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Plata o plomo: penetration, the purchase of power and the Mexican drug cartels

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Abstract

Purpose – The paper aims to explore the penetration of power in Mexico by drug cartels and the attendant policy challenges to address the problem.

Design/methodology/approach – The history of unlawful activity and cartels is discussed as well as the policy solutions being explored by the Mexican Government and its partners like the USA.

Findings – The challenges are longstanding, complex and defy simple solutions. Concerted problem solving can change conditions on the ground.

Research limitations/implications – The impact of longer term initiatives to strengthen the rule of law merits further study.

Practical implications – Drug cartels are taking a huge toll on Mexico, particularly in terms of violence; this threatens not only Mexico but neighbouring countries as well.

Originality/value – The problems Mexico faces are placed in historical context and in the context of the larger international trade in illicit drugs.

Keywords Mexico, Colombia, Organized crime, Money laundering, Drug cartels, Cocaine, Asset forfeiture, Corruption

Paper type Research paper

Cuidad Juarez is a Mexican city of 1.3 million people that shares a border with El Paso, Texas. Juarez is a dangerous place. Seven people a day are murdered. A total of 5,300 victims were killed between January 2008 and May 2010. The local police force is notoriously corrupt. Jesus Manuel Fierro-Mendez was a police captain who smuggled large quantities of cocaine to the USA. After threats from a cartel, he left the force in 2007 and joined one of the two rival organized crime groups that control the drug trade, the Sinaloa cartel. Fierro-Mendez was caught in 2008 in El Paso after smuggling 50 kilograms a week across the border. He is now serving a 27-year sentence in the USA. This all-to-normal story becomes interesting when Fierro-Mendez testified in 2010 against his former boss in the Sinaloa cartel, Fernando Ontiveros-Arambula. Fierro-Mendez told the court that he took control of part of the army on behalf of his cartel. Working through an inactive army captain, he fed the army sensitive information respecting the operations of the rival Juarez cartel. which the army in turn used to destabilize operations and apprehend rival cartel members. Fierro-Mendez also told the court that controlling the army meant controlling the plazas, portals for smuggling drugs into the USA (Livesey, 2010).

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Mexico is in the midst of a battle between warring organized crime factions, commonly known as cartels, who use subversion, penetration and corruption of state institutions, including police, prosecutors and even the military, in conjunction with extreme violence to control the drug trade. Officials are bribed when possible, coerced and otherwise intimidated where necessary. In Spanish, the phrase is *plata o plomo*: money or lead (Bonner, 2010). Law enforcement officials are presented with a Faustian dilemma. If they become co-opted by a cartel, they are protected from violence and can supplement their meagre salary. If they refuse to take a bribe, they are literally at risk of being executed. Cartels will also threaten family members and other police colleagues to get what they want. The cartels have violent and well-trained enforcement arms who murder people, often after they have been tortured, and publicly display the bodies from bridges and on streets to foster an image of ruthless brutality. The cartels need to corrupt and subvert state institutions to run their drug trafficking business; having police, prosecutors, customs agents and even the armed forces in your pocket ensures a competitive advantage against rival cartels. There is a lot at stake. About 90 per cent of cocaine entering the USA transits through Mexico, a retail trade worth $37 billion (UNODC, 2010, p. 74). The violence is real. Drug-related violence in Mexico killed 28,000 people between December 2006 and August 2010[1]. A 2008 report authored by the US military stated that the cartel threat "represents a homeland security problem of immense proportion to the United States." The report dramatically compared Mexico to Pakistan, as a weak and potentially failing state[2].

Mexican drug cartels have honed their own skills as smugglers and learned the drug trade from Columbian cartels through partnerships in the 1980s. The Mexican cartels have acquired the ability to move cocaine from the growing fields, through their labs and on to lucrative markets in North America and Europe. This paper will discuss the problems posed by the cartels and look at the solutions being adopted in Mexico and elsewhere. This is not just a story about Mexico. Central American countries, like El Salvador and Guatemala, are already experiencing cartel violence and control. As the Mexicans learned from and adapted techniques from the Columbian cartels, there is every reason to believe that this pattern of history could repeat itself in West Africa, which is becoming an increasingly important part of the cocaine trade between South America and the growing markets in Europe. Guinea, Guinea Bissau, Cape Verde, Gambia, Senegal, Ghana and Nigeria are involved in the cocaine trade. West Africans are given 30 per cent of each shipment in powder cocaine (Bonner, 2010, p. 88); drug courier organizations are becoming drug trafficking organizations. The cartels have reached as far as Liverpool in England (Townsend, 2010). The problems they create will follow.

The cocaine trade

The value of the illicit cocaine retail market worldwide is estimated to be worth $88 billion. To put that in perspective, the opiate retail market is worth $65 billion, trafficking in persons garners $32 billion and firearms a mere $1 billion (Bonner, 2010, p. 33). While there are more than 250 varieties of the coca plant, three types feature prominently in the illegal drug trade: Huanuco coca is grown in Peru and Bolivia, Amazonian coca grows in the Amazon River Basin and Columbian coca is grown primarily in Columbia. While there has been a decrease in area under cultivation in Columbia recently (in part due to eradication programs), Peru and Bolivia have slightly

increased their production. Two types of cocaine reach the street level. Powder cocaine is produced when coca paste is processed into powder by hydrochloride salt. Powder cocaine can be snorted or dissolved in water and injected. Crack cocaine is produced when powder is dissolved in a solution of ammonia or sodium bicarbonate (baking soda). The solution is boiled until a solid substance emerges, which is dried and then broken into "rocks". Crack is typically heated and smoked. The name crack refers to the crackling sound made as the drug is heated. One gram of powder cocaine will typically convert into 0.89 grams of crack; crack typically has a purity level of between 75 and 90 per cent cocaine. The effects of crack are similar to those of powder cocaine, but occur more rapidly and intensely for the user, although the effect does not last as long (the high from powder cocaine lasts 15 to 20 minutes; crack cocaine, five to ten minutes) (Streetdrugs.org., 2010, pp. 3-8).

According to the *2010 World Drug Report* (Bonner, 2010, p. 16), a number of interesting trends are playing out in the cocaine trade:

(1) The global area under coca cultivation decreased by 5 per cent between 2008 and 2009. There was a significant decrease in Columbia which was only partially offset by increases in Bolivia and Peru.

(2) Demand for cocaine in the USA has decreased significantly in past years: in 1982, an estimated 10.5 million people had tried cocaine in the previous year; by 2008, that figure had dropped to 5.3 million people, roughly half. The UNODC attributes part of this reduction to increased spending on treatment and prevention (Bonner, 2010, p. 93). A decline in the US murder rate over the same period may be partially attributable to the decline in demand (Bonner, 2010, p. 81).

(3) Demand for cocaine in Europe has increased, doubling from two million people in EU and European Free Trade Association countries in 1998 to 4.1 million people in 2008.

(4) The market for cocaine in Europe, estimated at $34 billion (the USA), is nearly as large as the North American market ($37 billion). Collectively Europe and North America consume most of the world's cocaine, with a global market estimated at $88 billion.

(5) Cocaine has serious health impacts. In 2008, almost one million people in the USA were dependent on cocaine and one out of three people in treatment for drugs cite cocaine as the cause of their difficulties. The direct cost of treatment in the USA is estimated to be $6 billion (Bonner, 2010, p. 80).

(6) In 2007, 31,800 people in the USA died from drug-related causes (at a rate of 10 per 100,000 people, this is twice the murder rate in the USA). About 20 per cent of drug-related deaths are directly related to cocaine; cocaine may be a contributing (but not sole) factor in an additional 20 per cent of drug-related deaths (Bonner, 2010, p. 81).

(7) A 2008 survey found that about 1 per cent of the general US population had used cocaine in the previous month; 28.5 per cent of men in custody had used cocaine; in some cities, like Chicago, that number was 44 per cent (Bonner, 2010, p. 81).

Columbian cartels

In the 1970s, a group of cartels developed out of existing smuggling groups in Columbia called *contrabandinistas*. While commonly known as cartels, these groups do not operate like an oil cartel; these cartels are organized crime groups that seek profit from the most violent unlawful activity: drugs. The cartels used ties of blood, marriage and fictional kinship[3] to create a tight knit group adverse to law enforcement penetration. The Columbian cartels implemented a cell structure which allowed the organization to operate effectively in a fluid transactional manner. If one part of the cell was compromised, the larger group was not at risk (Abadinsky, 2007, p. 148). The business-like Cali cartel and the purely criminal Medillion cartel once controlled 70 per cent of the cocaine trade. Shipments of cocaine were organized, so that, if one were intercepted, the rest would get through; personnel were given information on a "need to know" basis, so that, if they were interdicted, they could not expose the larger organization. When shipments were lost, the cartels conducted careful investigations to see how they were exposed and to take steps in the future to avoid penetration. For members of the organization, every arrest and loss had to be justified (Nicaso and Lamothe, 2006, pp. 197-98).

The cartels took advantage of their laboratories and Columbia's Atlantic and Pacific coastlines to marshal product from Columbia, Peru and Bolivia. Coca paste was collected from the field and moved by a cartel transit team to a lab where it was processed to produce cocaine hydrochloride. The powder cocaine would then be moved to a stockpile location and guarded by cartel enforcers. Meanwhile, brokers for the cartel would arrange shipments, generally in 100-kilo lots, to middlemen. The USA was the richest cocaine market, particularly in the 1980s. In the late 1980s, US law enforcement began to crack down on cocaine shipments; at the same time, the government in Columbia, with American assistance, began to attack the cartels and their leadership. Mexico had long been a transhipment point for cocaine destined to the USA. Typically, Mexican cartels were paid in cash for every kilo they moved across the border. As the influence of the Columbian cartels began to wane, a new deal was struck; Mexican cartels would take all of the risk for shipping cocaine over the border in exchange for payments from the shipments themselves. Mexican cartels evolved from a drug courier business into drug trafficking cartels. In that evolution, Mexican cartels adopted many of the organizational structures and practices they learned from the Columbians. The Mexican cartels now control the entire supply chain for illicit drugs, shipping cocaine from South America and making wholesale and retail sales into the USA (INCB, 2009, p. 66).

Mexico

The United Mexican States is a nation of just under 110 million people. For 70 years, politics in Mexico were dominated by the Industrial Revolutionary Party (PRI), although their hold on power began to slip in the mid-1990s. In 2000, Vicente Fox became the first President to come from an opposition party (BBC News, 2010). Corruption of public officials by crooks and smugglers has been a facet of Mexican life for a long time. During prohibition, illegal traders developed relationships with politicians, police and customs officials to keep liquor moving north to American speakeasies. After Second World War, a relationship developed between political brokers of the PRI and drug smugglers. The compact ensured that there would be little

violence against officials, top traffickers and civilians; underpaid officials could supplement their income as long as they supported the PRI; police investigations and prosecutions never reached the top levels of the cartels. This compact held until the 1990s. As the PRI's hold on power began to unravel, the party's ability to control law enforcement began to slip (O'Neil, 2009, p. 63).

Prior to 1984, the cartels in Mexico shipped marihuana and heroin for the most part. In 1984, the Columbian cartels sent an envoy, Juan Ramon Matta Ballasteros, to broker a shipping arrangement. Mexican cartels would move cocaine into the USA and be paid $1,000 per kilo. Within a short time, most of the cocaine entering the USA came through Mexico (Livesey, 2010, p. 36). As noted above, by the early 1990s, the inter-cartel deal changed and Mexican cartels were paid in powder cocaine instead of money. Cartels in Mexico began to overtake the position previously held by the Columbians, with an integrated ability to source, move and retail drugs, particularly cocaine.

Mexican cartels

> Over the last two decades, Mexican drug cartels have acquired unprecedented power to corrupt and intimidate government officials and civilians. Three factors account for their rise: pre-existing corruption, the inability of weak law enforcement institutions to counter them, and the demand for illegal drugs in the United States (Livesey, 2010, p. 37).

In 1985, a US agent for the Drug Enforcement Administration (the "DEA"), Enrique "Kiki" Camarena, was kidnapped outside of the US consulate in Guadalajara, Mexico. The agent had infiltrated the Guadalajara cartel. As a measure of revenge and intimidation, the cartel tortured and murdered the DEA agent. In 1990, following an authorization by the US Attorney General, Dr Humberto Alvarez-Machain was kidnapped and sent by private plane to Texas where he had been indicted in the Camarena killing. At Dr Alvarez-Machain's trial, the court ruled that as the DEA had authorized the kidnapping, the extradition treaty between the USA and Mexico had been violated; the indictments were thrown out and the court of appeals affirmed. The US Supreme Court overturned those rulings[4]. In 1992, Dr Alvarez-Machain was tried before the District Court which, after hearing the case and the defence contentions around the unlawful kidnapping and arrest, granted the Alvarez-Machain's motion for an acquittal. He then sued in civil court for damages, a claim that the US Supreme Court ultimately denied[5]. The incident forced the US Government to take notice of a rising threat on the Mexican border.

The Mexican drug trade is controlled by a series of cartels. Over any given period, alliances between cartels shift, the power of some cartels wane while that of others rise and new cartels (sometimes splinters of existing cartels) rise all of the time. The cartels are based on personal ties between leaders and geography. Cartels include:

- The Gulf cartel headquartered in Tamaulipas, a Northern state bordering South-Eastern Texas. The Gulf cartel pioneered the use of a highly trained paramilitary enforcement arm, creating Los Zetas (discussed below).
- The Sinaloa cartel is led by Joaquin "El Chapo" Guzman, who escaped from a Mexican prison in 2001 (corruption of police and prison guards almost certainly aided the escape and has allowed him to remain at large). The Sinaloa cartel has been battling the Gulf cartel for several years and in 2006 they struck an alliance with other cartels to create the "Federation". The Valencia cartel

in Central Mexico is aligned to the federation. Operations of the federation extend beyond Mexico into Columbia, Peru and Europe.

- The Tijuana cartel of the Arellano-Felix family, once Mexico's most powerful, has been wracked by a series of arrests and confrontations with the military. Traditionally, this cartel controlled the Tijuana-San Diego corridor; as the cartel falls apart, some elements appear to be aligning with the Gulf cartel.
- The Juarez cartel is based across the border from El Paso, Texas, an important gateway for drugs. The cartel has been locked in battle with the Sinaloa cartel for territorial control.
- The Colima cartel, known as the "Meth Kings", is based in Western Mexico with a focus on synthetic drug production.
- The Oaxaca cartel operates in southern Mexico and focuses on the marihuana trade.
- Cartels rise and fall constantly. As they operate in a murky underworld, it is difficult at times to sort out what is really going on. For example, in late July 2010, six bodies were found in Chilpancingo and another four bodies were dumped in Nuervo Laredo; police indicated that in addition to signs of torture, the murdered victims were accompanied by a note proclaiming that the new cartel of the Sierra was in business[6].
- Los Zetas were the first enforcer gang, a private army created by the Gulf cartel. A group of 30 highly trained military personal from the GAFES unit (special forces airmobile group of Mexico) deserted in the 1990s and joined the Gulf cartel. Since then, Los Zetas and other enforcer gangs have recruited members from the Guatemalan Kaibiles (special operation forces of Guatemala). Los Zetas are highly trained, capable of deploying powerful and complex weapon systems with military precision. They were assassins for the Gulf cartel until they became powerful enough to be considered a cartel in their own right and have aligned with others like the Beltran Leyva cartel. Los Zetas trained another enforcer arm, La Familia, which has become powerful in its own right. The Sinaloa cartel countered by creating their own private army of enforcers, called Los Negros. Recruitment efforts for all of the cartels have now broadened (Fiegel, 2009).
- An April 2010 report (Logan and Sullivan, 2010) suggests that the Gulf cartel and Los Zetas split violently apart when the cartel ordered the murder of a Zeta in January; the Zetas in turn demanded that the killer be handed over; when that did not happen, fighting, kidnappings and killings erupted throughout northern Mexico. The report suggests that there are now two large warring blocks consisting of the Sinaloa cartel, La Familia, and remnants of other cartels including the Tijuana cartel aligned to battle the Beltran Levya cartel, Juarez cartel, Los Zetas and other remnants of the Tijuana cartel.

The cartels battle for turf in Mexico using highly trained killers with a vast arsenal of weaponry.

There are a number of theories to explain what is really happening:

(1) The groups appear to be battling over a shrinking market as US demand for cocaine drops. That market is still very lucrative, but there is less of it to go around (Bonner, 2010, p. 4).

(2) Cartels shifted from courier organizations to full service drug-trafficking outfits, with an integrated business line from farmer's field to laboratory to market. In the course of that evolution, starting with Los Zetas, as discussed above, the cartels started to regularly employ violence as an organized crime business practice. Los Zetas and others have outgrown working for another cartel and have become cartels in their own right. In other words, some cartels are managed by individuals who owe their entire career to ruthless violence.

(3) The government could be adopting a strategy used to defeat cartels in Columbia. Rather than fight many battles on many fronts, the Columbian Government first focused on one cartel at a time and within a relatively short period dispatched both the Cali and Medillion cartels (Livesey, 2010).

(4) Some reports suggest that corruption, penetration and subversion are weapons employed by some cartels to fight proxy wars against their rivals through the police and through the military. A cartel is very efficient if they can get corrupted police or military officers to disrupt and dispatch their enemy[7].

Regardless of the underlying reason, the outcomes are painfully clear: pervasive and bloody violence.

Police corruption and reform

Mexican drug cartels have considerable resources at their disposal to subvert government institutions. Drug trafficking is lucrative. A 2008 report prepared for the US Congress noted that intimidation and corruption of law enforcement is a key tool used by cartels (Cook, 2008, pp. 12-14). The report stated:

- The Nuevo Laredo municipal police force kidnapped rival Gulf cartel members and handed them over to the Zetas.
- Some members of the Federal Investigative Agency (AFI) are believed to work for the Sinaloa cartel as enforcers.
- In 2005, the Mexican Attorney General's Office stated that one-fifth of its officers were under investigation for criminal activity.

Since 2000, the Mexican Government has undertaken a number of steps to address corruption:

(1) In 2001, the federal judicial police, widely considered corrupt, was disbanded and the AFI was created in the Mexican Attorney General's Office. Problems persist, however, with the AFI.

(2) Efforts were made to conduct background checks on incoming police officers: polygraphs, drug testing and training.

(3) Aggressive investigations were conducted into public corruption, resulting in arrests, prosecutions, dismissals and suspensions.

(4) The AFI only represent a third of Mexico's police, the majority of which are state and local[8]. There have been numerous purges of various police forces; at one point the entire 700-member police service in Nuevo Laredo was suspended pending an investigation. Less than one-half were later cleared to return to duty.

Corruption and penetration of state institutions has a longstanding history in Mexico; eradicating the problem, particularly in an environment of violence fuelled by huge cash reserves from drug dealing, will take patience and time. One of the stopgap measures employed by the government is the use of the military.

The military

The Mexican Government, facing serious corruption problems with traditional law enforcement agencies, has sent 45,000 troops into the six states most affected by cartel violence. The military is broadly seen as one of the least corrupt institutions in the country. As a short-term measure, the military has seen some success. The violence that occurs on the street may in fact stem from the destabilizing aspects of military action. Over the longer term, however, a military is not the best way to establish rule of law in Mexico. Militaries are ill-suited to the task of bringing down a criminal cartel. That task requires the procurement of evidence for a prosecution, the use of informants and lawfully acquired wiretaps[9] (Livesey, 2010, p. 45).

Other types of unlawful activity and money laundering

The US State Department estimates that 90 per cent of the cocaine that reaches American streets transits through Mexico[10]. Cocaine is one of the many illegal business opportunities that the cartels are involved in. As the USA cracked down on the use of precursor chemicals used to cook methamphetamine, Mexican labs sprung up to produce and export "meth" to the USA (Carney, 2007-2008, p. 97). In addition to the drugs trade: "[. . .] Mexican cartels have been tied to both human and arms trafficking, auto theft and kidnapping"[11].

The National Drug Intelligence Centre estimates that Columbian and Mexican drug trafficking organizations smuggle between $8.3 and $24.9 billion a year in drug proceeds across the border into Mexico[12]. This is clearly part of the problem. As discussed below, law enforcement on both sides of the border need to stem the flow of money that fuels both the violence and the corruption[13]. A 2010 report from the US Financial Crimes Enforcement Network (more commonly known as FinCEN, the American Financial Intelligence Unit or FIU) found that currency flows through financial institutions declined 22 per cent between 2008 and 2009 (FinCEN, 2010). The report cited HSBC's decision to cease accepting US dollars in Mexican branches as the largest factor in the decline. That decline is expected to continue over the next year as Mexican regulations on US dollar cash transactions come into effect. FinCEN predicts that as it becomes harder for the cartels to integrate US cash into the Mexican financial system, bulk cash smuggling will decrease. Drug money, in this respect, is a little like flood water: it will relentlessly seek places to spill into. One can expect the cartels to conduct more money laundering activity in the USA as well as in other Latin American countries where they conduct business.

The border strategy

The border between the USA and Mexico cannot be viewed from one side only. As noted above, money laundering is a serious problem: as long as drug profits can be wired or smuggled back across to Mexico, the cartels will remain strong. Many of the weapons being deployed by the cartels originate in the USA. While the Obama administration gave serious consideration to improved gun control, apparently that

initiative has been abandoned given the political clout of the US gun lobby (Lowenthal, 2010, p. 110 at p. 116). Still, there are law enforcement efforts like Project Gunrunner designed to stem the flow of firearms[14]. Mexican cartels not only move drugs across the border, they have a drug distribution presence in 230 American cities (ONDCP, 2009, p. 1). The Obama administration has articulated a specific strategy to address both sides of the border, to stem the tide of drugs moving north and money and guns moving south. The strategy calls for funding, tightened border controls and increased inter-jurisdictional cooperation. The strategy notes that most of the cartels drug proceeds are smuggled back to Mexico in bulk cash form (something which may be changing as financial controls, discussed above, come into force in Mexico). Weapons are transported from the USA to Mexico, which fuels and sustains the violence there. Enhanced intelligence and detection form part of the strategy to address this challenge (ONDCP, 2009, pp. 25-37).

Asset recovery and corruption

In an earlier paper (Simser, 2010, p. 321), I argued that there were several key measures that can be taken to battle corruption:

- There are a number of prophylactic measures that employed right now throughout the world. Transparency and the financial reporting, for example, as part of anti-money laundering systems can have a preventative effect. As part of the US Government's "Kingpin Act" system, discussed below, photos and organizational charts showing the key figures in the cartels are posted on the internet[15].
- Money can be recovered from wrongdoers through civil suits, civil asset forfeiture proceedings and criminal asset forfeiture proceedings. Forfeiture has two distinct benefits: it denies the drug cartels their profit; it allows forfeited funds to be redeployed in the fight against the havoc caused by the cartels.
- Finally, work needs to be done internationally, between jurisdictions, to ensure that proper information gateways can facilitate both transparency and asset recovery. There are initiatives (discussed below) underway between the USA and Mexico to enhance intelligence and information sharing. On the broader front, particularly in respect of civil asset forfeiture, much remains to be done.

The Stolen Asset Recovery Initiative of the World Bank and UNODC has published a good practices guide for non-conviction-based forfeiture (The World Bank, 2009), which is the best tool to recover the proceeds of corruption. In July 2010, the US Attorney General announced the creation of a kleptocracy asset recovery initiative[16].

The Kingpin Act

There are some interesting mechanisms being deployed to address the problem posed by Mexican cartels. Perhaps, the most interesting is the US Foreign Narcotics Kingpin Designation Act, 1995 (the "Kingpin Act")[17]. The Kingpin Act blocks and freezes the US assets of drug kingpins and cartel members, using the Office of Foreign Assets Control ("OFAC"). This type of mechanism has been used, in a different context to apply sanctions against Iran. An internal OFAC (2007) report claimed that these sanctions played an important role in incapacitating the Columbian drug cartels,

particularly the Cali cartel. In 2009, the Obama administration added the Sinaloa cartel, Los Zetas and La Familia to the Kingpin list, which already included a number of the perpetrators of Mexican drug violence.

Criminal justice system reforms and the rule of law

Mexico, generally draws on the civil law tradition, employing an inquisitorial model of criminal justice. Unlike traditional civil law systems, the Mexican prosecutor plays a key role in the system, not an investigating judge. Generally, prosecutors do not face an "especially active or empowered defence bar" and do not particularly "defer to judges in the overall conduct of investigations" (Wright, 2009-2010). At trial, judges render written decisions based largely on written submissions of evidence. Cases are decided in camera and the prosecutor needs to show "sufficient evidence of crime" (not beyond a reasonable doubt). The criminal justice system has a number of problems including: corruption of officials, slow paths to justice, impunity of criminals and inaccurate evidence. Since 2007, a number of reforms and experiments have been introduced to the system. Those reforms are designed to move the system towards the adversarial system used in countries like the UK, with a more empowered defence bar and an emphasis on *viva voce* evidence (Wright, 2009-2010; Langer, 2007, p. 617). These reforms will strengthen the rule of law in Mexico and weaken the ability of cartels to subvert and penetrate the criminal justice system.

These reforms are sorely needed. According to a recent press report, the justice system has not been particularly effective in incarcerating drug cartel members:

- Between December 2006 and September 2009, 226,667 people were arrested on drug charges. Many of those were paraded before the cameras as trophies in the war on drugs.
- Less than a quarter of those arrested were actually charged.
- About 15 per cent of those arrested got through the system to a verdict, although there is no statistical information on how many were found guilty verses not guilty.

The justice system reforms will take time to implement; 2016 is the current target date (Watson and Olson, 2010).

The Merida Initiative

In October 2007, the USA and Mexico launched the $1.6 billion Merida Initiative designed to support law enforcement efforts to battle the cartels and drug trafficking[18]. There are three main elements of the initiative: equipment (aircraft, boats, inspection equipment and the like); crime prevention programs; and programs to strengthen law enforcement and the institutions of justice. Roughly, 84 per cent of the funding is earmarked for Mexico (the balance goes to Central American countries). There are four goals to the initiative:

(1) disrupt organized crime groups;

(2) institutionalize reforms to sustain the rule of law and protect human rights;

(3) create a twenty-first century-border; and

(4) build a strong and resilient community.

In the initial phases of Merida, the focus has been on equipment. The program has the potential to help Mexico overcome the challenges posed by corruption and penetration of public institutions.

Conclusions

Penetration, corruption and the purchase of power in Mexico is a complex problem that defies a singular or simple solution. The problem has historical antecedents, including a longstanding political compact with the PRI which has dissolved. Politically, Mexico's middle class is starting to assert itself and reject the twentieth-century politics and a system that was once called the perfect dictatorship. Clearly, successive administrations have understood that notwithstanding the bloodshed and problems, security is a major political issue worth fighting. Demand for the richest of illegal substances, cocaine, is in a long-term decline in the USA but demand is on the rise in Europe. Coca under cultivation is declining in Columbia but has risen in Peru and Bolivia. To the extent that efforts are less concerted and coordinated, the problems will persist. There is a very real possibility that the violence is a product of success, as warring cartels fight for a declining market share and try and stave off state efforts to break their businesses down. The problems discussed in this paper are not unique to Mexico. The Mexican cartels learned from their colleagues in Columbia. They are now teaching colleagues in Central American countries and West Africa how to conduct business.

Notes

1. The August figures were reported by President Calderon to Congress (Booth, 2010, p. A10). See also, GAO (2010, p. 1). While most of the victims are drug cartel members caught in a cross-fire, there are many innocent victims either caught in the cross-fire and in some cases gender-based violence occurs with apparent impunity given the chaotic environment (Weissman, 2004-2005, p. 795).
2. The quotation can be found in USJFC (2008, p. 34); the comparison to Pakistan in USJFC (2008, p. 36).
3. Known as compadrazgo or godparenthhod (Abadinsky, 2007).
4. *US* v. *Alvarez-Machain* (1992), 504 US 655. There is considerable commentary on this case. See, for example, Zaid (1996-1997, p. 829).
5. *Alvarez-Machain* v. *US* (1992), 542 US 692.
6. News report from KRGV television (Rio Grande Valley in Texas), which can be found online at: www.krgv.com/news/world/story/Mexican-police-investigate-possible-new-drug-gang/GdnbyUpUKU6Q9qSQpb0gmw.cspx (accessed July 26, 2010).
7. Op cit note 2.
8. Testimony of Ford, J before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, House of Representatives, October 25, 2007 at p. 9.
9. For an interesting perspective on the broader issue, see Jankunis (2008, p. 16).
10. See Bonner (Op cit note 3) at p. 36 and Cook, 2008, Op Cit Note 33 at p. 4.
11. Op cit note 33 at p. 6.
12. Ibid at p. 5.
13. For a good discussion on money laundering, see Baldwin (2010).

14. The project was reviewed by GAO (2009).
15. See for example, the webpage of the Office of Foreign Assets Control, a branch of the Department of the Treasury at: www.ustreas.gov/offices/enforcement/ofac/programs/narco/narco.shtml (accessed July 28, 2010).
16. Remarks of Attorney General Holder, July 25, 2010 at the African Union Summit in Kampala, Uganda, available at: www.justice.gov/ag/speeches/2010/ag-speech-100725.html (accessed August 9, 2010).
17. 21 USC 1901-1908, 8 USC 1182 and Executive Order 12978 of October 21, 1995.
18. Merida was funded legislatively by the Supplemental Appropriations Act, 2008, Pub. L. No. 110-252, 122 Stat. 2323. For a recent review, see GAO (2010).

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