

INTRODUCTION

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The news could hardly be worse. Car bombs, beheadings, massacres, and terror are now commonplace in many areas of Mexico. The best available estimate is that over 28,000 people have been killed in drug-related violence in Mexico since December 2006. The majority of those killed are believed to be members of criminal organizations, victims of the exploding conflicts between and amongst cartels fighting for control of territory and trafficking routes. But it is almost impossible to know with certainty who the victims might be, in large part because of the paucity of criminal investigations, trials and sentences that would provide judicial certainty about the violence.

Some general patterns can be discerned from available government data and news coverage. For example, it is clear that the worst of the violence is concentrated in specific areas of the country. According to recent analysis by the Trans-Border Institute, drug-related violence is concentrated in six states, where 56% of the murders take place during the first eight months of 2010. There are on average 97 drug-related killings per week in those six states, up from 51 per week in 2009. In contrast, Mexico's overall homicide rate is estimated to be about 15 per 100,000, below the average for Latin America. Some Mexican states suffered none or very few drug-related murders in 2009.

While the number of victims keeps growing, the statistics themselves tell only part of the story. The extraordinarily cruel nature of Mexico's drug violence is often beyond description, and its frequently spectacular nature is explicitly intended to shock rival crime groups, authorities, and the public. The human and emotional toll of the violence is hard to quantify, and will linger long after it has passed.

While the public's eye has been (understandably) focused on the violence unleashed by the cartels, violence itself is not a good indicator of success or failure when policymakers assess the impact of public policies. For example, it is entirely possible that the violence will get worse before it gets better, even if public policies have succeeded in weakening the grip of organized crime. Conversely, violence and homicide rates may decline, even dramatically, in a *Pax Mafioso* when one cartel is victorious over its rivals in a disputed territory and succeeds in neutralizing the State's action through corruption.

Moreover, a focus on criminal activities in Mexico tells only one side of the story. The illegal narcotics trade has its most violent expression in Mexico, but it is driven

by U.S. consumers who spend billions of dollars a year on cocaine, marijuana, heroin, and synthetic drugs, many of which are produced in or pass through Mexico. While the U.S. has been somewhat successful at reducing the threat of drug trafficking to a local law enforcement matter and public health concern in this country, U.S. demand for illegal drugs has a very real impact in Mexico and Central America fueling the violence and exacerbating corruption south of the border. Furthermore U.S. firearms supply much of the weaponry that these groups use to carry out their violent attacks. Addressing the violence in Mexico, and the underlying dangers posed by organized crime, will require a binational approach and the acknowledgement of shared responsibilities.

For the past year, through generous support from the Smith-Richardson Foundation, the Mexico Institute at the Woodrow Wilson Center and the Trans-Border Institute at the University of San Diego have commissioned a series of policy papers, now published in this chapter, that would go beyond the headlines and dig deeper into the complexities of organized crime and violence in Mexico and the United States. They would also consider a number of policy approaches to this seemingly intractable problem. The goal of these papers was threefold.

First, the project sought to describe the challenges each country is facing in its attempts to deal with organized crime. For the United States, this has meant examining the nature of its enormous domestic market for illegal drugs, as well as efforts to reduce demand for these drugs. We also examined the state of efforts to disrupt the flow of money and weapons from the U.S. to Mexico that is fueling the violence and corruption in that country. For Mexico, it has meant gaining a deeper understanding of the institutional challenges the nation faces within its police forces, justice system, armed forces and with the press.

A second goal was to gain a better understanding of binational efforts to work cooperatively to address these challenges. We examined the strategies each country is employing that build on the notion of “shared responsibility” so often emphasized by policy makers in both countries. The development of the Mérida Initiative is the by-product of this new binational framework; but, it is only one, albeit significant, element of a larger engagement that cuts across a wide range of federal, state, and local agencies working to address the security challenges faced in both countries.

Finally, we asked the authors to discuss, where feasible, possible policy options that might be useful to government authorities who must develop reasonable plans and strategies for dealing with this complex and confounding problem. In undertaking this discussion, there is an understandable tension between the short- and long-term solutions that must be employed. Our authors and the project coordinators come down decisively on the side of longer-term solutions, but we also acknowledge that the inhabitants of Ciudad Juarez, Reynosa, Monterrey, Tijuana and Durango, where gun battles on city streets are almost a daily occurrence, cannot stand by patiently waiting for long-term solutions to take effect. In the end, there must be a

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combination of short- and long-term policies that address the immediacy of the crisis and also form the building blocks of a lasting solution to the problems of endemic corruption and the demand for illegal drugs.

It is understandable that, in the midst of a crisis, immediate fixes are sought. Yet quick fixes generally prove illusive and rarely lead to a change in the dynamics of chronic crime and corruption. Among the long-term solutions we considered were lowering overall consumption of narcotics in the United States and developing institutional structures in Mexico that ensure rule of law through effective and trustworthy policing and prosecutions, as well as a functioning and transparent justice system.

Additionally, both countries need to think beyond the bilateral dynamics and continue to develop more regional perspectives that include, at a minimum, Central America and the Caribbean. The United States has already begun this process through its Central America Regional Security Initiative and the Caribbean Basin Security Initiative. Both countries also actively participate in multilateral drug forums at the Organization of American States and the United Nations.

In the midst of these longer term imperatives, efforts to arrest the leadership of criminal organizations and disrupt logistical networks, including arms, money, and trafficking routes, are crucial, and bilateral cooperation can play a significant role in facilitating these. An intelligence-based law enforcement strategy, which allows the two countries to develop the capacity to identify key leaders and disrupt the flows of narcotics moving north and weapons and money moving south, is urgently needed.

Fortunately, much of this is already underway. The two governments have reached agreement on a four-pillar strategy for cooperation that emphasizes dismantling criminal organizations, strengthening law enforcement institutions, building a “21st Century Border,” and building strong and resilient communities. This plan is to guide Mérida Initiative funding, as well as the broader effort between the two countries to address organized crime. Above all, the climate of cooperation between the two countries has allowed for an unprecedented sharing of information, technology, and training. Engagement by state and local governments and non-governmental organizations, especially in the border region, has been particularly notable.

However, implementing this strategy will take time and it faces significant limitations in capacity and willpower in both countries. Moreover, there are worrying signs that both governments are caught in old inertias that may undermine some of their best efforts. In Mexico, the initial strategy was to retake territory by deploying the military widely throughout the country. Despite the intention to move into a more intelligence-based strategy to detain key leaders and disrupt supply chains, the “presence and patrol” strategy continues to dominate. Even more worrying, institutional reforms, especially to the judicial system, have been slow to materialize. Likewise, urgently needed reforms to professionalize local and state police have not

taken place. Failure to engage civil society effectively and to provide clarity on the government's strategy, and transparency in its execution, are exacerbating the public's lack of confidence in their own authorities

On the U.S. side, funding for the Mérida Initiative, though intended to follow the four-pillar strategy, largely appears to reinforce the shortcomings of Mexico's efforts by underfunding judicial reform while prioritizing the "presence and patrol" strategy used thus far by the military and law enforcement agencies. Moreover, efforts to curb the flow of drug money and weapons south, while significantly enhanced in the last three years, appear to fall far short of weakening the drug trafficking organizations (DTOs).

Furthermore, emotional debates about immigration and misinformation about "spill over violence" from Mexico's organized crime groups have diverted public attention to protecting the border and shifted federal resources away from the urgent task of disrupting the flow of weapons and money to Mexico. Increasingly, there is a tendency to deal with these problems at the border instead at the point of origin, which is far more effective. The United States' legal framework and the polarized political landscape make significant progress in disrupting arms flows difficult. While some laudable efforts to reorient our nation's drug policy to address consumption have taken place, these are only a tentative start that will require a long-term commitment by this and subsequent administrations if it is to have any appreciable impact.

Bilateral cooperation is beginning which, if sustained, could strengthen Mexico's law enforcement and judicial institutions, reduce consumption of narcotics, and disrupt the operations of DTOs. These changes would make Mexico and the U.S.-Mexico border region more secure. However, structural limitations and programmatic inertias could easily undermine these promising initiatives and the opportunity would be lost.

With this complex and challenging backdrop, the project's authors undertook substantial original research and uncovered important new elements of the overall panorama that hopefully bring greater clarity to the public and policymakers. This publication breaks them down into three sections.

In the first section, we examine the rise of DTOs in Mexico, Central America and the U.S. The focus of the second section is on the major challenges that the United States confronts in disrupting firearms trafficking, money laundering, and reducing consumption of illegal drugs, all of which are fueling the power and violence of the cartels. A third section looks at the institutional challenges Mexico is facing as it attempts to address the need for police professionalization and judicial reform, and to define the role of the media, and of Mexico's military in its society. A final section looks at the nexus between both countries as they seek to hammer out a comprehensive strategy for confronting organized crime, and struggle with the challenges of sharing intelligence between two friendly but disparate law enforcement and security cultures.

SECTION I. THE EVOLUTION OF DRUG TRAFFICKING ORGANIZATIONS IN CENTRAL AMERICA, MEXICO AND THE UNITED STATES

Understanding the growth and complexity of drug trafficking organizations in the region is essential to grasping the enormous challenges states face when confronting these criminal organizations. Mexico's organized crime groups are international criminal enterprises that are driven by profit motives and market forces, and are not limited by borders and concerns about national sovereignty. They operate in the United States, Central America, and the Andes. There is even growing evidence they have a global presence. Additionally, they are exceptionally nimble in circumventing governmental and law enforcement efforts, and they adapt quickly to changing political and economic realities. They are pragmatic and willing to forge new alliances with once rival trafficking organizations when the balance of power shifts amongst them. In this context, we examined how the geography of drug trafficking and organized crime has evolved in Central America, Mexico and the United States.

Drug trafficking organizations and counter-drug strategies in the U.S.-Mexico context

Mexican DTOs have roots dating back to the early twentieth century, when laws in the United States and worldwide first began to prohibit the production, distribution, and consumption of alcohol and psychotropic substances. At the time, Mexico was a low-level exporter of drugs, and Mexican smugglers mainly trafficked in homegrown marijuana and opiates grown in areas that today remain important production zones, including the northern states of Durango, Chihuahua, and Sinaloa and southern coastal states like Michoacán and Guerrero. Over time, Mexican DTOs grew and flourished thanks in part to the rise in demand for illicit drugs as a result of the counter-culture movement of the 1960s. Mexico also became a more important transit point for drugs, as the crackdown first on European and, subsequently, on Colombian suppliers, redirected drug flows through Mexico. By the early 1990s, Mexico was the primary U.S. entry point for Andean cocaine and reportedly accounted for roughly a third of all heroin and marijuana imported into the United States.

Moreover, **Luis Astorga** and **David Shirk** argue in their chapter that Mexican drug trafficking organizations grew extremely powerful thanks to a highly centralized political structure that was not only permissive, but protective of organized criminal activities. Today, the picture looks substantially different, in large part because of Mexico's domestic political transformation over the last two decades that has produced a more complicated and inconsistent relationship between the Mexican state and transnational organized criminal networks. While these groups once enjoyed *carte blanche* in Mexico, they are now embroiled in a fierce fight

MAJOR MEXICAN DRUG TRAFFICKING ORGANIZATIONS

1. **Sinaloa Cartel:** As Mexico's largest cartel, its operations stretch from Chicago to Buenos Aires, but its power base is in Mexico's so-called golden triangle where much of the marijuana and poppy is grown: Sinaloa, Durango and Chihuahua. It is also fighting for more control of routes through Chihuahua, and Baja California. At the top of the organization is Joaquin "El Chapo" Guzman, who escaped federal prison in 2001 and has evaded Mexican security forces since.
2. **Gulf Cartel:** This organization operates in the Eastern states of Nuevo Leon and Tamaulipas. However, its former armed wing, known as the Zetas, which was formed by former Mexican special forces, has broken ranks and created its own cartel. The two are now disputing its traditional strongholds.
3. **Zetas:** Formerly the armed wing of the Gulf Cartel, this organization is considered the most disciplined and ruthless of Mexican DTOs. Drawing from their military background, this cartel has systematically obtained new territory throughout Mexico and Central America.
4. **Juarez Cartel:** Centered in this northern city, the organization is at the heart of the battle against the Sinaloa Cartel for control of the surrounding border region and continues to be a major purchaser of cocaine in source countries such as Colombia.
5. **Tijuana Cartel:** Fractured in recent years by arrests and infighting, this organization remains a force in this important border city.
6. **Beltran-Leyva Organization:** After numerous arrests, authorities killed its top leader, Arturo Beltran-Leyva in December 2009. The organization has subsequently split with its former armed wing fighting for control over its territory in the central and western states of Morelos and Guerrero.
7. **La Familia Michoacana:** Originally a paramilitary force designed by the Zetas to fight the Sinaloa Cartel in Michoacan, this disciplined and ruthless organization now operates in numerous northern and southern states.

Source: Adapted from Stephen S. Dudley, "Drug Trafficking Organizations in Central America: Transportistas, Mexican Cartels and Maras," Working Paper Series on U.S.-Mexico Security Collaboration Woodrow Wilson International Center for Scholars: May 2010.

to protect their *plazas*, or zones of control, for channeling illicit goods to market in the United States. Astorga and Shirk map out the growing fragmentation of Mexican DTOs and the reason for the rise in hostilities amongst them.

The limited capacity and integrity of Mexico's domestic police forces to effectively reduce the violence caused by organized crime has paved the way for ever deeper military involvement in counter drug efforts and other aspects of public safety. In contrast to police, the military enjoys a high degree of public confidence — typically ranked higher than any other government institution in public opinion polls — and is widely believed to be the best hope for promoting law and order in Mexico. The involvement of the armed forces in Mexico's drug war has been accompanied by significant allegations of human rights abuses, corruption, and — above all — a continued escalation of violence that raises serious concerns about the long-term viability of the military approach.

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Other than direct government confrontation of drug trafficking networks, there appear to be very few politically viable alternatives available to policymakers. As Peter Reuter later discusses, reducing drug consumption through prevention and treatment is unlikely to produce a game changing shift in the dynamics of the Mexican drug trade. Meanwhile, two other possibilities that some Mexican politicians have endorsed — returning to official complicity with organized crime and legalization of drug consumption — are widely regarded as unacceptable at present, and almost certainly impossible in any unilateral effort. From the perspective of many Mexicans, though, it is clear that a continued worsening of conditions is intolerable; this could lead to greater support for unconventional approaches in the near future.

Drug trafficking organizations in Central America: transportistas, Mexican cartels, and maras.

As Mexican organized crime groups become more powerful, and as the Mexican and U.S. governments work harder to contain them, the importance of Central America as a trafficking route is rapidly increasing.

Steven S. Dudley's chapter focuses on the so-called Northern Triangle countries of Guatemala, Honduras, and El Salvador, and their links to Mexican criminal organizations. The chapter profiles local and international DTOs operating in the region, and describes their modus operandi and their attempts to infiltrate the highest levels of government. The chapter also traces the critical role that Central American trafficking routes played during the period of declining power for Colombian cartels and the ascendancy of the Mexican organization. Finally, Dudley examines the youth gang phenomenon in Central America and the nature of gang involvement in organized crime, taking a particularly close look at El Salvador and the infamous *MS-13* or *Mara Salvatrucha*.

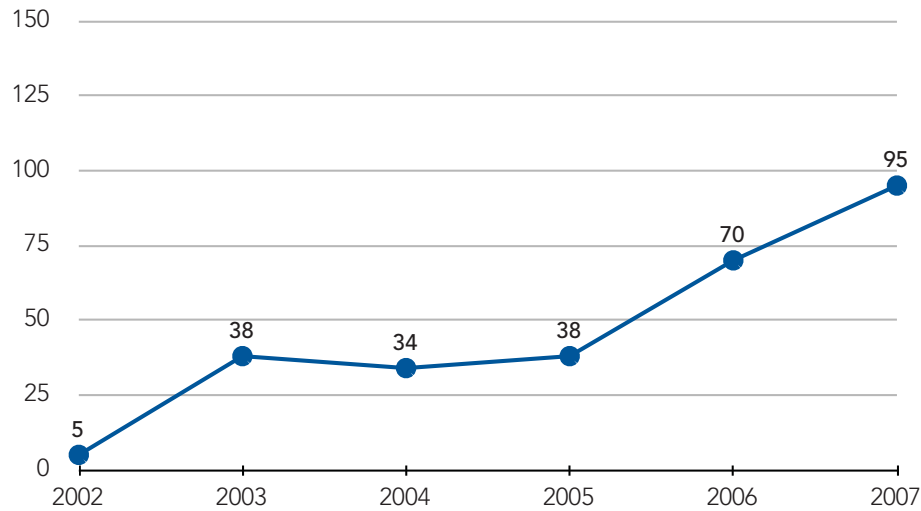
One important finding in the chapter is that organized crime operated extensively throughout Central America prior to the advent of Colombian and later, Mexican traffickers. Local organized crime groups specialized in moving contraband and stolen goods amongst and within countries and, hence, became known primarily as “*transportistas*.”

As trafficking routes for cocaine shifted away from the Caribbean and the Port of Miami in the 1980s, Colombian cartels sought alternative routes through Central America and Mexico. One Honduran trafficker, Juan Ramón Matta Ballesteros, became particularly instrumental in establishing the link between Colombian and Mexican traffickers. Essentially, the Central American “*transportistas*” took on the role of “receiving, storing, and transporting the drugs safely” through the region on the way to the United States.

One indication of the expansion of drug trafficking routes through Central America is found in the dramatic increase in cocaine seizures in the region since 2002.

As the volume of drugs passing through Central America has increased, it would appear that Mexican organized crime groups, especially the Zetas and Sinaloa cartels, have developed a more direct presence in Central America in an effort to better

**COCAINE SEIZURES IN CENTRAL AMERICA 2002–2007
(IN METRIC TONS)**



Source: United Nations World Drug Report 2009 “Seizures”

manage and guarantee the “safe” passage of their inventory through the region. Sadly, some of the conflicts and competition that have erupted into violence in Mexico are being duplicated in Central America, where crime rates were already quite high.

Furthermore, Mexican DTOs have taken advantage of local “transportistas” successful efforts to corrupt state institutions to further weaken portions of the police, treasury, customs, military, attorney general’s offices, jails, and court systems throughout Central America. In Guatemala, for example, Mexican DTOS and Central American “transportistas” work together with so-called “Illegal Clandestine Security Forces” (CIACS in Spanish) that are, in many instances, linked to former government officials and former security force personnel. “Many of them met while operating in intelligence branches of government” during the 1970s and 80s, according to Dudley. Over time, they have reportedly obtained high-level positions in the central government including in the interior ministry, customs and attorney general’s office. This has permitted them to move drugs with relative ease, as well as to establish embezzlement schemes, to traffic in government-issued weapons, and even to benefit from government public works contracts.

The startling reality of the DTOs’ reach has become public in the last several months. In February, for instance, Guatemalan authorities arrested the country’s police chief, Baltazar Gómez, and the top anti-narcotics intelligence officer, Nelly Bonilla.

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Youth gangs, or *maras*, as they are known in Central America, represent a separate but related phenomenon and challenge to the state. Maras have a long history in the region but began operating in a significant way in the early 1990s. There are dozens of gangs but the Mara Salvatrucha, or MS-13, and the Barrio 18, or 18, are the largest and most notorious. They both originated as Salvadoran youth gangs in Los Angeles in the 1980s and took root in El Salvador when gang members were deported from the United States. They have thrived in Central America for a variety of reasons, including high levels of poverty, and lack of access to basic services and educational opportunities for young people.

Youth gangs, still strong despite government efforts to dismantle them, including through mass incarcerations, have served in various capacities as support for organized crime groups. While most gangs follow their own territorial dynamics, there are cases in which they have apparently served as hired assassins and local distributors — both retail and wholesale — of illegal drugs.

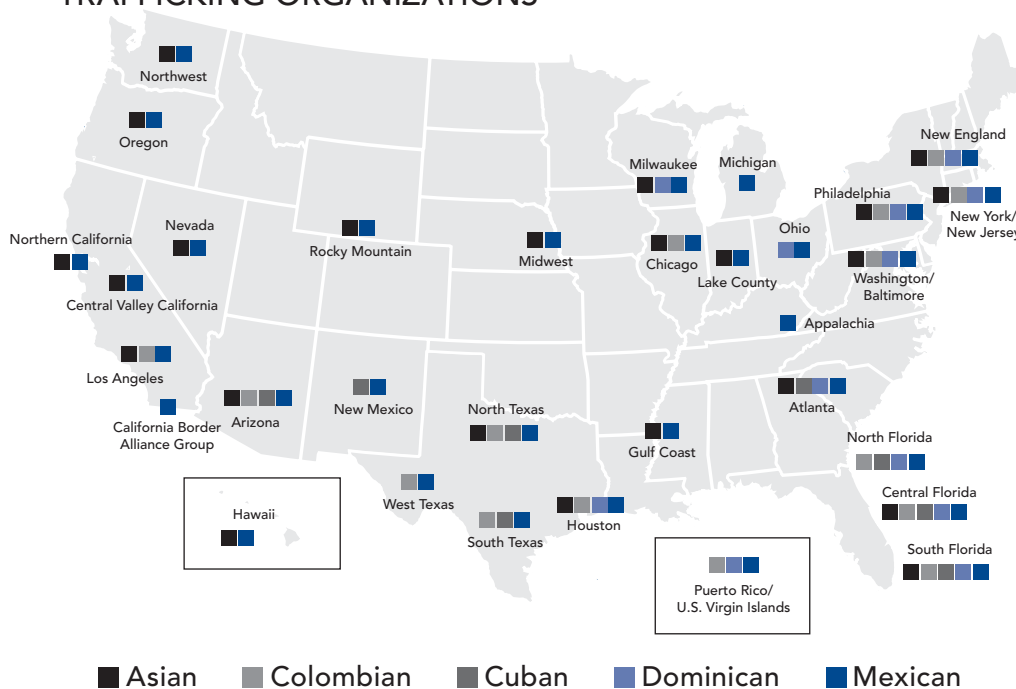
To confront these challenges, the United States government allocated \$165 million for Central America in Fiscal Years 2008 and 2009 as part of the Mérida Initiative. Additionally, the Obama administration has requested another \$100 million for Fiscal Year 2010, representing a substantial increase from previous years. As part of its Central America strategy, more recently announced as the Central America Regional Security Initiative, the U.S. is prioritizing the strengthening of the justice systems in these countries, as well as pushing through changes in the legal codes to facilitate modern crime fighting techniques, prosecutions and, it hopes, extraditions with a notable shift away from reforming the police through massive training programs. In El Salvador, for instance, the major success that officials and observers point to is the country's anti-kidnapping unit. The unit, with help from the private sector — which provided extra vehicles, radios and other equipment — steadily dismantled the then organized criminal gangs that were kidnapping mostly wealthy Salvadorans for ransom.

Despite tough talk from Central American presidents, the crime and extreme violence afflicting the region seem to have overwhelmed understaffed, under-resourced, and unprepared security forces and law enforcement throughout the region. In addition, widespread discontent and distrust of security forces have further weakened governmental capacity to effectively confront well-armed and sophisticated organized crime groups. The challenges facing the region are enormous and growing.

Mexican drug trafficking networks in the United States

Ironically, while there is extensive and ongoing research about trafficking and organized crime groups in Mexico and Central America, less is known about the links between Mexican traffickers and distribution networks in the United States. Furthermore, there are questions about the apparent absence of violence associated with Mexican trafficking organizations operating in the U.S.

DRUG DISTRIBUTION IN U.S. BY SELECT TRAFFICKING ORGANIZATIONS



From the National Drug Threat Assessment 2010. Map A2

According to the Department of Justice’s National Drug Intelligence Center, Mexican drug trafficking are the “dominant wholesale drug traffickers” in the U.S., and the only drug trafficking organizations to have a nationwide presence.¹ They control most of the cocaine, heroin, and methamphetamine distribution networks throughout the United States, and have a presence in more cities than any other DTOs. Additionally, they often depend on U.S.-based gangs and organized crime groups for retail sales, and are increasingly displacing the Colombian and Asian networks as the principle distributors and retailers of heroin.

In his chapter, “Lessons on the Distribution of Black tar Heroin in the Eastern U.S.,” Mexican researcher and journalist **José Díaz Briseño** describes how distribution of Mexican heroine has expanded into the Mid-Atlantic and North Eastern corridors of the United States.

Before 2006, U.S. officials reported that black tar heroin produced in the Pacific Coast states of Mexico was rarely available east of the Mississippi River.² Up until

¹National Drug Threat Assessment 2010, National Drug Intelligence Center, Document ID: 2010-Q0317-001, February 2010.

²“Black tar” refers to the color and texture of the heroin produced in Mexico, which is processed differently than its cousin the more commonly known “white” pure heroin produced in Asia and the Andes region.

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then, heroin sold on the East Coast of the United States was primarily white heroin from Colombia and Asia. In October of 2006, however, U.S. authorities acknowledged that the old borders dividing the U.S. heroin domestic market were blurred, and that black tar heroin was not limited to the western-most states. Instead, it was readily available in cities such as Columbus, Ohio and Charlotte, North Carolina.

The spread of Mexican heroin was due to a number of unique aspects of the traffickers' marketing strategy, including an attempt to compete for the growing suburban drug market for opioids.³ Black tar distribution cells appear to work independently of each other and seem to only sell black tar heroin. They try to disassociate their business from the back alley, seedy reputation of stereotypical heroin addicts; instead, they attempt to appeal to the growing number of middle-class, suburban opioid users. By emphasizing reliable, courteous and discrete service, as well as lower prices, black tar cells seem to have successfully cut into the exiting illegal market for opioids such as Oxycontin and Vicodin.

For example, Columbus, Ohio, a university town with abundant well-educated, suburban consumers, is not only a favorite market for black tar heroin but also a major trafficking hub since the early 2000s. Black tar cells in Columbus follow the so-called "McDonalds Drive-Thru" business model, which involves a dispatcher and sellers, or "runners." Typically, a dispatcher receives a call from a customer placing an order and a runner is then sent to deliver the order directly to the customer, often in suburban parking lots. Runner and buyer make eye contact in store parking lots and then buyers get into the runner's car, where the transaction occurs.

In a similar fashion, use of Mexican black tar heroin spread throughout the Charlotte metropolitan area amongst the relatively high number of opioid addicts sometime between 2003 and 2008, because of, to some extent, the astuteness of individual producers and traffickers. Unlike Columbus, black tar cells in Charlotte used a franchise business model; a supplier provides a trusted representative with money and product to start the business, along with advice on how to operate the cell. Suppliers also provide the immigrant labor that transports the heroin from its processing facilities on the Pacific coast of Mexico in exchange for a percentage of the net income, which can amount to over \$8,300 for the cell-head each day.

With the number of deaths due to opioid-related overdoses continuing to rise, especially in the Columbus, it is clear that law enforcement needs to adopt new and better techniques for dismantling the networks bringing the drug into the U.S. and distributing it across the country. This task is made immensely more difficult by the traffickers' efforts to remain below the radar screen and eschew any of the trappings of the high profile, ostentatious or violent lifestyles typical of drug trafficking in the Andes, Central America, or Mexico.

³For example, the number of substance abuse treatment admissions for non-heroin opioids, for example, rose from about 1,000 in 1993 to 5,000 in 2008.

II. POLICY CHALLENGES FOR THE UNITED STATES IN CONFRONTING ORGANIZED CRIME

While much of the public’s attention is focused on the extreme violence wracking the region, the role of U.S. illegal drug consumption, weapons trafficking and money laundering are often overlooked and poorly understood. The seemingly insatiable demand for cocaine and other drugs in the U.S. is generating the profits that are fueling the violence and corrupting the governing authorities that are otherwise charged with stopping crime and guaranteeing public security. As a result, a closer look at these factors was central to the project’s research.

Reducing demand for illegal drugs in the U.S.

One of the significant breakthroughs in U.S.-Mexican relations in recent years has been the willingness of the United States to recognize that U.S. consumption of illegal drugs is fueling the excessive violence in Mexico. Traffickers and organized crime groups are fighting amongst themselves for control of territory, routes and access points into the United States in an effort to supply its vast consumer market.

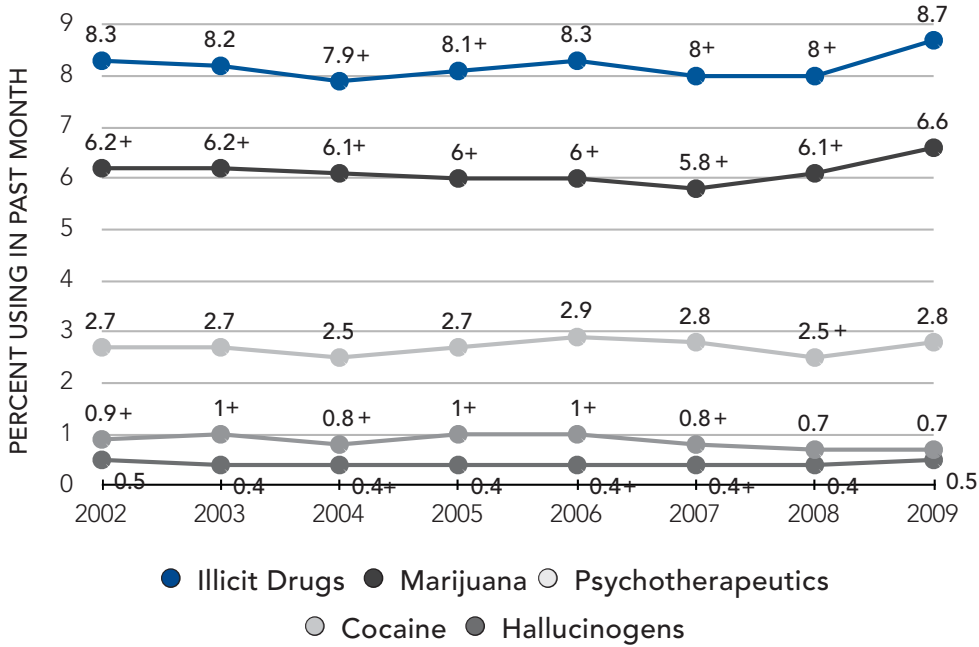
In his chapter entitled “Illegal Drug Consumption in the United States: Can Domestic U.S. Drug Policy Help Mexico?” **Peter Reuter** argues that the large U.S. market for cocaine, heroin, marijuana, and methamphetamine amplifies Mexico’s principal drug problems — the violence and corruption related to trafficking. “If the U.S. [illegal drug] market disappeared, Mexico’s problems would diminish dramatically, even with its own domestic consumption remaining,” Reuter states.

Yet the potential for significantly reducing U.S. consumption in the near future is limited. Reuter estimates that efforts to reduce U.S. demand will be modestly successful over the next five years, which will, in turn, have a limited impact in Mexico. “The evidence is that enforcement, prevention, or treatment programs cannot make a large difference in U.S. consumption in that time period,” according to Reuter.

To arrive at this conclusion, Reuter reviews the successes and the shortcomings of each of major strategies for reducing consumption — prevention, treatment, and enforcement. *Prevention* remains largely an aspiration. Few of even the most innovative programs have shown substantial and lasting effects, while almost none of the popular programs have any positive evaluations. *Treatment* can be shown to reduce both drug consumption and the associated harms of drug dependent clients. However, given the chronic relapsing nature of drug dependence, the author maintains that it is unlikely that treatment expansion will have large effects on aggregate consumption. *Enforcement*, aimed at dealers and traffickers, which has received the dominant share of U.S. drug control funds, has failed to prevent price declines; thus supply side efforts are unlikely to reduce the demand for Mexican source drugs. Efforts to discourage users directly through user sanctions are too small-scale to have any

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PAST MONTH USE OF SELECTED ILLICIT DRUGS AMONG YOUTHS AGED 12-17: 2002-2009



Note: Difference between this estimate and the 2009 estimate is statistically significant at the .05 level.

Source: From the “National Survey on Drug Use and Health, Volume I. Summary of National Findings.” 2010. U.S. Department of Health and Human Services. pg. 25.

noticeable effect. However, it is possible that the incarceration of criminal offenders, though not explicitly targeted to reduce demand, has managed to lock up a substantial share of consumption.

Despite the relatively sobering findings in his chapter, Reuter points to one promising program in Hawaii that has succeeded in reducing consumption and recidivism within its target population. Participants in Hawaii’s Opportunity Probation with Enforcement (HOPE) program are probationers who are frequently and randomly tested and monitored for drug use. Failure to comply with the program results in “certain, immediate, and relatively moderate” punishment. According to Reuter, “very few of those enrolled in the program fail more than twice and the recidivism rates have been dramatically lower than for the probation population previously. For example, only 21% of HOPE subjects were rearrested in the 12-month evaluation window, compared to 46% amongst those on routine probation conditions.”

Moreover, the results of a large-scale study of the Hawaii program suggests that it is possible to scale-up this program so as to make a measurable difference in a relatively few years.

The author also notes that the California ballot initiative for giving counties in that state the option of creating regulated marijuana production, as well as legalizing its sale and consumption. If that were to pass in November 2010, it could substantially reduce the U.S. demand for Mexican produced marijuana, simply by eliminating California's demand for imports (Kilmer et al., 2010).

Finally, Reuter highlights how little is really known about the size of and trends within the illegal drug market in the United States. Recent government reports offer insights into the prevalence of use, but the last available numbers on the total size of the U.S. market stem from 2000 and earlier. Not knowing the size and trends of that market make it exceedingly difficult to judge the effectiveness of any policy, and determine how policies could be better directed. Nonetheless, the aging of the cocaine-dependent population and the long-term reduction in marijuana use among youth over a long period in the U.S. and many other Western nations suggests that the U.S. demand for Mexican trafficked drugs is likely to decline over the next few years.

Money laundering and bulk cash smuggling: challenges for the Mérida Initiative

Another key challenge for the United States involves disrupting the flow of money from illegal drug sales in the U.S. back to Mexico or to the Andes to purchase more drugs. In his chapter entitled “Money Laundering and Bulk Cash Smuggling: Challenges for the Mérida Initiative,” **Douglas Farah** describes the rapidly changing methods used by organized crime to move their illegal proceeds and highlights the particular importance of

MONEY LAUNDERING METHODS THAT PROVE TO BE PARTICULARLY TROUBLESOME FOR LAW ENFORCEMENT:

- Open System prepaid cards that allow their holders to access global credit and debit payment networks.
- Digital currencies, which can be used by traffickers to anonymously fund digital currency accounts and send those funds, often in unlimited amounts, to other digital currency accounts worldwide, bypassing international regulatory oversight.
- Mobile payments through cell phones that provide traffickers with remote access to existing payment mechanisms such as bank and credit card accounts and prepaid cards.
- The more than 200 online payment systems that allow payment to be made through secure servers over the Internet.
- Online role-playing games or virtual worlds, where in-game currencies can be bought and exchanged for real world currencies.

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bulk cash shipment for Mexican drug trafficking organizations. While both the United States and Mexican governments agree that cutting off the flow of money is essential to stopping organized crime, almost no funds in the Mérida Initiative are designated for that task. There is little reliable data on either side of the border on the amount of money moved, and few efforts to track the flow of funds.

There have been at least two significant and related realignments in the cocaine trafficking world that should be factored in to the current assessment. The first is that Mexican DTOs have significantly displaced the traditional Colombian trafficking organizations and, because of this, Mexican cartels are reaping higher profit margins as the Colombian middlemen are cut out. Ironically, higher profits also mean greater competition, leading Mexican DTOs to spend more cash to equip and maintain their growing military-style armed operations to protect themselves against the Mexican state and each other.

The second is that this realignment, and new cipher technologies, has given the Mexican DTOs faster and less risky methods to move their money to Colombia to purchase new shipments of cocaine. This means that much of the money that used to be shipped through Mexico and then onward to Colombia is no longer smuggled into Mexico at all, but transferred through ethnic organized crime groups (primarily Russian and Chinese) directly to Colombia or Ecuador.

The net result is that a higher percentage of the money from cocaine sales in North America stays in Mexico because of higher profit margins. At the same time, the total amount of money being smuggled through Mexico appears to be smaller because many of the resources paid to re-supply the Mexican DTOs with cocaine from Colombia are no longer pushed through Mexico.

Nevertheless, though estimates vary widely as to how much, a significant amount of money returning to Mexico is actually transported in the trunk of a car or in a truck trailer. Money generated from drug sales or other illegal activities in the U.S. are often aggregated at “central county houses” in major U.S. cities such as Atlanta, Boston, and Los Angeles. There the cash is converted into \$50 or \$100 bills and vacuum sealed in stacks that are stuffed into hidden compartments or wheel-wells on vehicles. Shipments generally range from \$150,000 to \$500,000, so that the detection of one vehicle does not significantly effect the operation. With over 150 million vehicles crossing the U.S.-Mexico border each year, and less than 10 percent receiving a thorough “secondary” inspection, it is little wonder that such a low-tech method of moving dirty money is so efficient and almost unstoppable.

U.S. firearms trafficking to Mexico

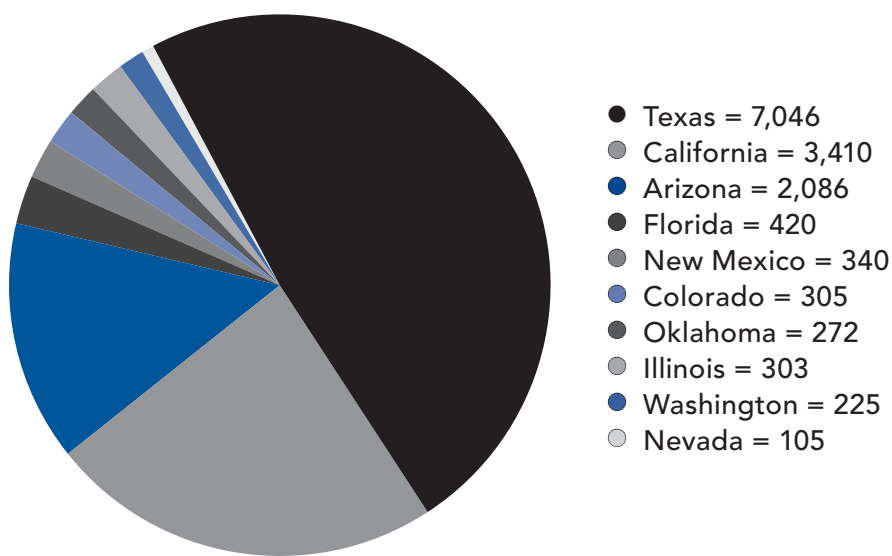
Profits from illegal drug sales in the U.S. are also being used by DTOs to purchase high-powered, semi-automatic weapons for use in their conflicts with rival cartels and against Mexican and U.S. authorities. The relative ease with which weapons can be purchased in the U.S. and then trafficked to Mexico has dramatically increased the lethality of the drug violence. Where hitman and “enforcers” once used less

powerful weapons, they are now able to spray entire rooms or public places with bullets intended for specific enemies.

In findings reported by **Colby Goodman** and **Michel Marizco** in their chapter on U.S. firearms trafficking to Mexico, efforts by both governments to reduce DTO’s access to large volumes of firearms and rounds of ammunition have not kept them from obtaining and using such firearms and ammunition to attack Mexican police, justice officials, and, recently, officials from the U.S. Department of State. Amongst the 28,000 Mexicans killed in drug-related violence since December 2006, some “915 municipal police, 698 state police and 463 federal agents have been killed at the hands of criminal gangs” in Mexico, according to the authors.

New information shows that a significant number of military-style assault rifles, as well as other types of rifles and pistols, come directly from the United States and are being used by Mexican DTOs. In May 2010, the Mexican government estimated that 60,000 U.S.-origin firearms were seized in Mexico from 2007 to 2009. A review of U.S. prosecutions associated with ATF’s Project Gunrunner concludes that an estimated 14,923 firearms were trafficked to Mexico from FY 2005 to FY 2009; 4,976 of these firearms were from FY 2009 alone. In addition, these numbers do not include the thousands of firearms and hundreds of thousands of rounds of ammunition headed for Mexico that U.S. authorities have seized. The price differential between U.S.-origin AK-47 semi-automatic rifles sold just across the U.S.-Mexican border (\$1,200 to \$1,600) and U.S.-origin AK-47s sold in southern Mexico (\$2,000 to \$4,000) is another indicator of the demand for U.S. firearms in Mexico and the lack of quality assault rifles from Central America. Information Mexico has provided to ATF also shows that U.S.-origin firearms are regularly used by DTOs to commit crimes in Mexico.

TOP 10 U.S. SOURCE STATES 2007–2009



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The top two types of U.S. firearms recovered in Mexico that had been purchased in the United States in the past three years were AK-47 semi-automatic rifles and AR-15 semi-automatic rifle clones. ATF officials say many of the Romanian manufactured AK-47s are imported to the United States as a whole firearm or as a parts kit from Europe, despite a U.S. ban on the importation of semi-automatic assault rifles. ATF officials and a review of U.S. prosecutions also suggest that DTOs are increasingly seeking, receiving, and using U.S.-origin .50 BMG caliber rifles and 5.7mm pistols and rifles and AK-47 drum magazines with 50 to 100 rounds of ammunition.

In addition to describing the problem of firearms trafficking, Goodman and Marizco offer a number of policy approaches that could contribute to slowing and disrupting the movement of illegal firearms between the U.S. and Mexico. Amongst the numerous policy options they consider are several that would improve the ability of State and Federal prosecutors to bring cases against those engaged in firearms trafficking. For example, they suggest that State Attorneys General be empowered to bring charges against individuals engaged in “straw purchases”⁴ of firearms based on state laws related to “fraudulent schemes,” as opposed to depending on a specific state law, which in many states does not exist, prohibiting fraudulent firearm purchases. Additionally, the authors argue that states should consider adding a separate state registration form, similar to the federal form 4473, so that state prosecutors do not have to base prosecutions on improper filing of a federal form. Likewise, federal or state law should be considered that would ensure that U.S. authorities are notified when individuals buy a large number of military-style firearms in a short period of time, the authors add. Current law requires notification for multiple purchases of handguns in a short timeframe, but the same is not required for frequent purchases of semi-automatic or assault rifles. Finally, the authors recommend that the Mexican government consider speeding up the time between a firearm seizure in Mexico and a trace request submission to ATF by placing field staff from the Mexican office of Attorney General (PGR in Spanish) in all Mexican states, and providing these agents with the authority and capacity to independently submit an electronic trace request directly to ATF, thereby by-passing a centralized system that results in delays and bottlenecks in Mexico City.

III. STRENGTHENING INSTITUTIONS AND THE RULE OF LAW

While consumption trends, cash, and arms trafficking from the U.S. are fueling the violence in Mexico, Mexico’s own institutional framework for responding to organized crime has also become a major source of concern. Public opinion polls and victimization surveys suggest that there is little confidence in the capacity and

⁴Straw purchases are those made by a legally eligible purchaser but the firearm is then transferred to an in-eligible person.

reliability of most public institutions to effectively tackle organized crime. As a result, institutional reform and strengthening has become a priority for Mexico, and the U.S. has shifted its own cooperation agenda in this direction as well.

Justice reform in Mexico: change and challenges in the judicial sector

Mexico's efforts to improve public security and the rule of law have included ambitious judicial sector reform efforts. Specifically, these efforts are concentrated on improving the functioning and integrity of the criminal justice system by better targeting organized crime and strengthening police, prosecutors, public defenders, courts, and the penal system.

As **David Shirk** discusses in his chapter, in 2008, Mexico's federal government passed a package of constitutional and legislative reforms that was intended to bring major changes to the Mexican criminal justice system. These included: 1) new criminal procedures (oral adversarial trials, alternative sentencing, and alternative dispute resolution mechanisms); 2) stronger due process protections for the accused; 3) police and prosecutorial reforms to strengthen public security, criminal investigations, and 4) new measures to combat organized crime.

Overall, federal level efforts to implement the reforms got off to a slow start. Five months after the reforms took effect, the coordination efforts suffered an administrative blow when Assistant Secretary of the Interior José Luis Santiago Vasconcelos, then-technical secretary for the Coordinating Council for the Implementation of the Criminal Justice System (*Consejo de Coordinación para la Implementación del Sistema de Justicia Penal, CCISJP*), died in a plane crash in Mexico City in November 2008, alongside then-Secretary of the Interior Juan Camilo Mouriño. Although new heads were named to both positions the next month, coordination efforts remained slow. This was partly due to a lack of financial resources during the first fiscal year for implementation of the reforms, but also due to a lack of political will and coordination among different stakeholders.

Meanwhile, some Mexican states — Chihuahua, Mexico State, Morelos, Oaxaca, Nuevo León, and Zacatecas — had already approved or implemented provisions similar to the 2008 judicial sector reforms prior their approval at the national level, providing important precedents that informed the federal initiative.

Even so, there are several challenges for judicial reform in Mexico over the short-term, medium-term, and longer term, including the need to coordinate across branches of government to establish new regulations and statutes; the need to properly prepare a wide array of judicial sector personnel to implement the new system; the need to construct new physical infrastructure for live, video-recorded court proceedings; and the need to monitor and evaluate the performance of the new system.

Over the course of 2010, there has been significant progress in several states, thanks in large part to the development of state-level councils for implementation;

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SELECT INDICATORS ON MUNICIPAL FORCES, 2008 CONTINUES ON FACING PAGE

City	Minimum education requirement	Percent of qualified applicants accepted to the academy	Percent of police with a high school degree or greater	Duration of cadet training (months)	Basic monthly salary (pesos)
Ahome	High School	54.00%	55.15%	12	\$6,269
Chihuahua	High School	15.67%	47.07%	10	\$8,745
Cuernavaca	High School for traffic police		55.80%		\$5,952
Guadalajara	Secondary	26.60%	34.17%	8	\$7,916
Mérida	Secondary		28.39%	3	\$4,672
México DF	Secondary	22.02%	40.03%	6	\$8,186
Monterrey	Secondary	65.91%	33.97%	6	\$7,243
Puebla	High School				\$7,226
S.L. Potosí	High School	12.82%	35.27%	8	\$6,506
Torreón	Secondary	45.07%		6	\$6,625
Zapopan	Secondary	32.30%	34.55%	6	\$9,050

new financial assistance; and on-going training initiatives. Still, the fact remains that there are 18 states that have yet to approve key reforms, and five have made little or no effort to do so. Considering that many states have required at least one year to formulate, debate, and pass legislation, the Calderón administration will need to make enormous inroads in order to achieve its goal to have reforms passed in all federal entities by the end of 2012.

Police reform in Mexico: advances and persistent obstacles

At no time in Mexico's history has there been a greater need for professional police forces. While law enforcement should be the primary tool to address the country's crime problems, the police are viewed as part of the problem rather than part of the solution.

In his article, **Daniel Sabet** seeks to provide an overview of police reform in Mexico and highlight the obstacles to institutional change. It begins with an introduction to policing in Mexico and offers a brief exploration of the evidence of corruption, abuse, and ineffectiveness that plague Mexico's various and numerous police departments. The analysis briefly considers the different approaches to reform, including limiting the discretion of the police, professionalizing, and militarizing. It then presents an overview of reform during the last three federal administrations of Ernesto Zedillo Ponce de León (1994–2000), Vicente Fox Quesada (2000–2006), and Felipe Calderón Hinojosa (2006–2012).

The analysis recognizes that some important advances have been made at the federal level. Investment in public security has increased dramatically and the size of the federal police has grown considerably. There now is a nationwide consensus on the need to professionalize all police including state and local forces; that consensus has been enshrined in law, and resources have been made available to help states and municipalities comply with the law. In addition, there have been improvements in the use of vetting and there are now institutional mechanisms, communications systems, and databases to facilitate coordination.

Despite these advances, one cannot help but conclude that the fundamental problems of corruption, abuse, and ineffectiveness remain. To understand why, the article explores the considerable obstacles that continue to challenge reform efforts. Central among these is the reality that institutional change is a long-term process that is particularly challenging in a political, legal, and cultural context that has traditionally failed to encourage professionalism. Even where advances have been made, reformers have as of yet been unable to develop robust accountability mechanisms and effective systems for merit-based promotion. Rather than steadily tackle the many implementation challenges, public officials have preferred dramatic police restructurings that tend to leave these fundamental problems unaddressed. The article concludes that while it is perhaps unrealistic to expect a radical revolution in Mexican policing in the short term, there has perhaps never been such an opportunity for real reform.

Protecting press freedom in an environment of violence and impunity

Since President Felipe Calderón launched the “war on drugs” at the end of 2006, more reporters have been slain and attacked than ever before. Mexico has displaced Colombia as the most dangerous country in Latin America for reporters and the practice of journalism.

Since most crimes against journalists go unsolved, there is a growing sense that journalists can be threatened, beaten and killed with impunity. Self-censorship is so

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widespread that major events and issues like drug violence and corruption are not being covered in many parts of Mexico by editors and journalists, out of fear for their lives.

The chapter reviews the situation of violence against the press in Mexico and what each of the different actors involved is doing, or not doing, to address a problem that in some Mexican states has reached alarming crisis levels. The essay examines the political willingness and steps taken by the federal and legislative branches of government to protect freedom of expression, through the exercise of journalism. It discusses measures taken by reporters, editors, media companies and civil society, to defend that right. It also addresses the lack of solidarity by the major media in Mexico City with reporters under fire in cities and states throughout Mexico.

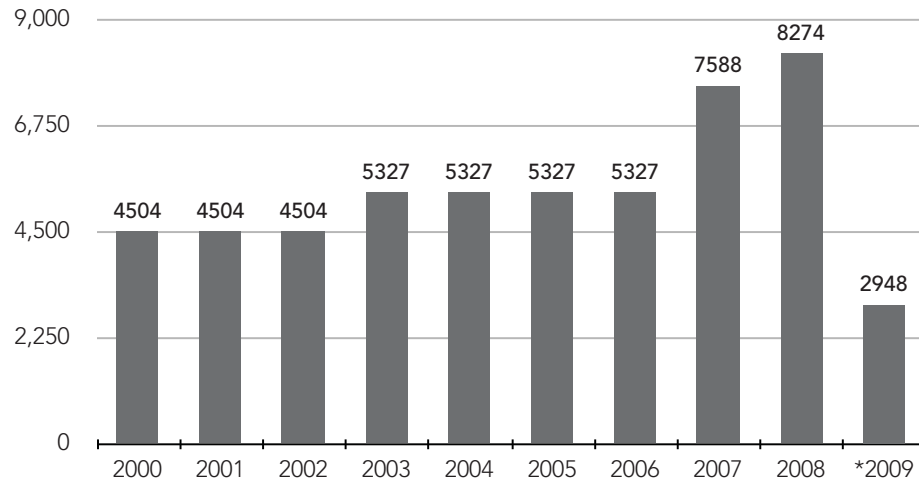
Special attention is given to explaining how the failure of federal and local authorities to effectively prosecute crimes against reporters has resulted in almost total impunity. Most crimes against reporters remain unsolved; authorities rarely determine who perpetrated the crime and there are no prosecutions, much less convictions. The chapter emphasizes freedom of expression and a free press as fundamental and universal rights protected by international law. These rights are also considered an effective way to measure the strength of a democracy.

The executive and legislative branches of the Mexican Government have taken some steps to address the problem, but much more needs to be done. The U.S. Government is well aware of the dangers reporters face in trying to do their job in Mexico, but despite this acknowledgement, protecting free press in Mexico has not become part of the regular human rights concerns raised in the bilateral agenda. Nor has it been considered in the new “institution building” approach under discussion for the second phase of the Mérida Initiative. The chapter concludes with a series of recommendations proposed by leading U.S. and Mexican NGOs which, if adopted by the federal government, media companies, and civil society, could help protect journalists, freedom of expression and press freedom in Mexico.

Armed forces and drugs: public perceptions and institutional challenges

Mexico has increasingly come to see organized crime and drug trafficking as national security issues, according to chapter author **Roderic Camp**. In response, the Army and Navy have been tasked with anti-drug missions, notably increasing their involvement with the Army’s acceptance of a key role in drug interdiction efforts in 1995. By taking on such missions, the Army and Navy have undergone a period of profound transformation, both internally and in their relations with civilian authorities and the U.S. military. The number of human rights complaints against the Mexican Military has risen significantly with its involvement in the anti-drug mission, which has in turn subjected the armed forces to increasing pressure from the Catholic Church and has threatened the (still high) level of public confidence in the military.

MILITARY PERSONNEL IN ALL FEDERAL, STATE AND MUNICIPAL SECURITY POSITIONS



Note: *2009 figures only as of February.

Source: Transparency Request, February 24, 2009. Distinction between retired, active duty, and military personnel on leave was not supplied in response to the author's transparency request. Also, "security positions" is understood to be largely, but not exclusively, civilian police forces.

The Mexican military has traditionally operated with considerable autonomy and distance from the nation's civilian leadership, but this has slowly begun to change. By taking on domestic security missions, the military has been forced to interact closely with other agencies and Mexico's political leadership. This, in turn, has caused a shift towards openness in the military's institutional culture, which opens avenues for even more cooperation. Key steps in this process include President Salinas' creation of the National Security Cabinet in 1988, President Fox's reforms of the Cabinet that led to further civilian-military integration and better intelligence sharing in 2003, and the recent increases in the deployment of military forces for anti-drug missions by President Calderón. Many ex-military figures have taken on key law enforcement positions in the Attorney General's Office and multiple police agencies. The number of military personnel serving in security positions has grown high since President Calderón took office in 2006.

Despite the growing role of the military in counter-narcotics efforts, levels of drug-related violence have increased substantially since 2006. Among many other factors, Camp finds this is partially attributable to a decline in tolerance for drug trafficking by the government since the PRI lost the presidency in 2000, citing cases of clear military corruption linked to drug trafficking during the Salinas and Zedillo presidencies.

As the result of a long history of suspicion and mistrust, the Mexican military has, until recently, maintained cool yet cordial relations with its U.S. counterpart. Nonetheless, the significant number of Mexican military (especially from the Navy)

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that have received training in the United States over the last two decades has set the stage for the recent upsurge in institutional ties. Since 2006, Mexico has stationed several liaison officers at U.S. military installations and the number of Mexican officers being trained in the U.S. has increased significantly. Increased U.S.-Mexican security cooperation under the Mérida Initiative, the proliferation of institutional ties between the two nations' militaries, and strong public support for the acceptance of U.S. assistance in the fight against drug trafficking have combined to fundamentally change the nature of civilian and military bilateral security cooperation.

The expanding role of the military on matters of domestic security is not without its detractors. Registered human rights complaints of the military have increased dramatically in President Calderón's administration, from 182 in 2006 to 1,500 in 2009, and the majority of complaints have come from areas where the military's presence and drug-related violence are at their highest.⁵ Despite the aforementioned changes in civilian-military relations and military culture, the military still remains insulated from public inquiry and the civilian justice system. Camp found that only ten military personnel were sentenced for crimes against civilians between 2000 and 2009, none receiving a sentence of more than 12 years in prison. In response to ongoing drug-related violence and a lack of accountability, a movement has developed calling for civilian prosecution in cases of military abuse of civilians during law enforcement operations. Additionally, the human rights record of the military has begun to be criticized by some members of congress and the influential Catholic Church, some going as far as to suggest that the military should not be involved in policing actions in any capacity.

IV. STRATEGIES FOR BILATERAL COLLABORATION TO CONFRONT ORGANIZED CRIME

Finally, our project examined some of the ways in which both countries can and do work together to confront organized crime. In the context of "shared responsibility" for addressing this pressing security situation, it is important to examine the strategies being utilized by both countries and discern whether these are complementary or contradictory. Furthermore, a key element in the area of collaboration has been the desire for more and better intelligence sharing and law enforcement cooperation.

Strategies to confront organized crime and drug trafficking organizations

In his chapter "Combating Organized Crime and Drug Trafficking in Mexico," **John Bailey** argues that today Mexico confronts the greatest threat to its democratic

⁵Country Summary, Mexico, January 2010, 1; and Amnesty International, *Mexico, New Reports of Human Rights Violations by the Military*, London, 2009; Eugenia Jiménez, *Mileno*, "Derecho Humanos ha recibido 1,500 quejas contra militares durante el año," December 22, 2009.

governance from internal violence since the Cristero Revolt of the latter stages of the Revolution of 1910–29. In this case, the threat is posed by criminal groups, especially by politically savvy, hyper-violent drug-trafficking organizations (DTOs), currently inflicting spectacular damage in several regions and sowing insecurity throughout the country. This chapter first examines the evolution of the Mexican and U.S. national government strategies for confronting OC/DTOs, with particular attention to the institutional frameworks that have been established to implement these strategies. It then evaluates the degree of “fit” between the two governments’ strategies, considers metrics by which progress can be measured, and concludes with an assessment of progress.

President Felipe Calderón’s government produced a coherent, internally consistent strategy *at the declaratory level* to confront drug-trafficking organizations and other forms of organized crime, both domestic and trans-national. As Bailey asserts, *declaratory* means what the government *says it wants to do*, not necessarily what it does. The main points of the declared strategy are: (1) deploy the Army and federal police to take back control of territory from DTOs; (2) attack the finances of organized crime; (3) attack the political protection of criminal organizations; (4) implement an ambitious menu of institutional reforms to the police-justice system; (5) win public support in targeted areas through government development and welfare programs; and (6) promote international cooperation against organized crime. Put simply, when the police-justice-community development programs are stood up, the Army can stand down. The main problem to date is inadequate coordination among federal agencies and limited cooperation among levels of government in Mexico’s federal system.

As the author notes, the U.S. strategy in simplest terms is to follow Mexico’s lead. In contrast to Plan Colombia, which the U.S. government shaped in important ways, the Mérida Initiative was intentionally designed to respond to Mexico’s requests. The Obama administration has adjusted the Mérida Initiative to include more attention to community development and at least two pilot projects along the U.S.-Mexico border.

Bailey examines the effectiveness of these strategies. Indeed, there are both political and technical measuring tools. For Mexico, the policy will be evaluated politically based on its ability to bring down the elevated levels of DTO-related violence and capturing “kingpins.” To date, public opinion is generally negative about the success of the government’s strategy in the short term. It is less negative about eventual success, however. Technically, the Calderón administration reports much more success with respect to arrests and the confiscation of drugs, weapons, vehicles, and currency than its predecessors. For the U.S., the political measurement is based on perceptions about spillover violence along the border and trends in flows of illegal drugs into the country. To date, U.S. public opinion has focused more on the potential for spill over violence, and has been less concerned about stopping the flow of drugs by reducing demand for them in the United States. As to technical measures, State Department has not yet released an important assessment that was to be reported to Congress in April 2010.

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Bailey goes on to make four significant points about Mexican institutional reform and timing in the Government of Mexico's strategy. First, the scope of the institutional reforms needed to reconstruct Mexico's national police; reorient the justice system from an inquisitorial to an adversarial (accusatory) model; build an intelligence system; and integrate the national, state, and local security apparatus requires decades, even in the best of circumstances. The cultivation of a culture of lawfulness to support institutional reform is also a generational shift.

Second, ordered into action, Mexico's armed forces necessarily learn and adapt in a much shorter time frame in carrying out police operations. Whether they become more effective in their police roles remains to be seen; nevertheless, their training, equipment, and methods underwent important change. Such change will likely affect the military's thinking and behavior with respect to their role in Mexico's political system.

Third, hundreds of officers from the armed forces have been recruited into civilian police and intelligence leadership positions at all levels.

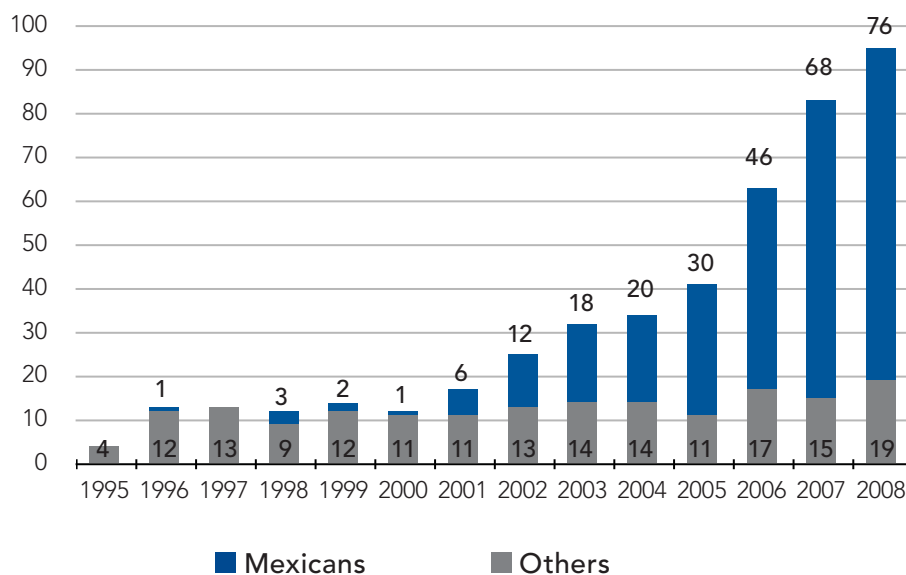
Fourth, as a result we should expect a hybrid institutional work-in-progress: a police-intelligence system shaped by military influences, and a military that is adapting to police roles. A possible result is a better integrated police-intelligence system, one that can operate more effectively with military support as needed. The challenge is the subordination of this hybrid police-intelligence-military apparatus to a reformed justice system, especially since the justice reform will require much more time than the 2016 target stipulated by law.

U.S.-Mexico security collaboration: intelligence sharing and law enforcement cooperation

Developing greater bilateral law enforcement cooperation and intelligence sharing is an inherently difficult task. It is natural for officials to protect the sensitive information they gather from potential leaks or misuse, which is why the standardization of procedures, the professionalization of agencies, and the building of trust among agency heads and officials on both sides of the border are all key aspects of the struggle against regional drug trafficking and organized crime. In her chapter, **Sigrid Arzt**, former technical secretary of Mexico's National Security Council, looks at the history, progress, and current challenges of bilateral intelligence sharing and law enforcement cooperation.

While recent increases in drug-related violence in Mexico have lent increased urgency to efforts to build cooperation, the process has been underway for well over a decade. Mexican extraditions, for example, have increased dramatically since 1995, almost all of them going to the United States (see chart below). There were particularly large increases following a 2005 Mexican Supreme Court decision determined that the possibility of life imprisonment does not violate the Constitution and is therefore not grounds to refuse an extradition request.

EXTRADITIONS FROM MEXICO BY NATIONALITY, 1995–2008



Source: <http://www.pgr.gob.mx/prensa/2007/docs08/Extraditados%20al%20mundo.pdf>

Arzt identifies three categories of mechanisms for law enforcement and intelligence cooperation.

- Institutional Agreements: memorandums of understanding, extradition treaty, etc.
- Leadership and Personal Relationships: key players in the Calderón Administration, such as the Secretary of Public Security, Genaro García Luna, and his first Attorney General, Eduardo Medina Mora, both entered their posts as known players in U.S.-Mexico security cooperation due to their positions during the previous administration, providing continuity and inspiring confidence in their U.S. counterparts.
- Standardization of Procedures and Institutionalization of Programs: In 1997, for example, U.S. DEA began to work with specially vetted members of Mexico’s Federal Investigative Agency (AFI) in the context of the newly created Special Intelligence Units (SIU).

Implemented in 2008 with the goal of tackling the rising power of Mexican drug trafficking organizations, the Mérida Initiative has promoted increased bilateral cooperation amongst law enforcement, military, and intelligence agencies in both countries. Under the Mérida Initiative, advances have been made in information sharing and data interoperability. Coordination points systems have been created, such as fusion centers that create platforms for information sharing, whether through Special Investigative Units (SIU) or Border Enforcement Security Task Force (BEST) teams.

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Arzt finds that the quality of intelligence shared by U.S. officials has at times been questioned by their Mexican counterparts, yet offers unequivocal support for the training, screening and vetting of Mexican law enforcement, which has been supported with U.S.-Mexico cooperation efforts. Despite the difficulties, Arzt concludes that the transnational nature of the challenge demands improved cooperation and information sharing at and among the federal, state and local levels. She suggests that the goal should be to normalize and institutionalize law enforcement cooperation and intelligence sharing so that regardless of political moment and the officials in office, these activities continue unabated; this level of cooperation is necessary to achieve success in the bilateral struggle against drug trafficking organizations.

V. CONCLUSION

The current four-pillar strategy is a significant step forward, but is not a magic bullet that will solve Mexico's security crisis in the near term. Indeed, there is no single or unilateral approach that can succeed in addressing these challenges, so a comprehensive, binational strategy is essential.

The weakness of Mexico's domestic security apparatus — the ineffectiveness and corruption of police forces, the judiciary, and the entire criminal justice system — severely limits the state's capacity, and requires deep, sustained changes over the long term. Mexico is making important progress on this front, and in the long run, this will dramatically improve Mexico's ability to manage both common and organized forms of criminal behavior. But institutional reform should not be limited to law enforcement agencies. Greater transparency and accountability in all aspects of Mexico's governing apparatus would dramatically reduce corruption and the capacity of organized crime to weaken and manipulate state actions. Additionally, these reforms cannot be limited to federal agencies but necessarily must include state and local agencies.

Meanwhile, looking to the social and economic roots of Mexico's recent public security challenges, the United States can help Mexico provide a foundation for the rule of law through increased economic assistance to aid programs that not only enhance Mexico's law enforcement capabilities, but that reduce poverty and encourage sustainable development. Since traditionally Mexico has not been a major recipient of U.S. foreign assistance for such programs, this would require a dramatic increase in funding — perhaps doubling or tripling USAID's \$28 million Mexico budget in FY2010 — to promote youth education, recreational programs, gang intervention, workforce development and technical programs, and micro-finance and micro-credit lending to create opportunities for poor families and micro-entrepreneurs in communities vulnerable to violence.

Essential to these strategies must be strong collaboration between the United States and Mexico, but the collaboration must be effective and focused on specific strategic areas such as disrupting the flow of money and firearms from the U.S. to Mexico, and improving binational law enforcement and intelligence sharing.

Fortunately, both countries are presently benefiting from unprecedented levels of cooperation, and Mexico's ability to confront violent organized crime will be bolstered through these promising efforts. As this threat continues to grow throughout Central America and the Caribbean, the United States will need to work multilaterally as well, in order to extend cooperation throughout the region.

There is also much that the United States can do at home, by working to reduce the impact of domestic drug consumption abroad. In addition to bolstering existing laws through greater enforcement, some new measures to restrict access to the most deadly firearms would help to disarm Mexico's drug traffickers and reduce the threats they pose to both U.S. and Mexican law enforcement. At the same time, with or without reforms to the existing policy regime for the regulation of illicit drugs, the United States needs to commit to a dramatic reduction in their consumption.

The following is a summary of some of the principal policy options that emerged from this study and that may be useful to policy makers as they consider how limited U.S. resources might be invested to address the pressing binational security challenges.

Encouraging Cooperation

- Develop and fully fund a comprehensive strategy for binational security cooperation along the lines of the "four pillar" strategy both countries have adopted in the second phase of the Merida Initiative. Current funding levels are inadequate and should be increased.

The four pillars strategy (sometimes called the "Beyond Mérida" strategy) combines both short-term and long-term approaches to addressing the security concerns posed by organized crime. The short-term collaborative efforts focus on improving intelligence collaboration to arrest key DTO leadership and dismantle their networks, as well as, intercepting the money and weapons flowing south that support their organizations. Equally important are long-term investments in reducing consumption of illegal narcotics in the United States, building stronger judicial, police, and prosecutorial capacities in Mexico, and investing in the social and economic infrastructure in communities that are under stress from organized crime-related violence. Ensure robust inter-agency processes in each country to coordinate security cooperation efforts amongst agencies, as well as continuing regular high-level meetings between leaders and cabinet secretaries of both federal governments to ensure regular consultation and coordination.

- Extend federal-to-federal cooperative efforts to states and municipalities, and find innovative ways to engage civil society in both countries in these efforts.

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Efforts to Reduce the Demand for Narcotics

- Engage in a national debate on drug policy that focuses on developing indicators for success and establishes an outcomes-based approach to drug policy. Policies that have not worked should be discarded, and new policies based on evidence based research and evaluation adopted.
- Continue to reorient national drug policy to emphasize programs that will reduce consumption through treatment and prevention programs. Reducing consumption and addiction are long-term goals and not a quick fix, so they require a steady political and financial commitment to be successful. Reducing the demand for illegal drugs in the U.S. is the best way to reduce the power of organized crime in Mexico.
- Fund local initiatives with a proven track record of success in reducing consumption, addiction and recidivism. Programs such as the HOPE program for parolees in Hawaii should be carefully evaluated and replicated in other states where appropriate.

Efforts to Build Strong Law Enforcement and Judicial Institutions

- Invest in programs to professionalize Mexico's federal, state and local police forces. These programs should include better training for police, but also improved professional standards, extensive vetting, and stronger control mechanisms to root out corruption and increase accountability.
- Enhance cooperative efforts to support the implementation of the 2008 constitutional reforms of Mexico's justice system. U.S. collaboration should embrace a balanced approach that includes support for both federal and state-level reform efforts. These should also include increased training and exchange opportunities between Mexican law school faculty and students, Mexican justice officials and those in other countries that have undertaken a similar reform process.
- Particular attention should be given to building the capacity of federal and state prosecutors to make the transition to an oral trial, adversarial system of justice in which evidence and investigations are elevated in importance.

Efforts to Contain Violence and Limit the Reach of DTOs

- Continue to improve binational intelligence cooperation by strengthening cross-order liaison mechanisms between local, state, and federal authorities, and establishing additional "fusion centers" where law enforcement agencies from both countries can work collaboratively.
- Increase the cost to organized crime of money laundering and moving bulk cash across the U.S.-Mexico border by increasing financial and technical resources available to trace financial networks in both countries. Especially

important is the creation of improved inter-agency coordination mechanisms in the U.S. and binationally that will help unify and rationalize efforts to disrupt illegal financial flows to Mexico. Also important is developing human intelligence within organized crime groups that would enable law enforcement to better target their financial structures.

- Reduce the flow of arms from U.S. sources to Mexico by increasing and improving inter-agency cooperation between ATF, ICE, CPB, and DEA. Funding should be increased for programs such as Project Gunrunner and Operation Gunrunner Impact Teams that have led to increased prosecutions of firearms trafficking. Funding for more staff to monitor federally licensed firearms shops, pawn shops, and gun shows, especially along the Southwest border, are particularly important. Likewise, the U.S. and Mexico should work together to increase the capacity and speed with which Mexican authorities can summit trace requests. Finally, information about the origins of trafficked firearms, weapons seizures, and trace requests should be publically available in both Mexico and the United States.

Efforts to Engage Society and Build Community Resilience

- Increase funding for gang prevention, youth employment, development of public spaces, and civic engagement in communities under stress, especially along the U.S.-Mexico border, through the Mérida Initiative and other funding mechanisms available in both countries.
- Designate specific funding for programs to promote job creation and workforce training and development.
- Establish greater protections for Mexican journalists by federalizing crimes against journalists and freedom of expression. Additionally, Mexico's Special Prosecutor for crimes against freedom of expression and journalists should report directly to the Attorney General and all cases involving crimes against journalists should automatically become the jurisdiction of the Special Prosecutor.
- The Mexican and United States governments should engage in dialogue with a broad range of civil society, private sector, and academic institutions in both countries to allow for greater input into policy formulation and implementation, and increase public accountability for local, state, and federal authorities.