

GETTING BETTER ALL THE TIME

The beginning of the end of Mexico's security crisis?

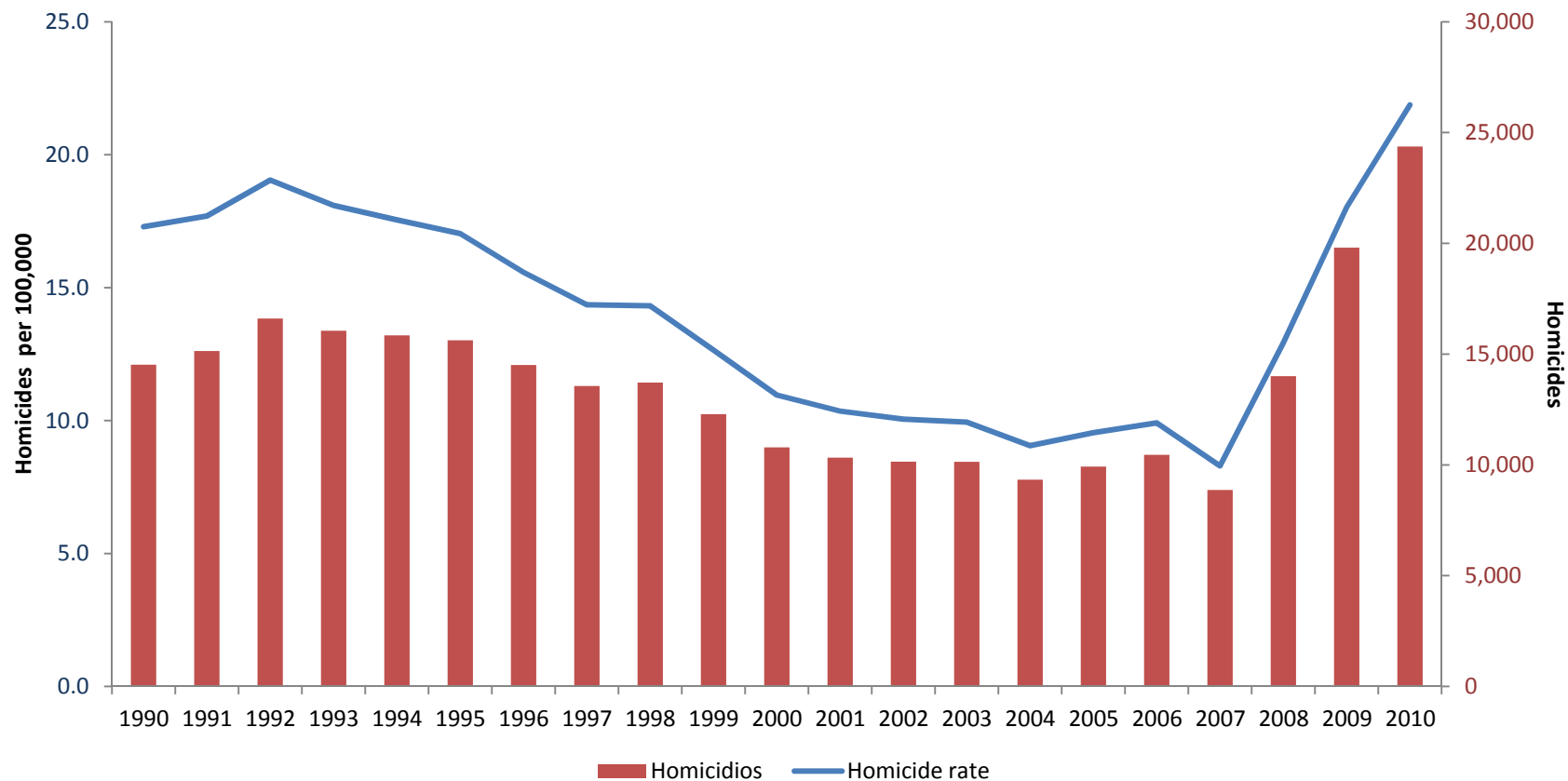
January 2012



Instituto Mexicano para la Competitividad A.C.

The explosion of violence in Mexico

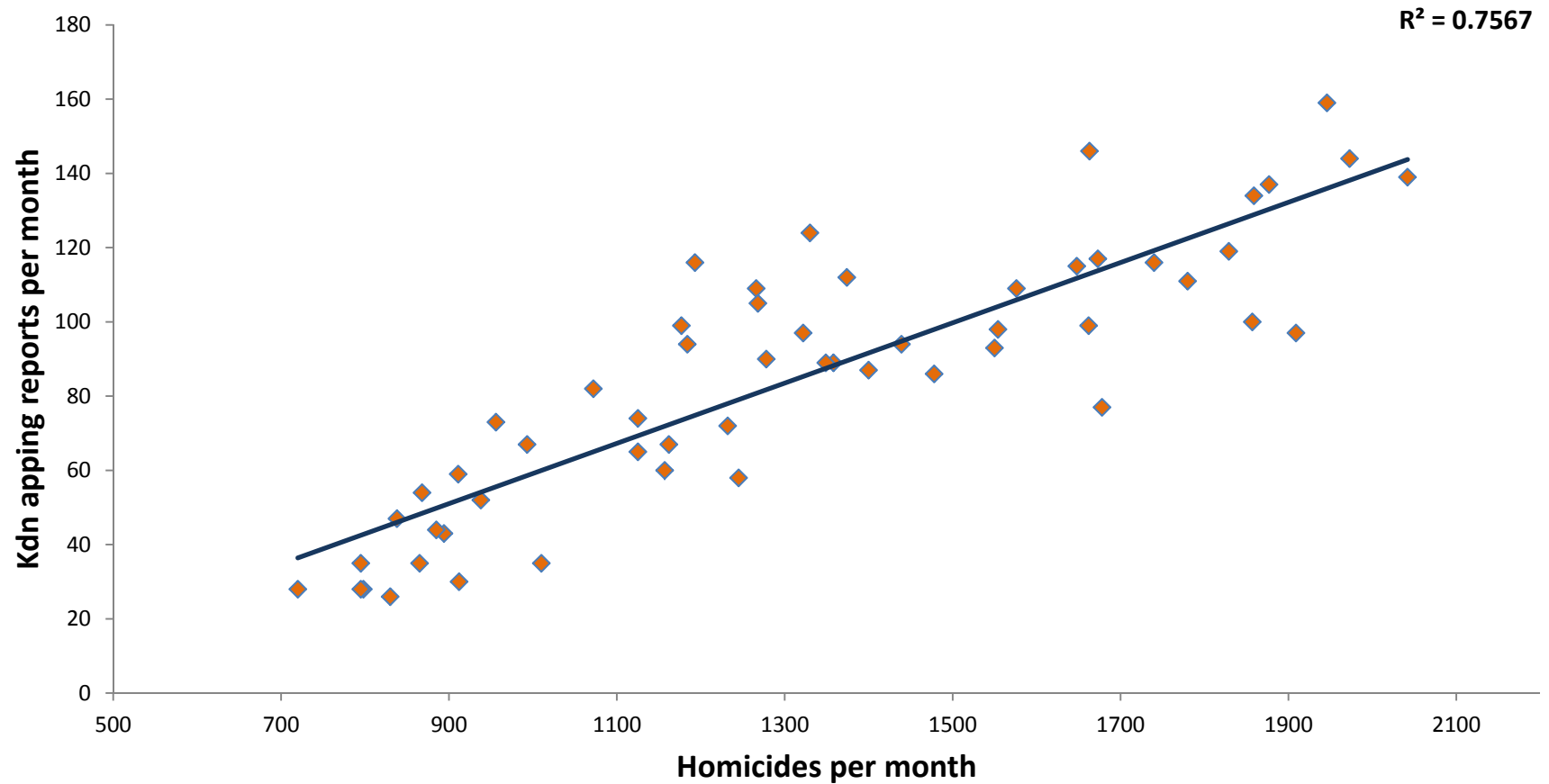
HOMICIDES IN MEXICO, 1990-2010
(absolute and rate per 100,000)



Source: INEGI

Many forms of interrelated violence

HOMICIDES AND KIDNAPPINGS Monthly total. January 2007-July 2011



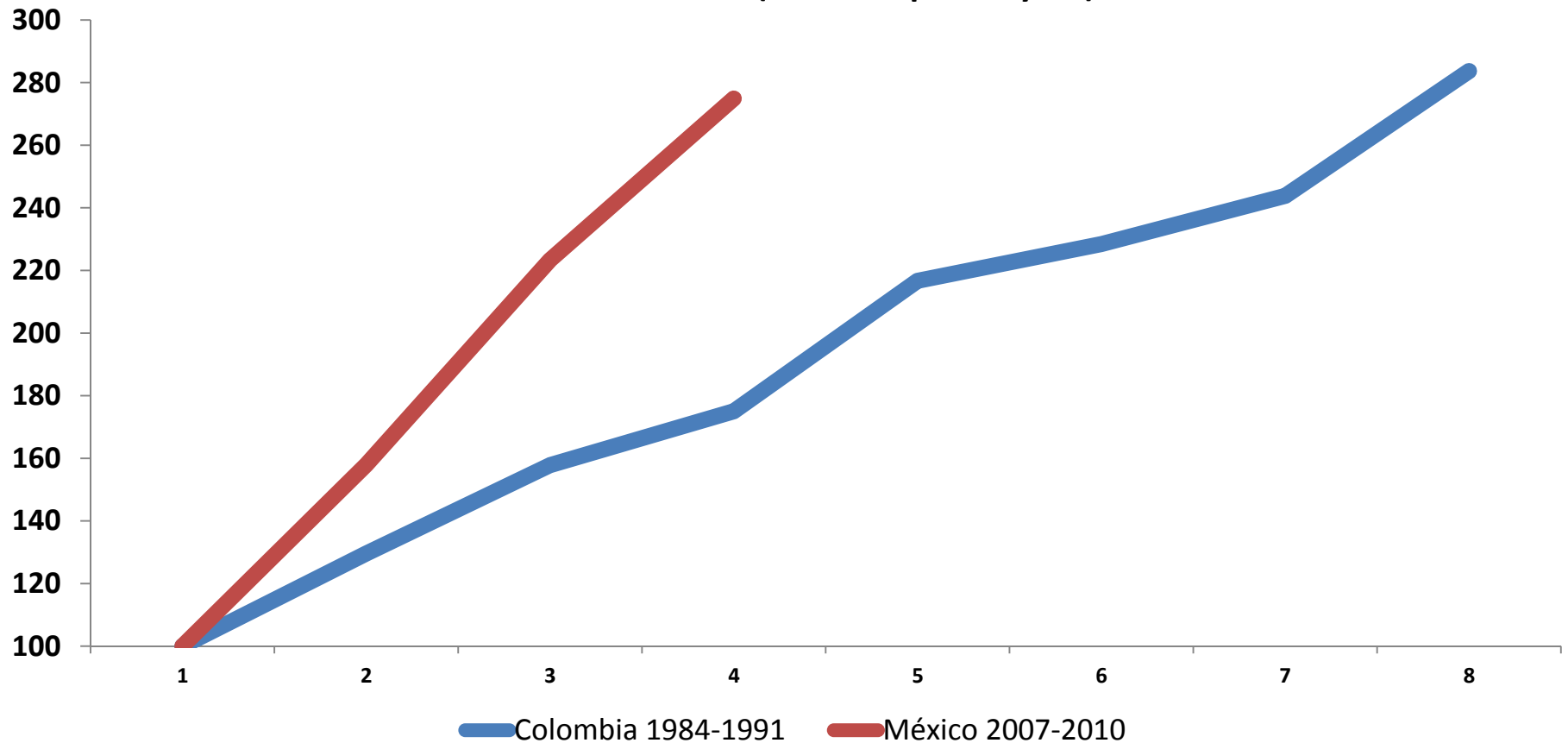
Source: INEGI



Mexican violence wave in perspective

HOMICIDES: MEXICO 2007-2010 VS COLOMBIA 1984-1991

Normalized series (100=first period year)

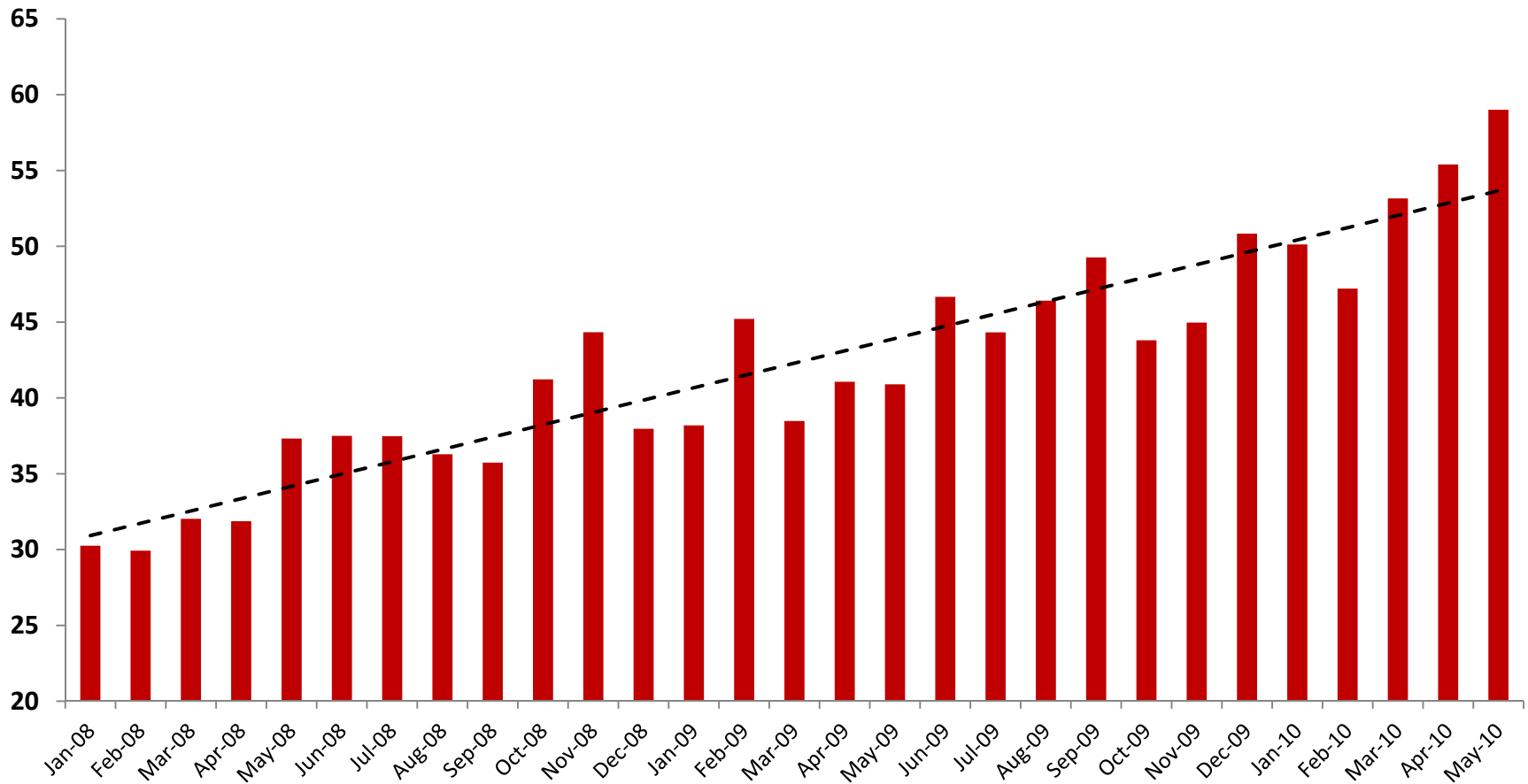


Source: INEGI and Instituto de Medicina Legal



A constant growth model?

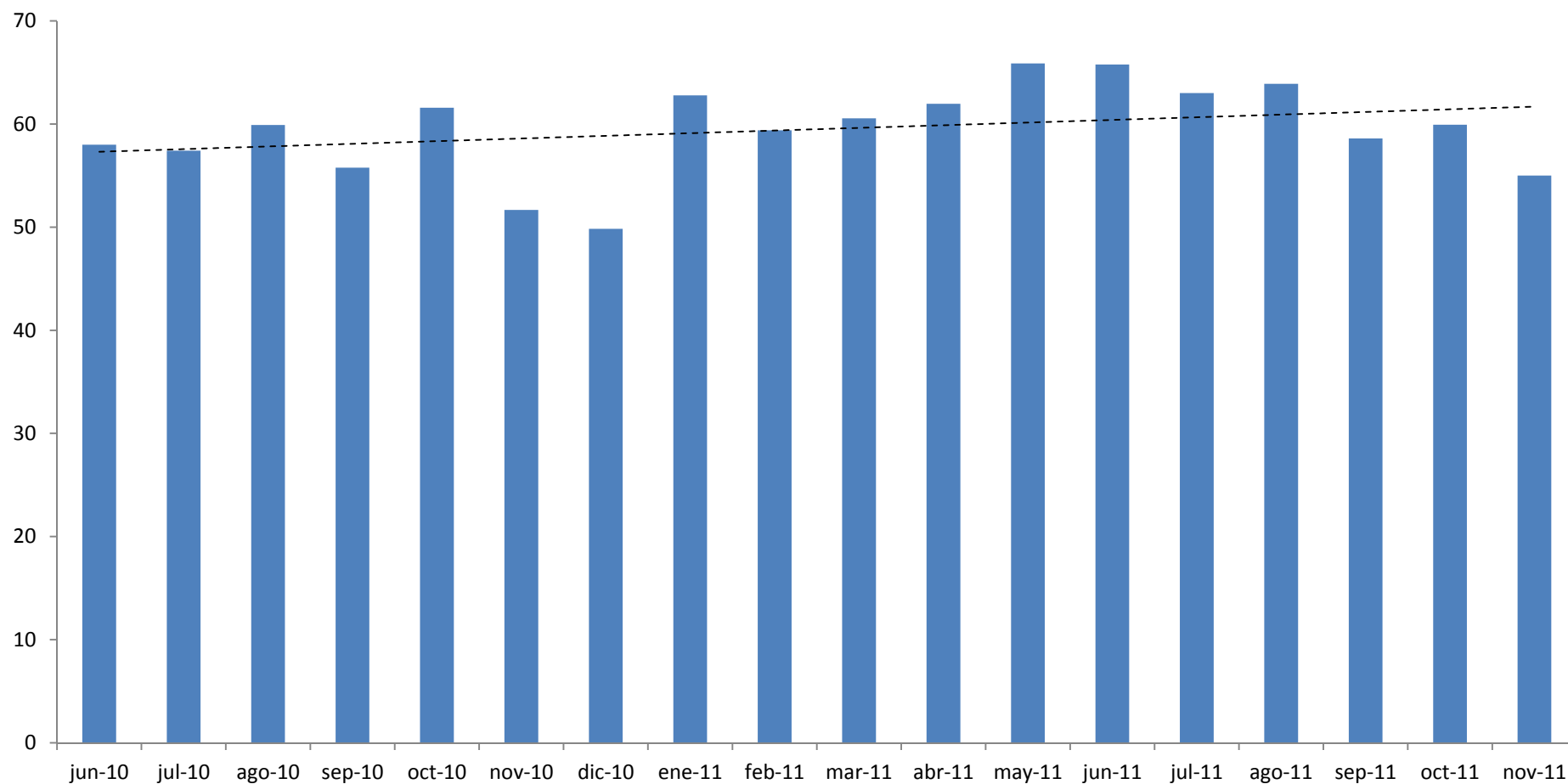
Homicides, January 2008-May 2010
(Daily average)



Source: SNSP

Unexpected stabilization...

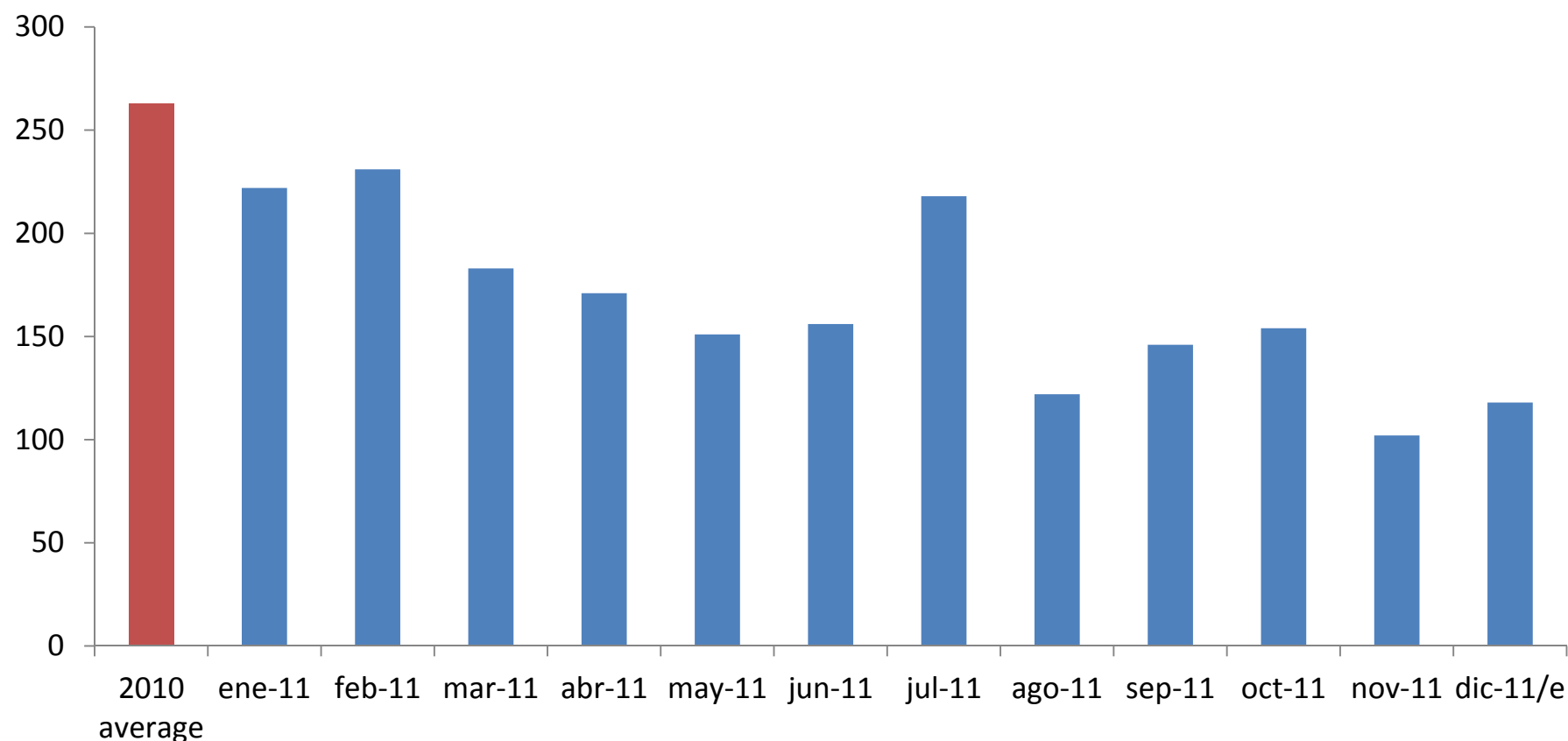
**Homicides, June 2010-November 2011
(daily average)**



Source: SNSP

...with some very significant declines

Ciudad Juárez: Homicides, 2011 (by month)



Source: Fiscalía General del Estado de Chihuahua, *Diario de Juárez*. Estimate for December 2011.

What is going on?

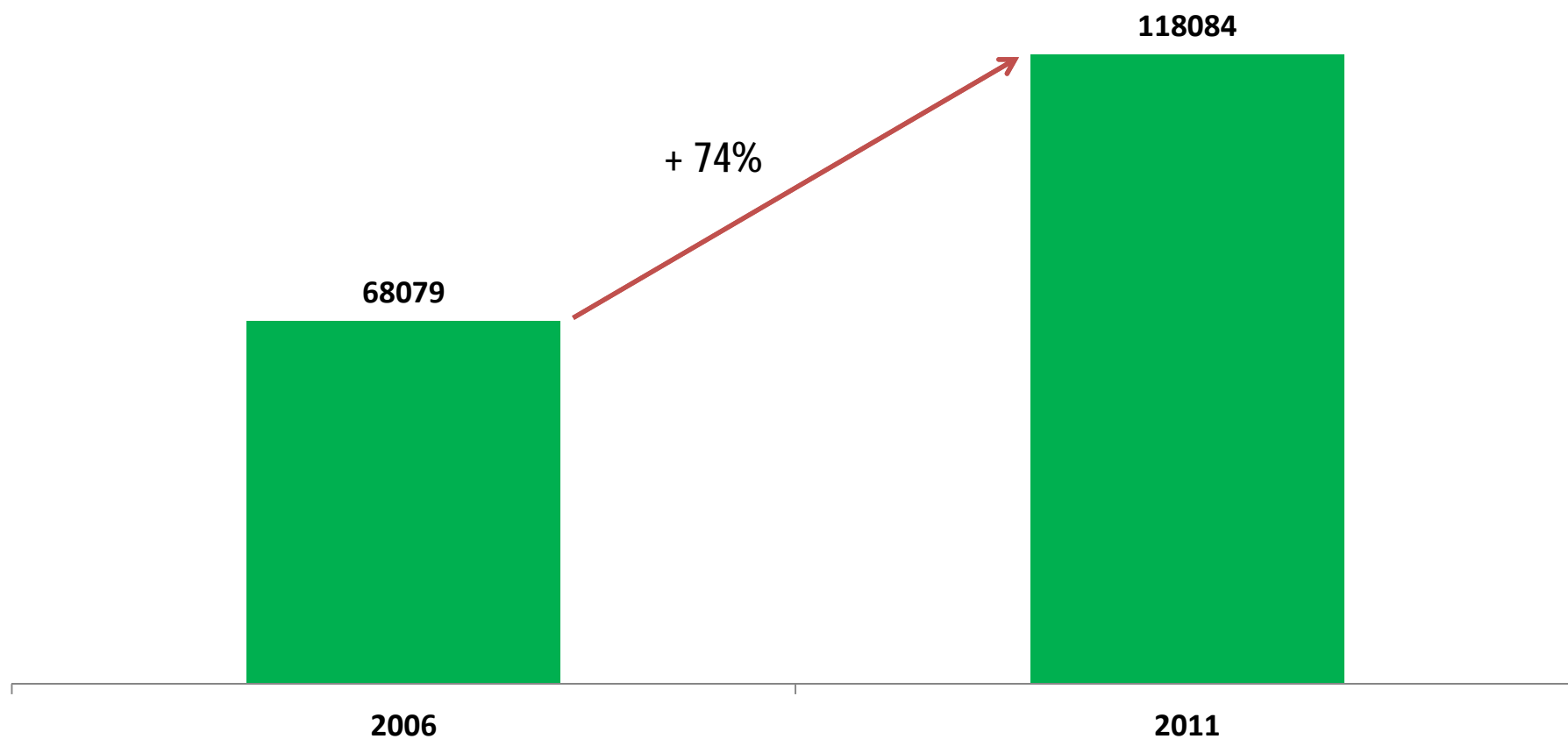
Enhanced capabilities

Changed tactics

More benign drug market conditions

Enhanced capabilities

**Mexico: Federal security expenditures
(millions of constant MX pesos)**



Source: SHCP. Includes SEDENA, SEMAR, SSP, PGR, and CISEN

Changed tactics

Hitting upper mid-level structure of criminal organizations



Jesús Enrique Rejón Aguilar
AKA "El Mamito"
Organization: Zetas
Arrested: Jul. 4, 2011



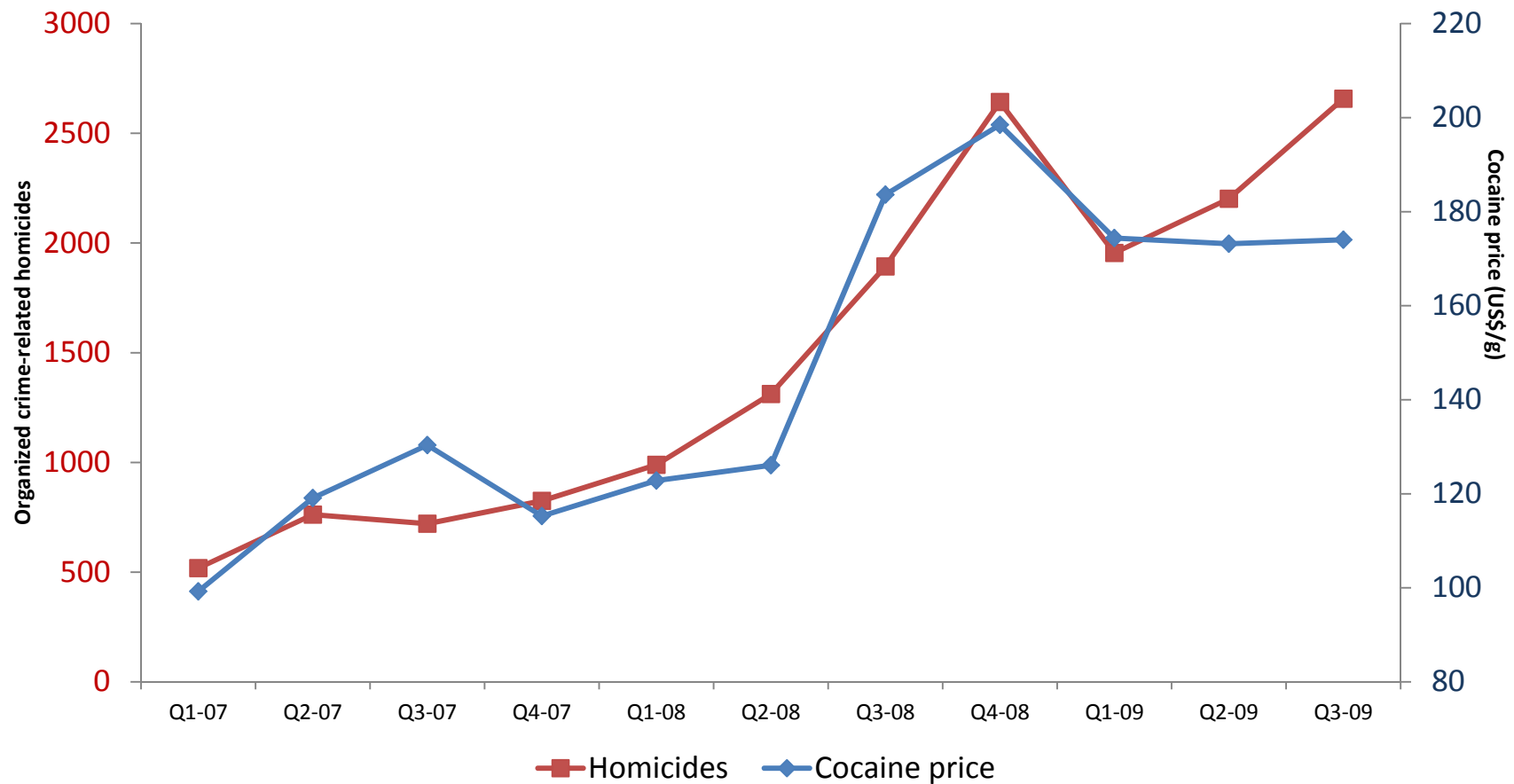
Noé Salgueiro
AKA "El Flaco"
Organization: Sinaloa
Arrested: Oct. 5, 2011



José Antonio Acosta
AKA "El Diego"
Organization: Juárez
Arrested: Jul. 31, 2011

More benign drug-market conditions

VIOLENCE IN MEXICO AND US COCAINE PRICES 2007-2009 (by quarter)



Source: Presidency of the Republic and National Drug Intelligence Center (STRIDE database)
Note: Prices adjusted by purity. National quarterly average

More benign drug-market conditions

**US Estimated Cocaine Consumption
2002-2010 (MT, purity-adjusted)**



Source: IMCO / México Evalúa (unpublished). Based on NSDUH data and *RAND* Corporation demand-side estimate model (2009)

Looking forward: 3 scenarios

Brief pause in upward trend

Stabilization at high levels

Gradual decline

Accelerating decline: short term

Create disincentives to violence

Focused deterrence on high-impact events (incidents with 8-plus victims)

Direct, consistent, and repeated warnings

Priority attention of all federal agencies (with US support)

Collective punishment to first group that fails to heed warning (with US support)

Reduce opportunities for violent crime

Situational prevention package + mid-level strategy

Homicide: security filters, traffic calming etc

Extortion: sting operations

Kidnapping: special protection to specific groups; investigative focus on kidnapping cells

Criminal structures: upper mid-level operatives along with kingpin strategy

Accelerating decline: medium term

Align political incentives in favor of reform

Creative use of federal budget as lever

Targeted budget prizes for states that reach relevant flagpoles in criminal justice reform

Establishment of simple rules

Targeted budget prizes for states that accelerate implementation of alternative conflict resolution mechanisms

Constitutional reform to force small municipalities to subcontract police force to either state or federal government

Facilitate accountability

Independent oversight mechanisms

Establishment of independent police complaints commission (on UK model)

Mandatory external evaluation

Mandatory impact evaluation for all federally-funded security programs

External public audit of crime statistics

Looking way forward: why security will improve

Decline of drug trafficking

- Marijuana legalization
- Declining US cocaine consumption
- Reopening of Caribbean route? (Cuba?)

Technology

- E-money
- GPS / “Internet of things”
- Decentralized surveillance / social networks

Economic development

- Larger public purse
- Increased legal economic opportunities / lower risk-adjusted returns to crime
- More pressure for high-quality public services



MÉXICO
EVALÚA
CENTRO DE ANÁLISIS
DE POLÍTICAS PÚBLICAS

Thank you

Alejandro Hope

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