Merida Initiative, with an increased emphasis on the training and advisement of Mexican law enforcement and military personnel. The cartel situation is one that is similar to that of an insurgency. The Mexican government is at war with organizations seeking geographic control of the country. The counter-insurgency experience of American personnel in the civilian and military sector can be used to Mexican advantage. Counter-insurgency requires well-trained forces, which the U.S. can help provide to the Mexican government, along with the equipment and technology allocated in the Merida Initiative.

The combination of attacking both the cartels and the demand for their drugs will help burn the stick from both ends, reducing their market and their structure to a point where it is much less profitable for them to operate.

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<sup>96</sup> "Foreign Terrorist Organizations," U.S. Department of State, <http://www.state.gov/s/ct/rls/other/des/123085.htm>.