

Greed and Grievance and Drug Cartels: Mexico's Commercial Insurgency

A Monograph

by

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Abstract

Greed and Grievance and Drug Cartels: Mexico's Commercial Insurgency, by MAJ Derek R. Fitzpatrick, US Army, 51 pages.

After ten years of sending its military into domestic combat, Mexico's drug cartels are as powerful, profitable, and violent as they have ever been. Along with the deployment of Mexican troops, the US and Mexican governments have spent nearly \$100 billion in government funds to counter this threat. The apparent lack of progress has driven many analysts and academics to reconsider both the logic of the violence in Mexico and the effectiveness of government responses. While some analysts have argued the cartels are insurgents, carving out territory for control, others contend these groups are purely criminal, and motivated only by profit. Still other analysts have offered an alternative approach, commercial insurgency, to understand and address these groups as both criminal and political actors.

This monograph examines the potential for more effective understanding and approach to countering Mexican cartels by viewing the problem through the framework of commercial insurgency. This study is divided into four sections. The introductory section explores the current context and framing of the problem. The second section tracks the development of commercial insurgency theory and introduces the commercial insurgency framework. The third section examines the Los Zetas, as an example of commercial insurgency. The last section draws upon lessons learned and offers recommendations for US and Mexican government policy and strategy aimed at countering drug cartels and drug trafficking. The outcome of this study is analytical support for the thesis that the US and Mexican governments can develop a more comprehensive approach to understanding, and thus countering, Mexican cartels by incorporating concepts from commercial insurgency.

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Acronyms

| | |
|-------|--|
| BLO | Beltrán Leyva Organization |
| CDG | Gulf Cartel (<i>Cártel de Gulfo</i>) |
| CJNG | Jalisco New Generation Cartel (<i>Cártel de Jalisco Nueva Generación</i>) |
| COIN | Counterinsurgency |
| CTOC | Countering Transnational Organized Crime |
| DEA | US Drug Enforcement Agency |
| DOD | US Department of Defense |
| DOS | US Department of State |
| DTO | Drug Trafficking Organization |
| FBI | Federal Bureau of Investigation |
| FM | Field Manual |
| GAFE | Airborne Special Operations Group (<i>Grupo Aeromóvil de Fuerzas Especiales</i>) |
| IA | Interagency |
| NAFTA | North American Free Trade Agreement |
| PAN | National Action Party (<i>Partido Acción Nacional</i>) |
| PRI | Institutional Revolutionary Party (<i>Partido Revolucionario Institucional</i>) |
| TCO | Transnational Criminal Organization |
| TOC | Transnational Organized Crime |
| US | United States |

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Section I: Introduction

On the morning of January 2, 2016, Mexican cartel hitmen stormed into the home of Gisela Mota Ocampo. After beating her, the men dragged Ms. Mota outside her home. With her family looking on from the doorway of her home, they shot and killed her. The day prior, Gisela Mota had been sworn in as the mayor of Temixco, Mexico, a small town roughly an hour's drive from Mexico City. She had used her inauguration speech to further advocate for judicial reform and to speak out against the growing power and influence of Mexican cartels. The governor of Ms. Mota's home state of Morelos, Graco Ramírez, speaking at a news conference following the attack, stated it was a, "deliberate and premeditated action that aimed to sow an environment of terror, both among authorities and citizens." He also revealed that thirteen other mayors within the state were recently threatened with a similar fate. Gisela Mota Ocampo is one of the nearly 100 Mexican mayors assassinated by the cartels since 2006.¹

The year 2006 is considered by many to be the opening chapter in the current story of the Mexican government's fight against the cartels. In that year, newly elected Mexican president, Felipe Calderón, entered office with a campaign pledge to combat rising rates of violence and to eliminate the security threat posed by cartels, or transnational criminal organizations (TCO) and drug trafficking organizations (DTO), as they are officially labeled by the United States and Mexican governments. In the years preceding Calderón's election, Mexican cartels had grown increasingly powerful and emboldened in their attacks on state and federal officials, security forces, and each other. Their growth in power, and violence, came primarily as a result of continuously increasing wealth generated from the control of, and competition over, the multi-billion dollar US

¹ Ioan Grillo, "Why Cartels Are Killing Mexico's Mayors," *The New York Times*, January 15, 2016, accessed November 12, 2016, <http://www.nytimes.com/2016/01/17/opinion/sunday/why-cartels-are-killing-mexicos-mayors.html>; Nina Lakhani, "Young, Idealistic – and Dead: The Mexican Mayor Gunned down on Her Second Day," *The Guardian*, January 13, 2016, accessed November 12, 2016, sec. World news, <https://www.theguardian.com/world/2016/jan/13/mexico-mayor-gisela-mota-murdered-mafia>.

market for illicit drugs. In December of 2006, Calderón deployed nearly 7,000 federal troops to the state of Michoacán, an epicenter of cartel activity, in a security operation that is widely regarded as the first action in the ongoing “Mexican Drug War,” being fought between the Mexican government and the cartels.²

More than a decade after this operation, cartel related violence remains a substantial threat to security and governance in Mexico—a country that shares a border of nearly 2,000 miles and engages in over \$590 billion in annual trade with the United States.³ High profile cases, such as the assassination of Gisela Mota Ocampo, and the still unresolved case of 43 Mexican students who disappeared in Iguala, Guerrero, in September of 2014, continue to draw attention to the enduring troubled state of citizens’ security and corruption within Mexican security forces. Statistical figures, such as the estimated 100,000 deaths and 12,000 disappearances from cartel-related violence in the last ten years highlight the troubling scale. National rates of violence in Mexico, specifically murder, remain nearly triple those of a decade ago—before Calderón’s operation, and are on the rise (Figure 1).⁴ Beyond national rates of violence, journalists and scholars have highlighted how regional levels of violence in cartel-contested areas of Mexico frequently surpass those of many declared war zones.⁵ Tens of thousands of Mexican nationals have pursued political asylum in the United States to escape these rising rates of violence, and thousands more have entered the United States illegally.

² Brianna Lee, “Mexico’s Drug War,” *Council on Foreign Relations*, accessed October 10, 2016, <http://www.cfr.org/mexico/mexicos-drug-war/p13689>; Paul Rexton Kan, *Cartels at War: Mexico’s Drug-Fueled Violence and the Threat to U.S. National Security*, (Washington, DC: Potomac Books, 2012), 2; Ioan Grillo, *El Narco: Inside Mexico’s Criminal Insurgency* (New York: Bloomsbury Press, 2012), 110.

³ Clare Ribando Seelke and Kristin Finklea, “U.S.-Mexican Security Cooperation: The Merida Initiative and Beyond” (Washington, DC: Congressional Research Services, January 18, 2017).

⁴ Arturo Ángel, “Rising Homicide Rate in Mexico Wiping out Recent Gains,” April 5, 2016, accessed December 3, 2016, <http://www.insightcrime.org/news-analysis/homicides-in-mexico-reach-highest-level-in-two-years>; Seelke and Finklea, “U.S.-Mexican Security Cooperation,” 1.

⁵ Lee, “Mexico’s Drug War.”

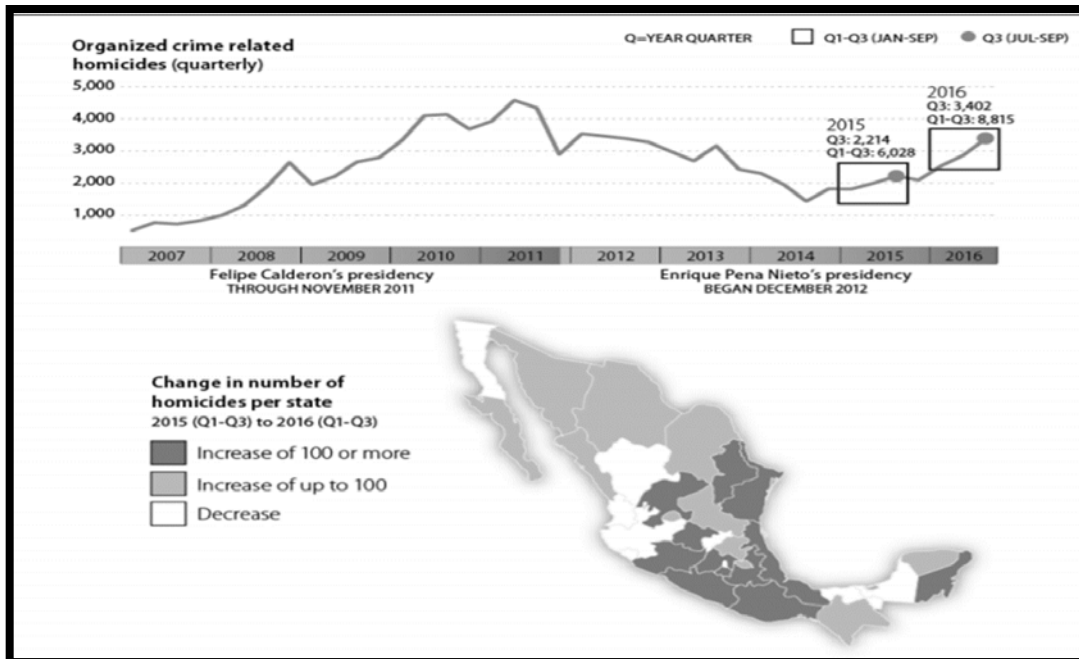


Figure 1. Estimated Organized Crime-Related Homicides in Mexico. Clare Ribando Seelke and Kristin Finklea, “U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond” (Washington, DC: Congressional Research Services, January 18, 2017), 3.

Conditions within the United States are equally troubling. Demand for illegal drugs, as seen through annual illicit revenue from the US-Mexican drug trade, has grown to an estimated \$30 billion.⁶ While Mexico has long been the main transit country for US drugs, it has also become the leading producer of both heroin and methamphetamine for the US market. Since 2008, the quantities of heroin and methamphetamine seized along the US-Mexico border have increased by 296% and 233% respectively.⁷ Of little surprise, the annual rate of US drug-induced deaths has also increased by nearly 20% since 2006, and now exceeds both motor vehicle and firearms as a leading cause of US deaths.⁸ It is now widely acknowledged the United States is facing a “heroin epidemic,” with compounding social and healthcare effects. Running this operation, as the US Drug Enforcement Administration (DEA) recently noted, is a robust network representing each of the ten

⁶ Paul Rexton Kan, *Drug Trafficking and International Security* (Lanham: Rowman & Littlefield Education, 2016), 55.

⁷ Seelke and Finklea, “U.S.-Mexican Security Cooperation,” 2.

⁸ US Drug Enforcement Agency, *National Drug Threat Assessment Summary, 2015* (Washington, DC, October 2015), ii.

major Mexican cartel with branches in every major US metropolitan area.⁹ Additionally, Mexican migrants have placed increasing pressure on an already overtaxed US immigration and border control system, creating additional domestic political tension.

The governments of Mexico and the United States have expended significant resources to counter the cartels. The Mexican government has invested over \$94 billion in public funds towards domestic security and safety programs since 2006. Much of this funding has focused on the Mexican government's self-described "kingpin" strategy, which has resulted in the arrest or death of 105 of the top 122 cartel leaders as of January 2017.¹⁰ Likewise, the US government has appropriated nearly \$2.6 billion towards improving Mexican domestic security and rule of law through the Mérida Initiative, a bilateral program initiated in 2008 by the administrations of US and Mexican Presidents George Bush and Felipe Calderón. Additionally, the US Department of Defense (DOD) has committed roughly \$40 million per year in security assistance to Mexico since 2008.¹¹

In the face of such substantial public expenditure, levels of Mexican violence and trafficking in illicit drugs have increased, significantly.¹² This negative trend has not gone unnoticed, and has driven debate in Mexico and the United States over both the logic of the violence and the appropriateness and effectiveness of government responses. Much of the debate has centered on competing characterizations of Mexican violence and drugs, with analysts and academics noting how various characterizations of the problem of Mexican violence can lead to specific solution sets.¹³ To this point, former US Secretary of State Hillary Clinton provoked

⁹ US Drug Enforcement Agency, *National Drug Threat Assessment Summary, 2015* (Washington, DC, October 2015), ii, 2.

¹⁰ Seelke and Finklea, "U.S-Mexican Security Cooperation," 5.

¹¹ *Ibid.*, 1-2.

¹² *Ibid.*, 21.

¹³ D. Shirk and J. Wallman, "Understanding Mexico's Drug Violence," *Journal of Conflict Resolution* 59, no. 8 (December 1, 2015): 21; Christopher Paul, Colin P. Clarke, and Chad C. Serena, "Mexico Is Not Colombia: Alternative Historical Analogies for Responding to the Challenge of Violent Drug-Trafficking Organizations" (Santa Monica, CA: RAND Corporation, 2014), 5.

significant debate when she remarked in a 2010 interview, “We face an increasing threat from a well-organized network, drug-trafficking threat that is, in some cases, morphing into or making common cause with what we would consider an insurgency, in Mexico and in Central America.”¹⁴

This comment added fuel to an ongoing intellectual and theoretical debate over the character of Mexico’s internal security threat. From the basic analytical position that understanding the nature of a problem is the first step towards solving it, two questions frame this debate. The first, on the theoretical side of this debate, asks: Are Mexican cartels, as their name implies, purely criminal organizations, or are they a new form of insurgency? The second, moving from theory to application, asks: Which understanding would provide the better foundation for effective government actions to counter the cartels?

Framing the Problem

With intellectual lines drawn, analysts and academics have fired repeated salvos of competing characterizations of the problem presented by Mexican cartel crime and violence. At the heart of the debate is an ongoing argument over the goals, beliefs, and motivations that drive Mexico’s cartels. While some see the cartels as well-organized and extremely violent criminals out for financial gain, others see them as an armed insurgency, carving out territory for their own control. Drawing on traditional insurgency theory, this motivational distinction argues that, “to be classified as [insurgency], violence must be motivated by politics, not profit, as is the case with criminal behavior.”¹⁵ With this theory in mind, many have offered competing frames for the intractable problem of Mexican violence, crime, and drugs.

¹⁴ Hillary Clinton, “A Conversation with U.S. Secretary of State Hillary Rodham Clinton,” *Council on Foreign Relations*, accessed October 10, 2016, <http://www.cfr.org/world/conversation-us-secretary-state-hillary-rodham-clinton/p34808>; Paul, Clarke, and Serena, “Mexico Is Not Colombia,” 6; Paul Rexton Kan, “What We’re Getting Wrong About Mexico,” *Parameters* 42, no. 2 (2011): 38.

¹⁵ Paul Collier, “Greed and Grievance in Civil War,” *Oxford Economic Papers* 56, no. 4 (June 22, 2004): 563.

Scholars arguing in favor of a criminal classification for Mexican cartels contend these organizations lack the defining insurgent criteria of political grievance or motivation, and operate only on criminal greed.¹⁶ As US Army War College Professor Dr. Paul Kan affirms, “Unlike terrorists and insurgents, the cartels in Mexico are not motivated to create a homeland to call their own, substitute their ideology for an existing one, or achieve any political goal routinely associated with [an insurgency].”¹⁷ Similarly, Benjamin Lessing contends the insurgency label of Mexican cartel violence and intimidation, “stretches... the canonical understanding of insurgency as ‘competitive state-building,’” as defined by leading authority Stathis Kalyvas.¹⁸

Moving from theory to policy and politics, many argue the insurgency label is an exaggeration, or worse, a legitimization of criminal activity. Insurgency, they contend, is merely a thinly veiled verbal pretense for heavily militarized government responses, which have yet to prove effective in Mexico.¹⁹ As journalist Ioan Grillo concisely describes, “It’s a touchy issue... words such as terrorist and insurgents set off alarm bells, [and] scare away investment dollars... the language influences how you deal with the Mexican Drug War, and how many drones and Black Hawk helicopters you fly in.”²⁰ Kan equally affirms, “Terms such as ‘insurgency’ and ‘terrorism’ create policy options and strategic choices distinct from those that would be in response to

¹⁶ B. Lessing, “Logics of Violence in Criminal War,” *Journal of Conflict Resolution* 59, no. 8 (December 1, 2015): 1488.

¹⁷ Kan, “What We’re Getting Wrong about Mexico,” 39.

¹⁸ Lessing, “Logics of Violence in Criminal War,” 1488; Stathis N. Kalyvas, *The Logic of Violence in Civil War*, Cambridge Studies in Comparative Politics (New York: Cambridge University Press, 2006), 218.

¹⁹ “In particular, our estimates suggest that the kingpin captures we consider led to an additional 4,934 homicides between 2007 and 2010, or approximately 7.2 percent of the homicides over that period of time. Moreover, the effects of these kingpin captures can explain 31.8 percent of the increase in homicides between 2006 and 2010.” Jason M. Lindo and Maria Padilla-Romo, “Kingpin Approaches to Fighting Crime and Community Violence: Evidence from Mexico’s Drug War” (National Bureau of Economic Research, May 14, 2015), 19; See also, Lessing, “Logics of Violence in Criminal War,” 1496; Paul, Clarke, and Serena, “Mexico Is Not Colombia,” 6; Kan, *Cartels at War*, 6-7; Shirk and Wallman, “Understanding Mexico’s Drug Violence,” 23.

²⁰ Ioan Grillo, *El Narco: Inside Mexico’s Criminal Insurgency* (New York: Bloomsbury Press, 2012), 203.

‘criminality.’”²¹ Others still have questioned how Mexico, a country with a \$1.2 trillion economy, multiple billionaires, and a robust middle class can be equated with violent insurgency—a word seemingly more representative of war-torn Middle Eastern countries.²²

Those in favor of the insurgent label point to the sheer scale of Mexican violence, specifically the violence directed against federal officials, and widespread cartel impunity as signs the problem has grown beyond mere organized crime.²³ As Sullivan and Elkus summarize,

The fragmented and post ideological quality of the struggle often confuse American commentators used to the idea of a unified and ideological Maoist-type insurgency. Yet the essential character of the insurgency is something that Clausewitz, were he around today and tuning into gangster-promoting narcocorrido music pumping out of Tijuana radios, could definitely understand.”²⁴

These scholars also note how the ambition and capability of the cartels has, in many cases, exceeded that of Mexican government and law enforcement. As James Farwell and Darby Arakelian assert, “[The cartels] have created an atmosphere of fear and intimidation that impairs the government’s ability to... [provide] security or [ensure] the welfare of the people... they have ‘superseded or seriously weakened’ the government in a growing number of Mexican states... becoming a ‘parallel government.’”²⁵ Given this political power, and aspiration for more, these scholars additionally argue that governments must go beyond “normal law enforcement capability” to counter the rising violence. As Dr. Robert Bunker, also of the US Army War College, contends,

²¹ Kan, “What We’re Getting Wrong about Mexico,” 37.

²² Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 11.

²³ See, for example, Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 11; James P. Farwell and Darby Arakelian, “War on Our Doorstep: Not a Mere Crime Problem,” *Strategic Studies Quarterly* 40 (2014): 41; Christopher Martinez, “Transnational Criminal Organizations: Mexico’s Criminal Insurgency,” *Military Review*, no. September-October 2012 (2012): 58-59; John P. Sullivan, “How Illicit Networks Impact Sovereignty,” in *Convergence: Illicit Networks and National Security in the Age of Globalization*, ed. Michael Miklaucic and Jackeline Brewer (Washington, DC: National Defense University Press, 2013), 171-188; John P. Sullivan and Robert J. Bunker, “Third Generation Gang Studies: An Introduction,” *Journal of Gang Research* 14, no. 4 (2007): 1-10.

²⁴ John P. Sullivan and Adam Elkus, “Cartel v. Cartel: Mexico’s Criminal Insurgency,” *Small Wars Journal*, February 1, 2010, accessed December 6, 2016, <http://smallwarsjournal.com/jrnl/art/cartel-v-cartel-mexicos-criminal-insurgency>.

²⁵ Farwell and Arakelian, “War on Our Doorstep,” 46.

“[the cartels use] fifty calibers and burning vehicles to create avenues of approach, and they create kill zones. They are very military-like in their behavior. If we look at the United States, criminals don’t tend to stand and fight. They tend to run. And criminals don’t tend to setup ambushes.”²⁶

Others have argued the Mexican cartel debate, as currently framed, is fundamentally a false dilemma—a choice between crime *or* insurgency, and greed *or* grievance. As Colombian scholar Dr. Oscar Palma states, “In conceptual terms the difference might be clear, in practice criminality and political violence have blurred boundaries... criminal entities sometimes display political interests... politically motivated organizations may also become permeated by criminal interests.”²⁷ In opposition to arguments built around the presumed motivations of Mexican cartels, which are likely neither static nor monolithic, analyst such as Palma have advanced the concept of “commercial insurgency” as a comprehensive approach to understanding the interdependence and interrelation of criminal and conflict enterprises.²⁸

While the term, “commercial insurgency,” has steadily gained recognition, including its use in US military and interagency doctrine, it has only recently developed into a more complete theory.²⁹ As Palma states, “Although the concept has been used as a basis for empirical analysis through several cases, there haven’t been deeper developments on how a commercial insurgent group is structured, how it operates, and especially how it interacts with its environment.”³⁰ In the case of Mexico, while many pundits and scholars have adopted the label, most famously by Grillo in his book, *El Narco: Inside Mexico’s Criminal Insurgency*, few have leveraged commercial

²⁶ Ioan Grillo, *Gangster Warlords: Drug Dollars, Killing Fields, and the New Politics of Latin America* (New York: Bloomsbury Press, 2016), 270.

²⁷ Oscar Palma, “Transnational Networks of Insurgency and Crime: Explaining the Spread of Commercial Insurgencies Beyond State Borders,” *Small Wars & Insurgencies* 23, no. 3 (2015): 479.

²⁸ *Ibid.*, 481.

²⁹ Field Manual (FM) 3-24, *Insurgencies and Countering Insurgencies* (Washington, DC: Government Printing Office, 2014), 4-6; US Department of State, *US Government Counterinsurgency Guide* (Bureau of Political-Military Affairs, January 2009), 6.

³⁰ Palma, “Transnational Networks of Insurgency and Crime,” 481.

insurgency as an analytical framework. Even fewer have attempted to operationalize this analysis, to leverage it in the development of approaches and recommendations for policy and strategy to counter commercial insurgency.

Methodology

After more than a decade of government operations, at a cost of nearly \$100 billion in US and Mexican public funds, many would argue Mexico's cartels are as powerful, profitable, and violent as they have ever been.³¹ From an ongoing debate over the nature of the cartel problem, and the seeming futility of government responses, commercial insurgency emerged as an alternative conceptual method of explaining and understanding the problem. The commercial insurgency framework, developed by Oscar Palma in his article, *Transnational Networks of Insurgency and Crime*, established a structure for analyzing these organizations, based on both their "triadic character" of interrelated military, political, and criminal dimensions/nodes, and their use of primary and secondary operating environments of control and profit generation. By viewing the phenomenon as, "a problem of insurgency and counterinsurgency, [while] incorporating the issues of motivations and profits," this approach seeks to provide a more comprehensive method for generating solutions.³² Given recent history and the track record of US and Mexican government actions designed to combat the cartels, it is clear this alternative approach deserves further consideration.

This monograph examines the potential for more effective government approaches to countering Mexican cartels by addressing the problem through the framework of commercial insurgency. To meet this objective, it analyzes the problem as a case of commercial insurgency;

³¹ Seelke and Finklea, "U.S-Mexican Security Cooperation," 1-3; Arturo Angel, "Data Shows Mexico Losing Battle with Organized Crime," *InSight Crime: Investigation and Analysis of Organized Crime*, September 27, 2016, accessed December 3, 2016, <http://www.insightcrime.org/news-analysis/data-shows-mexico-losing-battle-with-organized-crime>.

³² Palma, "Transnational Networks of Insurgency and Crime," 481.

with one of Mexico's most dangerous cartels, Los Zetas, serving as a case study in cartel insurgency.³³ The criteria for this analysis are the characteristics and structure of commercial insurgency, as developed by Palma.

The research design of this monograph explores the development of commercial insurgency, as a concept and theory, and applies it as an approach to understanding and dealing with the current problem of Mexican based cartels. The characteristics of commercial insurgency form the shape of this approach, both from the perspective of how these organizations are structured and operate, and how they can be countered by government action.

The following section sets the stage for further analysis by tracing the development of criminal and commercial insurgency as a concept for understanding the current interrelation, and interdependence, of crime and conflict. From its origin as a term for describing the changing character of insurgency following the Cold War, to its use in current US Army and interagency doctrine, this review leads to the discussion of commercial insurgency theory in its current form. This, in turn, provides focus on understanding the commercial insurgency structure, in terms of function and motivation, and its operating methods, to show how these organizations adapt to and leverage their environment. The foundation provided by this review forms the basis for subsequent analysis.

The case study of Los Zetas serves as an example of a currently operating commercial insurgency. Analysis of this organization will demonstrate how its component structures, with specific functions and motivations, cooperate, and adapt to ensure the cartel's continued success and survival.

The expected outcome of this study is analytical support for the thesis that the US and Mexican governments can develop a more comprehensive approach to understanding, and thus

³³ Michael Ware, "Los Zetas Called Mexico's Most Dangerous Drug Cartel," *CNN*, accessed February 13, 2017, <http://www.cnn.com/2009/WORLD/americas/08/06/mexico.drug.cartels/index.html>; Seeleke and Finklea, "U.S-Mexican Security Cooperation," 9.

countering, Mexican cartels by incorporating concepts from commercial insurgency. The conclusion offers recommendations for the application of commercial insurgency concepts to the current US and Mexican government approach to combatting Mexican cartels contained within the Mérida Initiative. While there are no quick or easy fixes to this problem, these recommendations offer US diplomatic, military, and interagency personnel focused on contending with Mexican cartels alternative methods for addressing the problem from a more holistic perspective.

Section II: The Development of Commercial Insurgency Theory

At the end of the Cold War many analysts questioned the future of insurgency. Without the political and financial backing of the Soviet Union, it was anticipated that various active insurgencies would merely wither away.³⁴ After all, insurgency and partisan warfare, as noted by leading scholars such as Carl Schmitt, have an, “intense political character,” which, “distinguishes the partisan from other fighters... whose motives are directed toward private enrichment.”³⁵ With the failure of communist politics, so too, it was proposed, would follow its proxy forces and insurgencies.

With the benefit of hindsight, it is now clear this was not the case. Yet, other contemporary analysts were quick to note how changing geopolitical forces would not result in the end of insurgency, but rather its evolution. US Army War College Professor Dr. Steven Metz, writing in 1993, stated, “Insurgency will persist even after the end of the Cold War. But as insurgent strategists recognize the bankruptcy of old techniques, especially protracted, rural ‘people’s war,’ they will innovate.”³⁶ Focusing on the psychological aspects of future insurgency, Metz identified two emerging variations of insurgency. As he described,

³⁴ Palma, “Transnational Networks of Insurgency and Crime,” 476.

³⁵ Carl Schmitt, *Theory of the Partisan: Intermediate Commentary on the Concept of the Political* (New York: Telos Press Pub, 2007), 17.

³⁶ Steven Metz, “The Future of Insurgency” (Carlisle Barracks, PA: Strategic Studies Institute, 1993), iv.

Two forms of insurgency are likely to dominate the post-Cold War world. Spiritual insurgency is the descent of the Cold War-era revolutionary insurgency. It will be driven by the problems of modernization, the search for meaning, and the pursuit of justice. The other form will be commercial insurgency. This will be driven less by the desire for justice than wealth. Its psychological foundation is a warped translation of Western popular culture which equates wealth, personal meaning, and power.³⁷

Metz noted that commercial insurgencies arise not out of direct political grievances, but rather from greater social and economic conditions. Towards the origin and definition of commercial insurgency he stated,

In situations of perceived deprivation and frustration—and again this holds for American inner cities as well as the Third World—the possession of wealth and power is more important than the techniques used to acquire them. In this psychological context, commercial insurgency is essentially widespread and sustained criminal activity with a proto-political dimension that challenges the security of the state...especially in the hinterlands where government control is limited.”³⁸

The “proto-political dimension” was key to Metz’s understanding of why these groups were a form of insurgency. The reason for this feature, as Metz notes, is that, “organized criminals find that in order to mobilize sufficient power to resist the state, they must move their organizations beyond pure criminalism with its limited appeal to most citizens and add elements of political protest.”³⁹ The added political dimension, even if not aimed directly at the overthrow of the state, is what he saw as posing the greatest security threat. As Metz analogizes, “Just as simple illness such as mumps or measles can kill someone already stricken with another disease, commercial insurgency can prove deadly to regimes weakened by other forces.”

Geographically, Metz saw Latin America as the region most vulnerable to the advance of commercial insurgency. Noting that the region is a victim of its own geography, he suggests that, “not only does it have the proper climate and topography for the production of coca, marijuana, and opium, but it is also located near the North American drug markets and has a web of economic and

³⁷ Metz, “The Future of Insurgency,” iv.

³⁸ Ibid., 10.

³⁹ Ibid., 11.

personal connections with the United States.”⁴⁰ To overcome this problem of location, Metz states that, “the major determinant of the extent of insurgency in Latin American will be the ability of the governments there to sustain the construction of democracy and economic growth, and...the ability of the United States to successfully control its demand for narcotics.”⁴¹

From its beginning in the writing of Steven Metz, numerous scholars have built on and adapted commercial insurgency to describe the changing dynamics of insurgency and low-intensity conflict. Insurgency scholar Bard O’Neill used Metz’s concepts to describe one of his six types of insurgency in his seminal work, *Insurgency and Terrorism*. Remarking that, “The first question an analyst must answer is, what type of insurgency are we dealing with?” O’Neill cites, “commercialist,” as an insurgency that strives for, “the acquisition of material resources through seizure and control of political power.”⁴²

The concept of commercial insurgency is also included within US government documents and military doctrine on insurgency and countering insurgency. The interdepartmental *U.S. Government Counterinsurgency Guide*, co-signed by the Secretaries of Defense and State, describes the evolution of insurgency in terms very similar to those of Metz. Its authors note that while, “many of the more renowned insurgencies of the 20th century followed the Maoist ‘Protracted Warfare’ model,” and were predominantly hierarchical and monolithic organizations, there have been changes in the character of insurgency.⁴³ They argue that “modern insurgencies are increasingly being recognized as complex matrices of irregular actors with widely differing goals...

⁴⁰ Metz, “The Future of Insurgency,” 13.

⁴¹ Ibid.

⁴² Bard E. O’Neill, *Insurgency & Terrorism: From Revolution to Apocalypse*, rev. ed. (Washington, D.C.: Potomac Books, 2005), 19, 28.

⁴³ US Department of State, *US Government Counterinsurgency Guide*, 6.

Motivations within this eclectic mix may vary from religious extremism to pure criminality and many groups may not themselves intend to become the governing authority.”⁴⁴

The most recent publication of US Army Field Manual (FM) 3-24, *Insurgencies and Countering Insurgencies*, contains a similar discussion of commercially and economically focused insurgency. While describing the fundamentals of insurgency the doctrine outlines three variations of modern insurgency: political, economic, and violence-centered. Economic-centered insurgency is articulated in FM 3-24 as “An insurgency may be focused on economics. These insurgencies are likely to want simply to stop state interference with their activities. As such, these insurgencies may limit their use of violence, unless the state attempts to interfere with their economic base, whether in the legitimate economy or in black or gray markets.”⁴⁵

Additionally, FM 3-24 addresses Metz’s concept of commercial insurgency directly when describing the characterizations of insurgency. Its authors offer that insurgents may, “commonly use criminal organizations to accomplish objectives,” while proposing the inverse may also occur:

However, criminal groups can develop into insurgencies. In the case of localities that depend on black markets for their general welfare, the local population may depend on criminal activities... An insurgency based on a black market generally has ties to other black markets and resources through globalization... This can create a well-funded, trained, and equipped *commercial insurgency*.⁴⁶

Still another set of analysts and academics have taken Metz’s commercial insurgency concept and adapted it to a parallel research effort built upon the concept of criminal insurgency within Latin America. Guided by the writings of Dr. John P. Sullivan and Dr. Robert J. Bunker of the US Army War College, these authors frame criminal insurgency as, “the result of criminal enterprises competing with the state,” in line with traditional insurgency theory. Yet, “their competition is not for traditional political participation within state structures, but rather to free

⁴⁴ US Department of State, *US Government Counterinsurgency Guide*, 6.

⁴⁵ Field Manual (FM) 3-24, *Insurgencies and Countering Insurgencies*, 4-6.

⁴⁶ *Ibid.*, 5-6, 5-7 (italics added by author).

themselves from state control so they can maximize profits from illicit economic circuits.”⁴⁷

Corresponding to Metz’s focus on Latin America as an area of burgeoning commercial insurgency, these analysts see Mexico as the archetype for understanding criminal insurgency. As Sullivan and Bunker observe, “Mexico... [is] challenged by criminal insurgencies. Not only are cartels and gangs seeking to exert control over criminal space, they are seeking to eliminate government controls on their activities.”⁴⁸

From the foundation laid by Sullivan and Bunker, additional analysts have adopted the criminal insurgency concept in their writings on Latin America. Robert Killebrew, of the Center on New American Security, uses the term as the basis of his argument, stating, “we must see the problem for what it is: a criminal insurgency contrary to the foundations of our own society and those of states such as Mexico.”⁴⁹ He additionally cites, “profit,” as a new and additional motivation for insurgency in line with the writings of Sullivan and Metz. Journalist Ioan Grillo also leveraged the concepts of Sullivan and Bunker in his books, *El Narco: Inside Mexico’s Criminal Insurgency*, and, *Gangster Warlords: Drug Dollars, Killing Fields, and the New Politics of Latin America*. Grillo acknowledges that, “phrases such as ‘criminal insurgency’ invariably anger, and gratify, certain interest groups...but whatever the politics, the threat in Mexico needs to be understood.”⁵⁰ Towards this understanding he begs the question,

[The cartels] are not regular outlaws who shoot it out with a couple of police and run. Their revolt against civil authority includes attacks...on army barracks; assassinations of

⁴⁷ John P. Sullivan and Robert J. Bunker, “Rethinking Insurgency: Criminality, Spirituality, and Societal Warfare in the Americas,” *Small Wars & Insurgencies* 22, no. 5 (2011): 745-46; For further discussion of criminal insurgency by these authors, see also, Pamela L. Bunker, Lisa J. Campbell, and Robert J. Bunker, “Torture, Beheadings, and Narcocultos,” *Small Wars & Insurgencies* 21, no. 1 (2010): 145-78; Sullivan and Bunker, “Third Generation Gang Studies;” Sullivan, “How Illicit Networks Impact Sovereignty;” Sullivan and Elkus, “Cartel v. Cartel: Mexico’s Criminal Insurgency.”

⁴⁸ Sullivan and Bunker, “Rethinking Insurgency: Criminality, Spirituality, and Societal Warfare in the Americas,” 753.

⁴⁹ Robert Killebrew, “Criminal Insurgency in the Americas and Beyond,” *PRISM* 2, no. 3 (June 2011): 34; See also, Robert Killebrew and Jennifer Bernal, “Crime Wars: Gangs, Cartels, and U.S. National Security” (Center for New American Security, September 2010), 5-7.

⁵⁰ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 205.

high-ranking police and politicians; and mass kidnappings of ten or more policemen and soldiers. Who can say with a straight face that these are not serious challenges to the state?⁵¹

This review of the literary development of the concepts of commercial and later criminal insurgency clearly demonstrates the recent intellectual traction gained in the development of commercial and later criminal insurgency concepts, it also serves to highlight a deficiency within the current discourse. While many authors have provided definitions, and used criminal or commercial insurgency as an apt descriptor of the violent intersection of criminal, commercial, and political enterprises, few have further developed the concept to create a transferable framework for analysis. Put simply, many have used the term, few have said what it is. This condition has left deeper inquiries, into the component structure, practices, and operation of these organization unaddressed—a point that is echoed by political scientists Stathis Kalyvas in his recent work on the logic of criminal violence in Mexico. While he does not fully subscribe to the commercial insurgency concept, he notes that in the case of Mexico, it is clear, “large-scale organized crime has effectively substituted for insurgency as the main challenge to the state’s monopoly of violence,” and offers, “it’s worth asking whether the Latin American experience represents the future [of] organized violence...”⁵²

The commercial insurgency framework is a useful analytical tool to meet these current theoretical challenges. As its author states, “By following the logic of Metz’s definition,” the framework is intended to, “take [the commercial insurgency] concept forward to explain how this kind of organization can be characterized,” and to, “‘open the box’ and dig deeper within the insurgent group to explore motivations and functions”⁵³

⁵¹ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 206.

⁵² Stathis N. Kalyvas, “How Civil Wars Help Explain Organized Crime—and How They Do Not,” *Journal of Conflict Resolution* 59, no. 8 (2015): 1534.

⁵³ Palma, “Transnational Networks of Insurgency and Crime,” 481-82.

The Commercial Insurgency Framework

The vision of the commercial insurgency approach is to see these organizations as, “a system composed of differently interacting individuals or sectors with diversified interest.” Palma places this vision within the greater context of today’s globalized world of cyberspace enabled hyper-connectivity, which has allowed insurgents to “Increase their possibilities to build transnational networks, to place combatants and militants beyond the borders of a single state and to increase their linkages of cooperation with other agents through the region.”⁵⁴ The growth and resilience of commercial insurgent groups is based on their ability to exploit these environmental conditions to form networks beyond state boundaries. This ability comes from what Palma terms as the “triadic character” of commercial insurgencies, “composed of complementing and interrelated political, military, and criminal dimensions, in motivational and functional terms.”⁵⁵ This review of commercial insurgency theory will begin with the discussion of motivations and functions, followed by the triadic dimensions and commercial insurgency structure, and ending with an explanation of primary and secondary operating environments.

The distinction between insurgent *motivations* and *functions* is crucial to understanding commercial insurgency in itself, and furthermore, to understand how commercial insurgency differs from ‘traditional insurgency.’ To begin, *motivations* refer, “to the reason behind combatants’ will to fight,” whereas, *functions* refer, “to the type of activity that, as a member of the insurgency, they engage in.”⁵⁶ Motivations do not necessarily imply the reasons for joining the organization, which could vary from financial to coercive, but rather reasons for staying. In essence, this is what an individual or group is trying to gain from the transaction, and in the case of commercial insurgency, is likely to be fluid. In traditional insurgency theory, “all individuals, commanders, and combatants

⁵⁴ Palma, “Transnational Networks of Insurgency and Crime,” 477.

⁵⁵ Ibid.

⁵⁶ Ibid., 482.

are motivated by a social/political goal,” regardless of their function—be that of a fighter, financier, or political actor working to build popular support.⁵⁷ However, in the case of commercial insurgency, an additional dimension is required to acknowledge the existence of individuals and groups who remain members of an insurgency based solely on both functions and motives of revenue and enrichment. Palma labels this “the criminal dimension,” which in turn establishes the triadic character of commercial insurgency.⁵⁸

Viewing these organizations as a system, the triadic character further enables the development of the commercial insurgency structure. The corresponding military, political, and criminal dimensions of this framework highlight various motivational or functional nodes. Though Palma notes, “such structures are not mutually exclusive; that is, the organization will not necessarily establish separate units (front, columns, companies, [etc.]) for each dimension.” What is critical to understand, as is expressed in Figure 2, is that, “there is an overlapping; individuals can be part of several dimensions simultaneously.” The letters within the figure serve to show the multitude of possible overlapping motivations and functions within the organization (individual letters representing theoretical sectors of the organizations). The theoretical sectors of commercial insurgency are further detailed in Figure 3. These sectors serve as conceptual descriptors of what are in reality complex nodes (gangs, groups, or organizations) of multi-functional and motivated individuals. Returning the commercial insurgency structure, the military dimension of this structure is displayed in only functional terms. For, as Palma asserts, “Militants have motivations that can be classified either as political or criminal, but a military motivation by itself does not have

⁵⁷ Palma, “Transnational Networks of Insurgency and Crime,” 483.

⁵⁸ *Ibid.*, 484.

its own logic... There is no fighting for the sake of fighting.”⁵⁹ From this initial foundation the specific of the dimensions can be further discussed.

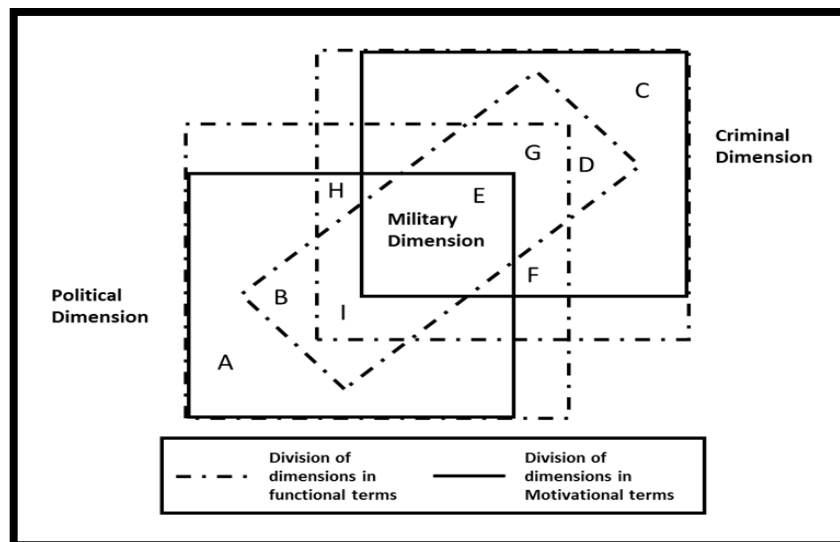


Figure 2. The Commercial Insurgency Structure. Created by author. Adapted from Oscar Palma, “Transnational Networks of Insurgency and Crime: Explaining the Spread of Commercial Insurgencies Beyond State Borders,” *Small Wars & Insurgencies* 23, no. 3 (2015): 484.

While the dimensions of the commercial insurgency structure overlap, each dimension possesses specific inherent qualities. The military dimension, which, again, only manifests itself in functional terms, is built around tasks similar to traditional combat forces. Activities include recruiting personnel to meet the demands of the fighting force; developing and conducting training to increase proficiency and enable specialization; the planning and execution of the full range military operations, irregular or otherwise; military supply and logistics, communications, and intelligence operations. Within the scope of the structure, the military dimension also includes the command and control elements of the fighting force, tasked with organizing the force, maintaining unit cohesion, and ensuring discipline.

The tasks and activities of the political dimension “may be derived from the creation of a political party or movement as the cornerstone,” as Palma states. Yet, this may also be built from a

⁵⁹ Ibid.; Though Ioan Grillo debates this point, and references certain sociopathic motivations in the context of Mexico, stating, “For many of these cartel soldiers on the front line, war and insurgency have become their central mission” Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 221.

clandestine political structure to leverage existing political processes. Palma continues, “Political tasks relate to the spread of their discourse, ideals, philosophy, and arguments in search [of] sympathy and support,” of the population.⁶⁰ In a hyper-connected world, these actions also include the use of online social networks to convey and coordinate messages to supporters, rivals, and all in between. Through a variety of organizing and mobilizing structures, and methods of indoctrination, the political dimension develops the legitimacy of the organization as, “the de facto authority... [guaranteeing] living conditions for its inhabitants.”⁶¹ In areas where the organization is the established authority, be that directly or through proxy, political tasks also include administration and acts of government.

| Commercial Insurgency Sectors | | |
|-------------------------------|--|---|
| | Sector Name | Description |
| A | Purely Political | Politically motivated and conducting political tasks without engaging in combat |
| B | Traditional Insurgent | Politically motivated to participate in armed conflict in line with traditional insurgency theory |
| C | Purely Criminal | Motivated by criminal profits and conduct related tasks - production, logistics, etc. |
| D | Criminal Fighters | Motivated by criminal profits as a combatant and in conducting tasks supporting illicit revenue generation |
| E | All Motivations all Functions | Where all dimensions combine. This could include organizational leaders who oversee combat and criminal operations |
| F | Criminally Driven Political Activism | Motivated by criminal profit and conducting political task - criminal corporate social responsibility |
| G/I | Criminally and Politically Driven Fighters | Motivated by both politics and profit, and is an active combatant. Conducting criminal activities (G) or political activities (I) |
| H | Politically Driven Criminality | Politically motivated, but conducting criminal tasks in support of revenue generation - social banditry |

Figure 3. The Commercial Insurgency Sectors. Created by author. Adapted from Oscar Palma, “Transnational Networks of Insurgency and Crime: Explaining the Spread of Commercial Insurgencies Beyond State Borders,” *Small Wars & Insurgencies* 23, no. 3 (2015): 485-87.

⁶⁰ Palma, “Transnational Networks of Insurgency and Crime,” 485.

⁶¹ *Ibid.*, 480.

The criminal dimension in turn revolves around the processes of illicit revenue generation. In many cases these activities relate to “the production and commercialization of the commodity.” As Palma outlines with the example of narcotics this involves the full supply chain of “the provision of raw materials, cultivation..., collection and processing, refining..., sales, transportation to shipment points, money laundering, and the security of commercial infrastructure.”⁶² Beyond narcotics, other illegal revenue collection activities include simple extortion/taxation, smuggling and trafficking – in goods and persons, theft, and the sale of otherwise legal commodities within black-markets.

The dimensions of commercial insurgency provide a basis for understanding the design of an organization. Yet, as their author affirms these, “dimensions are not static.” With the overlapping of functional and motivational dimension, Palma intended to show not only how criminality can also drive a movement towards insurgency and militancy, but also that motivations themselves can be multiple. Likewise, over time, both motivations and functions can change, for the organizations and/or the individual. Palma states, “nodes can ‘jump’ from dimension to dimension ... [which has] a relevant implication in terms of the re-emergence and resilience of the organization.”⁶³ This is further framed as the processes of politicization, militarization, and criminalization. Politicization, in terms of motivation, refers to the process of, “convincing those who pursue a criminal objective to follow a political interest (indoctrination)... [and] in functional terms, it means [shifting to the conduct] of political actions and tasks. It is a leap from C or D into A or B.”⁶⁴ Criminalization and militarization follow similar patterns as individuals and nodes are remapped within the structure based on shifting motivations and functions, and changes in the

⁶² Palma, “Transnational Networks of Insurgency and Crime,” 486.

⁶³ Ibid., 487.

⁶⁴ Ibid.

environment. The key to the next discussion on the environment of operations is expressed by

Palma:

Nodes are not necessarily restricted to the territory of a single state. Instead they find elements through their environment which allows them to move through different geographic and social spaces to build transnational networks. This is why it is important to bring the environment into the analysis, to determine how environmental elements contribute to the placement and survival... and are a base for the re-emergence of the organization.⁶⁵

Commercial insurgencies are a product of their environment. As, “systems,” they are a part, “of their environment and they constantly interact with it.” Continuous adaptation to both opportunities and threats results in reciprocal changes to both the insurgency and its environment. Globalization has only expanded the scope of this effect. As Palma concludes, “the information age is characterized by highly connected societies where actors such as corporations, multinationals, or criminals have the possibility to articulate operations and expand beyond borders...to place nodes of operation in more than a single state.”⁶⁶ In the case of commercial insurgents, these conditions have allowed for the development of multiple and specialized operational zones, which the author coins as “primary” and “secondary environments.” Primary environments refer to the main base of operation for the organization—where leadership is located, where there is the strongest local support. Secondary environments serve as way-stations in the network of revenue generation. Opportunities in the environment, such as sympathy or shared objectives (financial or otherwise) of non-organizational individuals, political actors, social movements, and other criminal or armed groups, allow for the generation of multiple secondary environments. At all levels the lack of

⁶⁵ Nodes are described by the author as "For each of the dimensions, particular functional structures or networks are developed, composed of insurgents (nodes, in terms of network theory) who carry out their activities and duties." Palma, "Transnational Networks of Insurgency and Crime," 477, 488.

⁶⁶ Ibid.

government capacity, or worse, complicity or apathy, present even greater opportunities for commercial insurgencies to embed and expand within their environment.⁶⁷

The structure and operation of commercial insurgencies also provides explanation for the characteristic resilience and re-emergence of these organizations in the face of external threats. Though, the “survival of the insurgent group might be observed in different forms,” Palma asserts, the networked formation of “nodes and structures” makes these groups incredibly resilient to external pressures. Nodes will continue to operate based on motivations and functions beyond borders in a variety of scenarios. Relating this condition to other analysis, Palma elaborates that both systems and “network theory [suggest] that structures can survive unless 5-15% of [their nodes or hubs] are disabled simultaneously.”⁶⁸ Additionally, the networked and modular structure of commercial insurgencies allow for re-emergence. In that, these organizations are capable of reconfiguration and reappearance in the event of government intervention, or even the destruction of component elements. “The remaining scattered nodes and groups can” as the author notes, “come together to re-engage with all of the dimensions, producing some [new] sort of organizational order.”⁶⁹

The commercial insurgency conceptual framework provides a sound basis for understanding both the component structure and operation operations. Through the description of their “triadic character,” it demonstrates how these organizations can develop robust networks across primary and secondary operating environments. Understood as a system, commercial insurgencies display both resilience and the tendency for re-emergence in the face of external threats. Combined, these features present two parallel dilemmas for the counter commercial insurgent. First, as Palma states, “[the counterinsurgent] must address all the dimensions

⁶⁷ Palma, “Transnational Networks of Insurgency and Crime,” 489-90.

⁶⁸ *Ibid.*, 491.

⁶⁹ *Ibid.*

simultaneously in order to avoid its re-mergence.” Additionally, given the resilient and transnational nature of commercial insurgencies, no one government can address these organization effectively as the counterinsurgent.⁷⁰

Applied to Mexico, the commercial insurgency framework is an intellectual tool for understanding the criminal and political dynamics driving the cartels that threaten its internal security. To demonstrate, this monograph will use the framework to examine one of Mexico’s most notorious cartels, Los Zetas.

Section III: Commercial Insurgents: Los Zetas

Los Zetas are a clear case for the examination through the lens of commercial insurgency. Analysts have referred to the founding members of the Zetas as the “first narco insurgent[s],” of the Mexican Drug War.⁷¹ Likewise, the US Drug Enforcement Agency (DEA) has described the Zetas as, “the most technologically advanced, sophisticated, efficient, violent, ruthless, and dangerous cartel operating in Mexico.”⁷² Though the Zetas earned this reputation through their rapid rise to power in the first decade of the 21st century, they have suffered recent and significant setbacks. Some analysts forecast the terminal decline of the Zetas, while other see a continuation of Zeta dominance.⁷³ Regardless, the resilience of this organization is yet another characteristic that clearly correlates to analysis through the commercial insurgency framework.

The examination of Lost Zetas begins with a review of the history of the organization and a discussion of the context surrounding, and enabling, their development. This background examines

⁷⁰ Palma, “Transnational Networks of Insurgency and Crime,” 492-93.

⁷¹ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 99.

⁷² Ware, “Los Zetas Called Mexico’s Most Dangerous Drug Cartel.”

⁷³ Michael Lohmuller, “Mexico Kills Zetas Founder As Cartel’s Decline Continues,” *InSight Crime: Investigation and Analysis of Organized Crime*, May 12, 2014, accessed February 18, 2017, <http://www.insightcrime.org/news-briefs/mexico-kills-zetas-founder-as-cartels-decline-continues>; Steven Dudley and Viridiana Rios, “Why Mexico’s Zetas Expanded Faster than Their Rivals,” *InSight Crime: Investigation and Analysis of Organized Crime*, April 21, 2013, accessed February 18, 2017, <http://www.insightcrime.org/news-analysis/why-mexicos-zetas-expanded-faster-rivals>.

the ascension of the Zetas and explains their development from criminal fighters, as described in Figure 3D), to full-fledged commercial insurgency through the previously introduced process of politicization. Further analysis explains the resilience, and possibility for future re-emergence, of the Zetas through an understanding of the group’s networked structure of interconnected and overlapping military, criminal, and political nodes.



Figure 4. Political Map of Mexico. Clare Ribando Seelke and Kristin Finklea, “U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond” (Washington, DC: Congressional Research Services, January 18, 2017), 7.

Context and History

The story of the origin of Los Zetas begins in the late-1990s. In a frequently told narrative among cartel analysts, the group that would rise to become Mexico’s most feared, and most barbaric cartel, began as the hired guns of the then dominant *Cártel de Gulfo* (Gulf Cartel or CDG). The Gulf Cartel, based in the city of Matamoros, Tamaulipas, as their name implies, possessed near total control of the drug traded along Mexico’s gulf coast (Figure 4). Following the arrest of CDG’s leader by Mexican authorities in 1995, command of the organization fell to Osiel Cárdenas Guillén. An ambitious, somewhat paranoid, Osiel sought to improve the CDG’s security measures, and likely his own future prospects, by increasing their firepower relative to encroaching rivals in the

Sinaloa Cartel and Beltrán Leyva Organization (BLO), and also Mexican government forces. Through a Mexican military defector already serving within the CDG, Osiels made an overture to members of one of the Mexican military's most elite units, the Grupo Aeromóvil de Fuerzas Especiales (GAFE, Airborne Special Operations Group).⁷⁴

Promising money, drugs, and vastly superior living conditions, Osiel convinced multiple members of the GAFE to defect and join the Gulf Cartel. As one analyst notes of these new Gulf members, “the khaki-clothed Benedict Arnolds were seduced by higher salaries—referred to as a “*cañonazo de dólares*” or cannon ball of dollars—compared to the pittance they earned in uniform.”⁷⁵ From the initial assemblage of thirty-one GAFE personnel, and others from around the Mexican military, Los Zetas were formed. Their name coming from radio call-signs the group used during and after their time in the Mexican military. The first leader of the Zetas, ex-GAFE member Arturo Guzmán Decena, went by the call-sign “Z-1.”⁷⁶

Seen and understood through the commercial insurgency structure, it is clear the Zetas began as criminal fighters (Figure 3, D). As is indicated by their motivations for criminal wealth and functional role as the combat arm of the greater Gulf Cartel. Not yet political, nor purely criminal, the development of the Zetas, in terms of expanding motivations and functions, from criminal fighters, to criminal, and later political operators and commercial insurgency themselves, would entail further politicization. The process Palma described as, “convincing those who pursue a

⁷⁴ George W. Grayson and Samuel Logan, *The Executioner's Men: Los Zetas, Rogue Soldiers, Criminal Entrepreneurs, and the Shadow State They Created* (New Brunswick: Transaction Publishers, 2015), 1–25; Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 97–100.

⁷⁵ George W. Grayson, “The Evolution of Los Zetas in Mexico and Central America: Sadism as an Instrument of Cartel Warfare” (Strategic Studies Institute, US Army War College, April 2014), 2.

⁷⁶ Kan, *Cartels at War*, 46-47; Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 97-100; Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 1-4; Grayson and Logan, *The Executioner's Men*, 4-8.

criminal objective to follow a political interest... [such as] seeking to control local institutions to carry on with their activities.”⁷⁷

Before describing this further expansion of the Zetas, it is important to understand the contextual events shaping the environment within which this group would form. At nearly the same time as the Zetas were developing in eastern Mexico, larger macro-forces were acting to change the nature of cartel activity in Mexico. These forces were the movement towards greater Mexican political democratization and economic globalization. Combined, they created conditions and opportunities the Zetas would seize upon to extend their wealth and power.

Though technically a democracy, the Mexican government of the 1990s was still effectively a one-party state. The ruling Institutional Revolutionary Party (PRI), which, to that time, had continuously held political power since 1929, was beginning to lose its grip. Corruption, economic crisis, and poor political management created openings for alternative political actors, and this threatened the traditional pact between the PRI and the cartels. For decades, the PRI and the major Mexican cartels colluded to maximize profits and minimize indiscriminate violence. Political leaders turned a blind eye to cartel activity in return for bribes and limited violence. Yet, increased public scrutiny on the PRI, and the entry of new political actors, caused a breakdown in this accord. The arrest of CDG leadership in 1995 was as a key indicator of this fact. By 2000, the PRI was officially a minority party, losing power over the Mexican Congress, and the presidency to Vicente Fox of the National Action Party (PAN). Uncertainty and increased political competition had a knock-on effect on the cartels. With the old order falling to the wayside, whatever prior rules had governed cartel activity were gone, and the cartel market became much more competitive.⁷⁸

⁷⁷ Palma, “Transnational Networks of Insurgency and Crime,” 479, 487.

⁷⁸ Kan, *Cartels at War*, 4-6; Grayson, “The Evolution of Los Zetas in Mexico and Central America,” v-vii.

At this same time, the cartel business began to boom. The North American Free Trade Agreement (NAFTA), signed by the governments of the US, Canada, and Mexico in 1994, not only created the world's largest trading block, but significantly reduced barriers between the countries. Along with an exponential increase in legal trade came a flood of illicit goods. In the first year following the approval of NAFTA vehicle smuggling across the US-Mexican border increased by over 25%.⁷⁹ As drugs and other licit goods increasingly flowed north, weapons and ammunition flowed south from the United States at an increasingly alarming rate.⁸⁰ Other factors also influenced the economics of the Mexican drug trade. As Kan notes, "For Mexican drug cartels, the provisions of NAFTA came at an opportune time, when U.S. interdiction of Colombian cocaine in the Caribbean was increasingly taxing Colombian groups..." Increased border trade traffic between the United States and Mexico created an opportunity for Mexican cartels to establish new over-land routes to the, "big nose," the United States. What was a multi-million-dollar operation, the Mexican drug trade was on the verge of expanding to a multi-billion-dollar enterprise.⁸¹

Seizing on these conditions, the CDG, and their Zeta paramilitaries, expanded trafficking operations at key border crossing sites in their territory along the Mexican northeast border. By 2002, the Zetas had established their reputation as brutal enforcers who were well armed and unafraid of direct confrontation with the Mexican police and military. A confrontation with US DEA and FBI agents along the US border ended with a \$2 million bounty placed on Cárdenas by the US government, and the deployment of Mexican troops to Tamaulipas by Vicente Fox. In November of 2002, Z-1 was shot and killed by the Mexican military. Less than six months later

⁷⁹ Kan, *Cartels at War*, 4.

⁸⁰ Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 214; T. L. McDougal et al., "The Way of the Gun: Estimating Firearms Trafficking across the US-Mexico Border," *Journal of Economic Geography* 15, no. 2 (March 1, 2015), 1-6; Colby Goodman, "U.S. Firearms Trafficking to Guatemala and Mexico" (Washington, DC: The Wilson Center: Mexico Institute, April 2013).

⁸¹ Kan, *Cartels at War*, 2-4; Grayson, "The Evolution of Los Zetas in Mexico and Central America," v-vii.

Cárdenas, now justified in his paranoia, was captured and arrested by the Mexican military after a half hour gun battle with the Zetas.⁸²

In the aftermath of these events the CDG and the Zetas reorganized. Another former GAFE member, Heriberto “The Executioner” Lazcano, Z-3, assumed leadership of the Zetas, and Cárdenas’ brother assumed control of the CDG. As cartel scholar Dr. George Grayson notes of the transition, “Lazcano, renowned as a vicious fighter and strategist, became an ever-more important player, reorganizing Los Zetas into regional cells composed of specialized cadres (*estacas*), lookouts or “falcons,” and auditors, who kept tabs on finances where the group held sway.”⁸³ New leadership also caught the attention of competing cartels. Sensing Gulf and Zeta weakness, the Sinaloa Cartel enforcers invaded CDG territory in 2005, launching an all-out turf war. Of the fighting Ioan Grillo remarks:

The Sinaloans seriously underestimated their rivals. Many of the Sinaloans’ recruits were thugs from the Mara Salvatrucha gangs of El Salvador and Honduras. The gangbangers had a fearsome reputation. But they were no match for the heavily armed and organized Zetas.⁸⁴

The Mexican border town of Nuevo Laredo became a war zone (Figure 4). Local police loyal to the Zeta fought Sinaloa and government operatives alike. An expanding network of Zeta cells fought the Sinaloa across Mexico. Realizing the effectiveness of their paramilitary force, “the Gulf Cartel spent millions of drug dollars to finance the rapid growth of the Zetas, [and] the Zetas went abroad for talented killers...”⁸⁵ The Zetas found their best recruits among kindred spirits in the Guatemalan special forces unit the Kaibiles, many of whom brought significant experience from the Guatemalan civil war.⁸⁶ New recruits, along with the smuggling of massive quantities of “military-

⁸² Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 99.

⁸³ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 4.

⁸⁴ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 102.

⁸⁵ *Ibid.*, 105.

⁸⁶ Grayson and Logan, *The Executioner’s Men*, 130-31; Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 4; Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 100-104.

grade” weaponry from the United States, allowed the Zetas to escalate conflict to unprecedented levels of violence.⁸⁷ Yet, this expansion came at a cost, and also provided an impetus for the politicization of the Zetas.

War with the Sinaloa Cartel instigated the politicization of the Zetas. Understood in terms of the commercial insurgency structure, this meant creation and expansions of nodes comprised of criminally and politically driven fighters (Figure 3, G/I), and politically driven criminality (Figure 3, H). The process by which this occurred is further detailed by Grillo:

[The] Zetas expanded into many areas traditionally controlled by the Sinaloan mafia. [Believing] the best form of defense is attack. To beef up their army, they swelled their ranks with new recruits... But to make expansion more profitable, Zetas units generated their own income. Thugs with large arsenals of guns had a quick way of getting cash: extortion... The Zetas were not thinking like gangsters, but like a paramilitary group controlling territory.⁸⁸

The need for additional revenue to fund the war with the Sinaloa put the Zetas in the business of resource extraction. This political task is also evident in the Z-3’s inclusion of “auditors” within the Zeta organization. Pursuant to extracting resources, the Zetas needed to establish a level of administrative control within territory to ensure effective extraction. This was a task the Zetas executed with precision and brutality through established regional branches and sub-commanders. These nascent political tasks, comparable to the process of predatory state formation, were a key part of initial Zeta strategy.⁸⁹ This point is further detailed by cartel analysts Dudley and Rios:

The Zetas have never looked at themselves as a drug trafficking operation. They have always been a military group whose primary goal is to control territory... The Zetas

⁸⁷ Ibid.; United States Government Accountability Office, “Firearms Trafficking: U.S. Efforts to Combat Firearms Trafficking to Mexico Have Improved, but Some Collaboration Challenges Remain” (Washington, DC: US GAO, January 2016); Colby Goodman, “U.S. Firearms Trafficking to Guatemala and Mexico” (Washington, DC: The Wilson Center: Mexico Institute, April 2013), 1–4.

⁸⁸ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 104-6.

⁸⁹ Leading theorist Charles Tilley contends that, “a portrait of war makers and state makers as coercive and self-seeking entrepreneurs bears a far greater resemblance to the facts [of state formation] than do its chief alternatives: the idea of a social contract, the idea of an open market in which operators of armies and states offer services to willing consumers, the idea of a society whose shared norms and expectations call forth a certain kind of government.” Charles Tilley, “War Making and State Making as Organized Crime,” in *Bringing the State Back In*, ed. Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol (Cambridge [Cambridgeshire]; New York: Cambridge University Press, 1985), 169.

understood something the other groups did not: they did not need to run criminal activities in order to be profitable; they simply needed to control the territory in which these criminal activities were taking place.⁹⁰

Political administration was also coupled with Zeta activism and advertising. The Zetas hung banners promoting their causes, stating, “The Zeta operations group wants you, soldier or ex-soldier,” and “We offer you a good salary, food, and attention for your family... don’t suffer hunger and abuse anymore.”⁹¹ The calls for recruits were facilitated by thorough indoctrination processes of the Zetas cadre. Being a Zeta became badge of honor, Zeta membership meant power.⁹² Combined, these initial political acts placed the Zetas on a path to an even more robust form of commercial insurgency.

Empowered by victory over the Sinaloa, the Zetas set out an expanded course for their enterprise. Though, fissures were forming between the Zetas and their Gulf Cartel patrons. The heads of the Gulf Cartel were becoming concerned the Zeta’s brutal and coercive tactics used to control trafficking routes and extortion territory, such as decapitation, mutilation, and public execution, were becoming bad for the greater business of cocaine, marijuana, and heroin trafficking.⁹³ By 2010, the friction devolved into open conflict between the Zetas and their former bosses in the Gulf Cartel for control of Tamaulipas and other key territories. This new war pitted an estimated 10,000 Zeta fighters spread across 405 Mexican municipalities against a coalition of rival cartels and the Mexican military, assisted by the US DEA and FBI.⁹⁴ According to Grillo, the scale of the conflict

⁹⁰ Rios, “Why Mexico’s Zetas Expanded Faster than Their Rivals.”

⁹¹ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 104-5.

⁹² *Ibid.*, 106.

⁹³ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 4; “War Between Gulf Cartel, Zetas Marks Year Anniversary,” *The Brownsville Herald Valley Morning Star*, March 7, 2011, accessed February 13, 2017, http://www.valleymorningstar.com/news/local_news/article_0e0aed85-3a13-5955-bb90-9015d1635e02.html.

⁹⁴ “The Fusion of Anti-Zeta Cartels – the troika of organizations – the Gulf Cartel, the Sinaloa Cartel, and the Knights Templars – battling Los Zetas in Northeast Mexico...; also known as... “La Fusion.”

Unleashed some of the worst battles to date, particularly in the Zetas' heartland of the northeast. The Zetas fought off army units and rival cartel hit squads with heavy caliber machine guns and rocket-propelled grenades. The fighting made the Mexican Drug War at last start to look like a more traditional war, with battles that lasted six hours and dozens of bodies.⁹⁵

Fighting this war proved costly for the Zetas in terms of money and men. From its outset, the Zetas were spending nearly \$4 million a month to combat the government and its rival cartels.⁹⁶ Without the benefits of longstanding connections to South American drug producers, as enjoyed by their rival Sinaloa and Gulf Cartels, the Zetas had to seek other means of generating revenue.⁹⁷ To do this they set their sights on the most valuable resource in eastern Mexico—oil. To obtain oil revenues the Zetas turned to extorting and extracting resources from the Mexican government directly. From 2009 to 2010, the Zetas stole over \$1 billion in oil from government owned companies in eastern Mexico.⁹⁸ The Zetas were also losing some of their most experienced fighters. As one analyst notes, “By 2011, after more than a year of fierce fighting with their former masters in the Gulf Cartel, new Zetas could reach the position of hitman in a few months, a process that once took several years, at best.”⁹⁹ Once filled with seasoned ex-military and law enforcement personnel, the Zetas were now filling their ranks with teenagers pulled from the streets.¹⁰⁰

The Zetas withstood this onslaught for a time. Yet, their excessive acts of brutality, even by the standards of the cartels, earned them the focused attention of both US and Mexican authorities. In June of 2011, the leader of the Zetas, Heriberto “The Executioner” Lazcano, Z-3, was killed by

See Grayson and Logan, *The Executioner's Men*, 250; See also Kan, *Cartels at War*, 49.

⁹⁵ Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 128.

⁹⁶ Grayson and Logan, *The Executioner's Men*, 194.

⁹⁷ Analysts estimated that less than fifty percent of Zeta revenues were derived from the drug trade during this time. See for example, Elyssa Pachico and Steven Dudley, “Why a Zetas Split Is Inevitable,” *InSight Crime: Investigation and Analysis of Organized Crime*, August 24, 2012, accessed February 18, 2017, <http://www.insightcrime.org/news-analysis/why-a-zetas-split-is-inevitable>; *Ibid.*, 52.

⁹⁸ Grayson and Logan, *The Executioner's Men*, 54; Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 273.

⁹⁹ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 3.

¹⁰⁰ Grayson and Logan, *The Executioner's Men*, 217.

Mexican marines. The Zetas would endure and continue to strike back against their rivals and the Mexican government. In July of 2013, Z-3's replacement, Miguel Angel Treviño, "El 40," was captured by Mexican marines. With this loss, the Zetas began to fracture and lose territory to the Gulf Cartel.¹⁰¹ The separate Zeta nodes were less capable of pooling resources, and with the loss of territory came a corresponding loss in extortion revenue. By 2015, both El 40's immediate successor and the subsequent commander of the Zetas were already arrested.. With nearly all of the cartel's founding members either dead or imprisoned, it appeared as though the Zetas were beginning to fracture. Numbers were down, recruiting was becoming more difficult, and the span of their controlled territory had receded to their homeland of Tamaulipas.¹⁰² Ironically, the cartel to fill much of the power vacuum left by the Zeta retreat, the *Cártel de Jalisco Nueva Generación* (CJNG), or by an earlier name the "Matazetas" (Zeta killers), modeled much of their operations and takeover on the Zetas' paramilitary structure and organization for territorial control.¹⁰³

From what began as a collection of hired thugs made up of military deserters, the Zetas grew into an expansive paramilitary cartel, a commercial insurgency that threatened and challenged Mexican governance. In an environment of cartel hyper-competition, battling for the opportunity to earn billions, the Zetas earned early victories based on their novel (and brutal) approach. To win the war among cartels, the Zetas developed the political dimension of their operation. Acting as a

¹⁰¹ Elyssa Pachico, "Zetas' Control of US-Mexico Border Slipping: Report," *InSight Crime: Investigation and Analysis of Organized Crime*, accessed February 17, 2017, <http://www.insightcrime.org/news-analysis/zetas-control-of-us-mexico-border-slipping-report>; Lohmuller, "Mexico Kills Zetas Founder as Cartel's Decline Continues."

¹⁰² Nathaniel Janowitz, "Taking down Zetas Cartel Leaders Has Triggered More Violence in Mexico," *VICE News*, August 18, 2016, accessed February 14, 2017, <https://news.vice.com/article/taking-down-zeta-cartel-leaders-has-triggered-more-violence-in-mexico>; Oscar Balderas and Nathaniel Janowitz, "What It's Like to Lead a Team of Zetas Cartel Hitmen in One of Mexico's Bloodiest States," *VICE News*, June 2, 2016, accessed March 5, 2017, <https://news.vice.com/article/what-its-like-to-lead-a-team-of-zeta-cartel-hitmen-in-one-of-mexicos-bloodiest-states>.

¹⁰³ Jesus Perez Caballero, "How the Jalisco Cartel Evolved with Mexico's Drug War," *InSight Crime: Investigation and Analysis of Organized Crime*, October 15, 2014, accessed March 5, 2017, <http://www.insightcrime.org/news-analysis/jalisco-cartel-evolved-mexico-war-drugs>; Dwight Dyer and Daniel Sachs, "Los Zetas' Spawn," *Foreign Affairs*, August 5, 2013, accessed March 10, 2017, <https://www.foreignaffairs.com/articles/americas/2013-08-05/los-zetas-spawn>.

predatory proto-state, the cartel sought territorial control to administer their own form of taxation and resource extraction, limit the finances of their enemies, and to augment the funding of their war. The Zeta decline occurred not because this approach proved ineffective, but rather, as Zeta leadership was eradicated by the Mexican government, other cartels were able to do it better.¹⁰⁴ Yet, the group continues to survive. The resilience of the Zeta commercial insurgency, and its potential for reemergence, are the next points of analysis.

Resilience and Reemergence

In a 2016 interview, the leader of a Zeta Group in the Mexican city of Veracruz gave his account of the organization's continued resilience. The Zeta leader, a former municipal police officer code named, "El Sangres," stated, "[The local government] wants to finish off the Zetas, but that's never going to happen. They kill one of us and three or four are coming right back at them."¹⁰⁵ Relating this point back to the theoretical, the commercial insurgency framework provides a further explanation of the processes underlying El Sangres' point. As its author affirms,

There are specific environmental processes that contribute not only to the embedment and survival of [commercial insurgent nodes], but to the re-emergence of the organization...These include the *preservation of the ideology and discourse* and the *mobility of elements of the criminal economy*.¹⁰⁶

Seen as a system, and through the words of El Sangre, the Zeta commercial insurgency has both preserved its ideology, and navigated the criminal economy, through its interconnected and interdependent web of agents and actors. From a primary environment and organizational base in northeastern Mexico, the Zetas expanded their network throughout Mexico and across its borders. Though this network has since receded, understanding how it developed, through the lens of commercial insurgency, enables a deeper understanding of the resilience, and perpetual

¹⁰⁴ Dyer and Sachs, "Los Zetas' Spawn.;" Caballero, "How the Jalisco Cartel Evolved with Mexico's Drug War."

¹⁰⁵ Balderas and Janowitz, "What It's Like to Lead a Team of Zetas."

¹⁰⁶ Palma, "Transnational Networks of Insurgency and Crime," 491.

reemergence, of Mexico's cartels. Though in many cases the military, criminal, and political motivations and functions of these Zeta groups overlapped significantly, viewing each dimension separately provides a window into the logic of the Zeta operations and structure.

Formed from a band of Mexican military deserters, the military functions and features of Los Zetas would seem to be the natural starting point for a discussion of the group's characteristics. The paramilitary aspects of the Zeta's approach to cartel operations had a profound effect on the state of the Mexican domestic security. As one analyst notes, the rise of the Zetas, "[rewrote] the rules of the game," and with its arrival, "the modus operandi that had regulated the Mexican drug trade for decades was dead."¹⁰⁷ Yet, the martial features of the Zetas not only made them the best criminal fighters in all of Mexico, it was also the foundation of the Zeta identity and ideology. An identity many analysts have referred to as the 'Zeta brand'.¹⁰⁸ By first examining the structure and function of the Zeta commercial insurgency, the formation of this identity can be better understood.

The original Zetas brought with them not only a wealth of smuggled military armaments, but also a paramilitary model for the development of their criminal fighters for competition amongst the cartels. From the outset, Los Zetas adopted military ranks to establish the hierarchical structure of the organization. Underneath core leadership, Zeta "lieutenants" and "sergeants" commanded separate groups (*estacas*) assigned to specific missions.¹⁰⁹ This structure was combined with intensive paramilitary training programs. The Zetas established elaborate "training camps" to develop the martial skill sets of their cartel-soldiers. As an observer notes, the training camps were and are, "equipped with shooting ranges and makeshift assault courses and have been found storing arsenals of heavy weaponry, including boxes of grenades."¹¹⁰ Training courses of up

¹⁰⁷ Grayson, "The Evolution of Los Zetas in Mexico and Central America," vii.

¹⁰⁸ Ibid., 8; Kan, *Cartels at War*, 47; Tom Wainwright, *Narconomics: How to Run a Drug Cartel* (New York: Public Affairs, 2016), 137.

¹⁰⁹ Grayson and Logan, *The Executioner's Men*, 108.

¹¹⁰ Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 213.

to two months taught fatigue clad Zeta recruits an array of military skills from small unit tactics, to communications, and logistics.¹¹¹ Zeta trained units conducted ambushes, raids, and road blocks against both competing cartels and Mexican government forces.¹¹² Through these actions, Zeta leaders instilled a sense martial discipline, mixed with extreme brutality, into their organization.

The paramilitary functions and forces of the Zetas become more than just the means and ways of beating and intimidating their rivals, they become its foundation, identity, and ideology. The message that this was a new kind of cartel was sent through social media videos of heavily armed Zetas torturing and executing their rivals. They were the ‘new money’ of Mexican cartels, with an identity drawn from that of its leaders. Discussing an original Zeta leader, “El 40,” George Grayson states, “Treviño Morales was raised in a poor, dysfunctional family... he abhorred Mexico’s de facto caste system, which injected a poisonous sense of inferiority into its disadvantaged citizens... he really believed that in Mexico you gain power, [and] respect with brute force.”¹¹³ This message was well received by disaffected Mexicans, especially those within the military. Between 2000 and 2010, nearly 100,000 Mexicans deserted from the country’s military, many to the Zetas.¹¹⁴ Zeta identity, and membership, was a symbol of power for the powerless—and the symbol of the Zetas, a shield with three quadrants, confirmed the identity of a Zeta.¹¹⁵ As Ioan Grillo affirms, “Thousands of young thugs realized the name *Zetas* meant power and were keen to join the baddest team.”¹¹⁶

¹¹¹ Grayson and Logan, *The Executioner’s Men*, 183-85.

¹¹² Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 192.

¹¹³ *Ibid.*, 6.

¹¹⁴ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 213; Richard Tavelo, “El Poder Y La Estructura De ‘Los Zetas’, Intocados,” *Proceso*, July 17, 2011, accessed February 14, 2017, <http://www.proceso.com.mx/276112/el-poder-y-la-estructura-de-e2-80-9c-los-zetas-e2-80-9d-intocados>.

¹¹⁵ Wainwright, *Narconomics*, 139.

¹¹⁶ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 104.

This ‘baddest team’ also took measures to acknowledge and care for its fighters, and expand their ranks. Zeta commanders issued awards and medals to their fighters for combat achievements, held elaborate funerals for their fallen comrades, conducted elaborate prison raids to free imprisoned members, and provided a wide range of support to Zeta families.¹¹⁷ The Zeta brand fueled recruitment of additional paramilitaries and criminal fighters. Grillo concludes, “Many Zetas had been born poor country boys, and now they recruited thousands more of their ilk, forming cells in every small town, village, or barrio they touched.”¹¹⁸ As previously discussed, the expanding network of criminal fighters both necessitated and facilitated the growth of the Zeta criminal enterprise.

With a small army of paramilitaries, and an established criminal brand, The Zetas adopted an equally unique approach to developing the criminal dimension of their enterprise. While the motivations of this enterprise, essentially the accumulation of criminal wealth, were no doubt typical, its structure and operation were not. As economist Tom Wainwright explains, “In order to finance [their] turbo-charged growth, the Zetas have employed a version of franchising.”¹¹⁹ Whereas, instead of starting new criminal nodes from scratch, the Zetas seek out the strongest local criminals and coopt their organization as a franchise. Wainwright details this bargain as, “an affiliation package,” within which,

The Zetas’ central command provides the franchisees with military training, and in some cases arms. In return, franchisees share a slice of their revenues with the central organization and agree to form a ‘solidarity pact,’ and agreement that they will fight for the Zetas if war breaks out with another cartel.¹²⁰

¹¹⁷ Dyer and Sachs, “Los Zetas’ Spawn.”; Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 30-33.

¹¹⁸ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 128.

¹¹⁹ Wainwright, *Narconomics*, 136.

¹²⁰ *Ibid.*, 137.

The decentralized nature of the Zeta chain of command, combined with an established identity, or “brand recognition,” made the franchise approach extremely effective for rapid Zeta expansion, in terms of both personnel and revenue.

This approach provided the Zetas with two distinct advantages, local knowledge and maximized profits. By subsuming local thugs as their own, the Zetas gained their insights as well as their firepower. This was the case throughout Mexico, but also, as previously mentioned, especially the case in the Zeta expansion to Guatemala. “As an army of poor country boys, the Zetas are among their ilk in Guatemala and have been able to recruit plenty of locals to fight for their cause,” Grillo contends, and further, “not only do these Zetas cells protect drug routes, they also set up their own franchises of drug selling and extortion just as in Mexico.”¹²¹ Per the second point, the Zetas made significant revenues by merely relying on their franchises to extort the maximum amount of profit from their area. Or what Wainwright refers to as the “entrepreneurial dynamism,” of knowing their criminal node would, “wring the most money possible,” for the Zetas.¹²² Through this approach the Zetas expanded their operations to 21 of Mexico’s 32 states, most of Central America, and in less overt forms, dozens of cities within the United States. Key to resilience of this operation was the maintenance and preservation of the Zeta brand.¹²³

Persevering the identity and ideology of the Zetas meant not only ensuring they remained, “the baddest team,” but also preventing the misuse of their brand. Much of the violence of the Zetas related to the first point. “They are the ones who, more than any other Mexican mob, take care to photograph and video their atrocities,” Wainwright states, as, “a gruesome murder carried out by the Zetas in northern Mexico hardens the image of its franchises all over the world.” Equally atrocious are acts of Zeta retribution against those thought to be hijacking their brand. In 2008,

¹²¹ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 255.

¹²² Wainwright, *Narconomics*, 137.

¹²³ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 4-6.

Zetas in Monterrey were responsible for a man who was found tortured with, “an ice pick plunged through his throat—with a note dangling in his stone cold hand: ‘This is one of those who carried out extortions by telephone trying to pass for ‘Z’.’”¹²⁴ Even more, the Zetas have murdered numerous Mexican journalists for shining a light on the group’s nefarious activities, ‘tarnishing’ its image, and effecting its operations.

The unit of issue in the Zeta franchise approach was, and is, the “plaza.” In Mexico, this term traditionally referred to a, “the jurisdiction of a particular police authority,” but, in the language of the Zetas, it came to mean, “the valuable real-estate of a particular trafficking corridor,” which was under their control.¹²⁵ In terms of the commercial insurgency, the plaza was and is the place where the military, criminal, and political dimensions converge.

While the political functions of the Zetas payout in their respective plazas, the political motivations of the Zetas exist at all levels. Though it may be clear many of the original Zetas began with the goal of personal enrichment, many others have joined, and stayed, for a multitude of reasons. For many of these “poor country boys” from Mexico, Central America, and the United States, it could just as likely be that perpetual poverty and a sense of disempowerment, is their political grievance, their reason for joining, and remaining in the Zetas. While there is no empirical test or measurement for motivation, the comments of some shed some light. Returning to El Sangres, his own responses to questions regarding his joining and staying in the Zetas show the complex mix of motivations. When asked why he left his job as a municipal police officer, he replied, “all in the injustices,” and when asked why he joined the Zetas, he stated, “they offered the

¹²⁴ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 38.

¹²⁵ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 53.

right price.”¹²⁶ Motivations aside, the functions of Zeta “plaza chiefs” have clear political dimensions and implications.¹²⁷

From the plazas the Zetas exercised, and in places still exercise, what analysts have coined as “shadow governance” and “dual sovereignty.” With the Zetas’ approach to cartel conflict focused on controlling territory, and not just the trafficking routes that run through it, their local political apparatus is robust. As one observer states, “like the wooden ties that link rails on a railroad track,” it is built parallel to the constituted Mexican authority.¹²⁸ Zeta plaza chiefs compete, or collude, with local governors for *de facto* authority. They often employ separate factions of security and financial operators, which control the enforcement of authority and the extraction of resources. Understanding that all politics is local, “Los Zetas are heavily involved in political campaigns... they show greatest interest in municipal and state elections,” as Grayson notes.¹²⁹ In many cases the Zetas and the Mexican government compete for the capture and extraction of the same resources, be they taxes or revenues from natural resources.¹³⁰ If the local mayor or governor is an agent of the Zetas, this process naturally becomes much less competitive.

From this analysis of the dimensions of Los Zetas as a commercial insurgency two key points can be drawn to understand the group’s continued survival and resilience to attacks by competitors and the Mexican government. First, despite any debate over cartel ideology, the Zetas drew from their military roots to develop an identity and a message of criminal wealth and empowerment, with all its brutality, which resonated with thousands of Mexicans – and Hondurans, Guatemalans, and even Americans.¹³¹ Leveraging ubiquitous social media outlets, the Zetas spread

¹²⁶ Balderas and Janowitz, “What It’s Like to Lead a Team of Zetas.”

¹²⁷ Grayson and Logan, *The Executioner’s Men*, 69.

¹²⁸ *Ibid.*, 80.

¹²⁹ *Ibid.*, 75.

¹³⁰ Grayson, “The Evolution of Los Zetas in Mexico and Central America,” 54.

¹³¹ Grillo, *El Narco: Inside Mexico’s Criminal Insurgency*, 253-57.

their message and laid the foundation for their decentralized approach to criminal expansion. The paramilitary and criminal franchises allowed the Zetas to move quickly through the criminal landscape, and across borders. The system of loosely connected franchises allowed for the preservation of both the Zeta ideology and its criminal enterprise. To carry this analogy forward, just as the destruction of your local McDonald's couldn't hope to bring down the entire enterprise, or even the reverse, that the obliteration of McDonald's corporate headquarters won't spell the end of your local eatery, so has the Zeta commercial insurgency endured repeated attacks against its plazas and its leadership.¹³²

Despite this resilience, it is clear the Zetas are no longer Mexico's "baddest team." The commercial insurgency framework can also help explain the Zetas recent decline. The rapid expansion of the Zetas, and the formation of multidimensional nodes, or plaza, across Mexico created an imbalance within the organizations dimensions. In essence, the Zetas' criminal reach exceeded their political and military grasp. As the Zetas moved farther from their primary environment in search of profit, their ability to control and coordinate diminished. While the Zetas could create multiple local franchises loyal to the brand, there was no ensuring these separate franchises would mobilize to support each other or the home base. The success of the CJNG, and others, against the Zetas has largely followed an approach of deep-strikes and divide-and-conquer.¹³³ "With a model, that involves coopting locally rooted thugs," Wainwright notes, "the Zetas are much less capable of responding in this way."¹³⁴ The criminal self-sufficiency of Zeta plazas, based on locally generated profits, also created a weakness. Once these nodes were militarily trained and politically rooted, they were loosely linked to the Zeta mothership. As Zeta leaders were eliminated by the Mexican and US governments, many of their subordinate plaza

¹³² Wainwright, *Narconomics*, 144.

¹³³ Caballero, "How the Jalisco Cartel Evolved with Mexico's Drug War."; Pachico, "Zetas' Control of US-Mexico Border Slipping."

¹³⁴ Wainwright, *Narconomics*, 144.

chiefs merely went on with business as an independent enterprise, which also serves to explain the massive increase in number of Mexican cartels within the last ten years.¹³⁵

Nonetheless, the Zetas, along with dozens of other Mexican cartels, still hold significant sway throughout the country, and continue to impose their will through violence and coercion with near impunity. Viewed through the lens of commercial insurgency, the enduring threat posed by Mexico's cartels is seen through its military, criminal, and political facets. The lessons, conclusions, and recommendations of this approach serve to reinforce, and provide alternatives to current policy and research directed at the ongoing Mexican Drug War.

Section IV: Conclusion and Recommendations

Statistics tell a disheartening story of the current state of Mexico's fight against drug cartels, and the United States' fight against the trafficking of drugs from which those cartels continue to profit. There were more murders in Mexico in January of 2017, than in any other first month of any other year, since the country has maintained criminal records.¹³⁶ North of the border, the United States suffered its largest number of drug overdose deaths, ever, in 2015.¹³⁷ Examination of this problem, from perspective of either government, would indicate that current trends are moving in the wrong direction.

This monograph examined the development of commercial insurgency theory, and applied that theory to an analysis of Los Zetas, as an alternative approach to understanding and framing the problems posed by Mexico's cartels. Three key insights from this analysis can be directed towards current policy, with additional recommendations for further research. In terms of policy,

¹³⁵ Dudley, "Why a Zetas Split Is Inevitable."

¹³⁶ Kate Linthicum, "More and More People Are Being Murdered in Mexico—and Once More Drug Cartels Are to Blame," *Los Angeles Times*, March 3, 2017, accessed March 14, 2017, <http://www.latimes.com/world/mexico-americas/la-fg-mexico-murders-20170301-story.html>.

¹³⁷ Brian Moylan, "Heroin Was Responsible for One in Four Overdose Deaths in 2015, Says CDC," *Vice*, February 25, 2017, accessed March 14, 2017, https://www.vice.com/en_nz/article/heroin-was-responsible-for-one-in-four-overdose-deaths-in-2015-says-cdc-vgtrn.

recommendations focus on the Merida Initiative, the collaborative program initially signed by US and Mexican presidents Bush and Calderón in 2007, intended to counter the threat posed by drug trafficking and drug cartels.¹³⁸

Commercial insurgencies present government counterinsurgents with multiple dilemmas. As referenced in the conceptual analysis, the problem, “for the counterinsurgent is twofold: the commercial insurgency is multidimensional and it tends to be transnational.” This theoretical understanding proved true in analysis of the Zetas, and provides two insights for future Merida programing. First, the foundation of “shared responsibility,” which Merida was built upon, must be sustained.¹³⁹ Neither government can effectively counter these transnational cartels on their own. US government agencies can continue to interdict drugs and cut cartel profits, yet the cross border primary environment of these commercial insurgents remains intact. Likewise, insomuch as the cartels continue to generate massive revenues from drugs, and use those revenues to smuggle thousands of weapons south from the United States, the Mexican government has little chance of reducing aggregate cartel activity. Historic and current national tensions aside, the only legitimate path to improving outcomes is increased partnership and cooperation between the US and Mexican governments.

As a multidimensional threat, the US and Mexican governments must adopt a balanced attack against the criminal, military, and political dimensions of these organizations. In effect, they must also present the commercial insurgents with multiple dilemmas. This includes military action, as Ioan Grillo states bluntly, “How can any government permit squads of fifty men with automatic rifles, RPGs, and machine guns to steam through villages... It has to challenge them.”¹⁴⁰ Yet, in line with most counterinsurgency theory, so long as the Mexican poverty rate remains above 40%,

¹³⁸ Seelke and Finklea, “U.S.-Mexican Security Cooperation: The Merida Initiative and Beyond,” 9.

¹³⁹ Eric L. Olsen, “Charting a New Course: Policy Options for the Next Stage in U.S.-Mexico Relations” (Washington, DC: The Wilson Center: Mexico Institute, February 2017), 2.

¹⁴⁰ Grillo, *El Narco: Inside Mexico's Criminal Insurgency*, 285.

and its judicial reform stagnates, the cartels will have little difficulty gathering new recruits to fight the Mexican military.¹⁴¹ The four pillars of the Merida Initiative provide the framework for a balanced approach to countering commercial insurgency, funding against this framework must be equally balanced.¹⁴²

Third, the US and Mexican governments must continue to leverage Merida Initiative programs designed to support Mexican local and municipal level governments and law enforcement. As seen in the case of the Zetas, cartel conflict is won and lost in the plazas. While national and institutional level programs designed to improve the capacity of Mexican military and federal law enforcement are necessary, so long as the cartels can overwhelm local governments and entrench themselves they will continue to endure. Developing capable law enforcement to reassert government control, and take down cartel “franchises,” will likely have a more lasting effect than the continued targeting of cartel leadership as part of a “kingpin strategy,” which has to date only created additional syndicates.

An initial recommendation for further research is the development of a corresponding counter-commercial insurgency framework. Though this study provided some recommendations for government action, it does not provide a fully formed approach to countering a commercial insurgency. To operationalize the theory, a counter-commercial insurgency framework would provide more comprehensive recommendations for government policy. Likewise, the Los Zetas case study chosen for this analysis represents just one of the ten major Mexican cartels. There’s no doubt some aspects of the analysis were and are case specific. Further research into additional

¹⁴¹ David Agren, “Mexico Cuts Poverty at a Stroke – by Changing the Way It Measures Earnings,” *The Guardian*, July 18, 2016, accessed March 4, 2017, sec. World news, <https://www.theguardian.com/world/2016/jul/18/mexico-cuts-poverty-national-statistics-changes-earnings-measurements>.

¹⁴² The four pillar strategy of the Merida Initiative includes: Pillar 1, Disrupting organized criminal groups; Pillar 2, Institutionalizing the rule of law while protecting human rights; Pillar 3, Creating a 21st century border; and, Pillar 4, Building strong and resilient communities. See, Seelke and Finklea, “U.S.-Mexican Security Cooperation: The Merida Initiative and Beyond,” 10.; See also, Olsen, “Charting a New Course: Policy Options for the Next Stage in U.S.-Mexico Relations.”

cartels can balance the understanding of Mexico's commercial insurgents, while also examining how these organizations continue to adapt to their environment.

Additional research is also likely to continue the debate over the labeling of Mexico's cartels as insurgents. Regardless of this dispute, and as indicated by current trends, widespread Mexican violence and the US drug epidemic will go on, and possibly grow worse. This monograph leveraged commercial insurgency theory as a comprehensive approach to understanding and analyzing this enduring conflict.

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