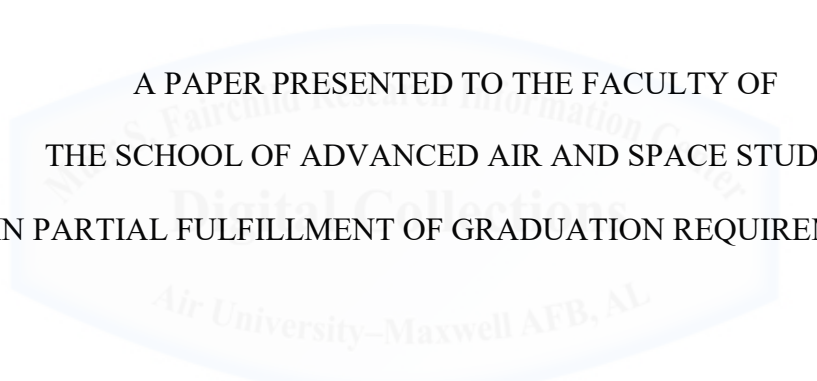THE HYDRA:

CARTEL TRAFFICKING, CORRUPTION & VIOLENCE IN MEXICO

BY

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APPROVAL

The undersigned certify that this thesis meets master's-level standard of research, argumentation, and expression.

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DISCLAIMER

The conclusion and opinions expressed in this document are those of the author. They do not reflect the official position of the US Government, Department of Defense, the United States Air Force, or Air University.

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ABSTRACT

This paper examines why trafficking, corruption, and violence spillover effects associated with Mexican drug cartels worsened from 2006 to 2019 despite U.S. efforts to curb these problems by providing security assistance for the Government of Mexico (GoM). The paper accordingly addresses the viability and effectiveness of U.S. security assistance strategy. To assess U.S. security assistance to Mexico, the author develops and tests a novel theory - the Hydra Theory - that models the logics of cartel behavior, categorizes the types of strategies used to counter cartels, and predicts how the targeting of trafficking, corruption, violence, or any combination, will trigger changes in cartel behavior. This theory is applied to three phases of U.S. security assistance to Mexico between 2006 and 2019.

The study finds that trafficking, corruption, and violence associated with Mexican drug cartels worsened between 2006 and 2019 despite U.S. security assistance because combined U.S. and GoM counter-trafficking efforts incentivized cartels to increase their use of violence and corruption practices. Neither U.S. security assistance nor GoM strategies increased the deterrence capacity of local and state law enforcement entities capable of preventing the subsequent rise in violence. U.S. programs and GoM initiatives also did not increase the capabilities of the Mexican government to accurately monitor for and consistently sanction the subsequent increase in bribe-taking amongst law enforcement. After the USG and the GoM had significantly disrupted the drug market by 2010, neither state increased counter-trafficking efforts to compensate for the subsequent rise in cartel drug production. Accordingly, U.S. security assistance programs bear some responsibility for the negative trends in cartel spillover effects today. This assessment has significant implications for U.S. security assistance strategy moving forward.

The author concludes that implementing a combined two-vector strategy against trafficking and corruption is the best option the USG and the GoM can adopt today. The possession of law enforcement agents willing to enforce de jure policy increases the GoM's strategy options by allowing it to implement a counter-trafficking or violence reduction strategy capable of significantly reducing cartel spillover.

ACKNOWLEDGMENTS

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Introduction

Stability within Mexico remains vital to U.S. national security. Mexico stands as the United States' third-largest trading partner and hosts the largest expatriate community of U.S. citizens. The shared 2,200-mile border with Mexico facilitates the legal flow of trade goods and travel between the two countries. Yet events over 2018 and 2019 paint Mexico as a state under significant strain. In mid-October, 2018, an exodus of over 7,000 people from Honduras, Guatemala, and El Salvador entered Mexico and moved toward the U.S. border in search of safety from endemic crime and economic privation in their home countries.[1] The inability or disinterest of the Government of Mexico (GoM) to secure its southern border and allow such a large group of illegal migrants to move northwards prompted the U.S. to implement a zero-tolerance policy and begin discussions for a border wall.[2] A year later on 17 October 2019, GoM security forces attempted to apprehend several leading members of the Sinaloa Cartel in Culiacán. Cartel gunmen responded by killing eight pedestrians, establishing roadblocks with vehicles they set ablaze, and capturing eight security personnel, ultimately coercing GoM security forces to release its prisoners back to the Sinaloa Cartel before being escorted out of Culiacán by cartel gunmen.[3] On 5 November 2019, cartel enforcers murdered nine dual U.S.-Mexican citizens as they travelled near the town of La Mora in Sonora state, 70 miles south of the Arizona border, to buy groceries.[4] Those killed included three women and six children ages twelve years to eight-months. As of April 2020, those responsible for the murders remain free.

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[1] Maya Averbuch and Kirk Semple, "Migrant Caravan Continues North, Defying Mexico and U.S.," *New York Times*, 20 October 2018, https://www.nytimes.com/2018/10/20/world/americas/migrants-caravan-mexico.html?module=inline.

[2] Priscilla Alvarez, "What Happened to the Migrant Caravatns?" *CNN*, 4 March 2019, https://www.cnn.com/2019/03/04/politics/migrant-caravans-trump-immigration/index.html.

[3] Kevin Sieff, "The Failed Arrest of El Chapo's Son turned a Mexican City into an Urban War Zone," *The Washington Post*, 18 October 2019, https://www.washingtonpost.com/world/major-gun-battle-in-mexico-pits-security-forces-against-el-chapos-son/2019/10/17/c28d174a-f149-11e9-89eb-ec56cd414732_story.html.

[4] Adam Ahmed, Elisabeth Malkin, and Daniel Victor, "9 Members of Mormon Family in Mexico are Killed in Ambush," *New York Times*, 5 November 2019, https://www.nytimes.com/2019/11/05/world/americas/mormons-mexico-attack.html.

These recent events represent a broader trend of instability in Mexico that stretches back to at least 2006. The shared border between the US and Mexico, vital to the economies of both states, also serves as a conduit for illicit trade, particularly the flow of narcotics north into the US and the movement of precursor chemicals, weapons, and bulk cash from drug sales back into Mexico. This illicit trade contributes to numerous spillover effects, meaning the negative externalities that challenge U.S. interests in the region and around the world such as violence against US citizens, the cheap supply of illicit narcotics, illegal immigration pressures, and insecurity within Mexico (political assassinations, homicides, extortion, kidnapping, corruption). Mexican cartels stand at the center of this drug trade and its spillover effects, posing a significant security threat to the US and Mexico.

In 2006, cartels harvested over 6,900 hectares of opium poppy to manufacture 8.6 mega-tons (MT) of pure heroin and 99,000 hectares of coca to produce 530 MT of cocaine, much of this destined for the U.S. market.[5] The U.S. government (USG) blamed the supply of these narcotics for the drug crisis in the US, which involved 34,425 overdose deaths in 2007 amongst 7 million users (excluding marijuana users).[6] The U.S. 2010 National Drug Threat Assessment noted drug violations constituted the largest category of arrests in 2008, composing 12.2% of more than 14 million apprehensions.[7] In 2007, 1.8 million people were admitted to drug treatment facilities (31% for heroin, 22% for cocaine, 13% for stimulants). Bureau of Justice Statics surveys state up to 18% of state and federal prisoners committed their most recent offence to acquire money to buy illicit narcotics and 20% of state prisons and 53% of federal prison inmates are

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[5] Department of Justice, *2010 National Drug Threat Assessment*, Report 2010-Q0317-001 (D.C.: Drug Enforcement Administration, October 2017), Heroin Availability.
  United Nations, *World Drug Report 2019*, Report E.19.X1.8 (Office of Drugs and Crime, June 2019), 64-67.

[6] Department of Justice, *2018 National Drug Threat Assessment*, Report DEA-DCT-DIR-032-18 (D.C.: Drug Enforcement Administration, October 2018), V - 15.
  Department of Justice, *2010 National Drug Threat Assessment*, Impact on Heath and Health Care Systems.
  House, *Mérida Initiative to Combat Illicit Narcotics and Reduce Organized Crime Authorization Act of 2008*, 110th Cong., 2nd sess., June 2008, H.R. 6028, 3.

[7] Department of Justice, *2010 National Drug Threat Assessment*, Impact on Crime and Criminal Justice System, and Impact on Productivity.

incarcerated due to drug offenses. The situation in Mexico also deteriorated during this period. The USG linked the drug trade to 6,000 homicides in Mexico between 2006 and 2008, contributing to a homicide rate of 9.9 per 100,000 residents.[8] Among these killings were cartel executions of ten high-ranking federal police officials, to include the assassination of the Mexican Chief of Federal Police. By 2007, the insecurity within Mexico and the spillover effects from cartel activity triggered a major U.S. response.[9]

The US embarked on a concerted effort to reverse these spillover effects in 2007 with the announcement on 22 October 2007 of the Mérida Initiative, a bilateral agreement between President Bush and Mexican President Felipe Calderón to combat cartels. The joint statement read:

> The Governments of the United States and Mexico share a deep concern over the threat to our societies by drug trafficking and other criminal organizations operating on both sides of our common border. The growing operational and financial capabilities of criminal groups that traffic in drugs, arms, and persons, as well as other transnational criminal activity, pose a clear and present threat to the lives and well-being of U.S. and Mexican citizens. The United States and Mexico will make it a priority to break the power and impunity of drug and criminal organizations that threaten the health and public safety of their citizens and the stability and security of the region.[10]

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[8] House, *Mérida Initiative*, 16.

Molly Molloy, "Homicide in Mexico 2007-March 2018: Continuing Epidemic of Militarized Hyper-Violence," *Small Wars Journal*, https://smallwarsjournal.com/search/node?keys=Homicide+in+Mexico+2007-March+2018%3A+Continuing+Epidemic+of+Militarized+Hyper-Violence.

[9] The term "cartel" is often eschewed in the academic literature because some argue that the organizations in Mexico do not function as a cooperative association to restrict competition and set high prices. I use the term "cartel" for several reasons: (1) these organizations often cooperate with one another within the illicit narcotics market, seek to restrict competition by expanding their share of the market, and set prices to for profit; (2) the oft-used terms Drug-Trafficking Organization (DTO) does not reflect some of the behavior partaken by these groups. Cartels engage in wide-spread violence against civilians and state security forces, and conduct activities such as extortion, human trafficking, weapons smuggling, theft, and kidnapping outside of just drug-trafficking; (3) the term Transnational Criminal Organization (TCO) expands the scope of actors well beyond the US and Mexico that this research paper focuses upon. Additionally, several cartels engage in more localized drug-trafficking, violence, and corruption that does not fit the TCO label; (4) "cartel" is widely used in academia, the media, by GoM and USG officials, and by cartels themselves. The term "cartel" however does involve a diverse array on non-state actors engaging in a variety of activities at different scales of intensity; (5) both theoretical models used in my research rely on the term for similar reasons.

[10] Department of State, *Joint Statement on the Mérida Initiative: A New Paradigm for Security Cooperation*, (Office of the Spokesman, 22 October 2007), https://2001-2009.state.gov/r/pa/prs/ps/2007/oct/93817.htm.

Under Mérida, the USG committed to reducing drug demand amongst its citizens and staunching the flow of precursor chemicals used by Mexican cartels for illicit drug production. The USG also pledged to staunch the transfer of illegal weapon to cartel gunmen and seize bulk cash from drug proceeds later used by cartels to pay enforcers, purchase weapons, and bribe Mexican officials.[11] In exchange, the GoM committed to combat the power of cartels directly by reprioritizing material and organizational resources under a bolstered federal security budget. The US would subsequently initiate a series of security assistance programs to assist the GoM's efforts to break the power of cartels. Congress passed H.R. 6028 on 11 June 2008, providing the framework and financial resources for security assistance to occur under USG federal agencies. The Department of Defense engaged in additional security assistance programs outside of H.R. 6028 to assist the GoM in combatting cartels.

The Problem

Despite these efforts, the spillover effects related to cartel activity and the drug trade not only persisted over the next decade, but increased in magnitude. Compared to 2006, drug supply from Mexico to the US increased: in 2017, Mexican cartels harvested 44,100 hectares of opium poppy and 209,000 hectares of coca, producing 111 MT of heroin and 921 MT of cocaine respectively.[12] The Drug Enforcement Agency named Mexican cartels as the lead supplier of methamphetamines into the U.S., while sharing the title of top synthetic opioid supplier with China.[13] Hospitalizations in the U.S. related to drug overdose rose to 401,743 and overdose deaths increased to 63,632, making it the leading cause of injury death in the U.S., surpassing suicide, homicide, and deaths from firearms or motor vehicle accidents.[14] The USG and GoM linked cartels with 109,000 homicides in Mexico from December 2006 to June 2017, as well as 17,000 murders from

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[11] Department of State, *Joint Statement on the Mérida Initiative*.
[12] United Nations, *World Drug Report 2019*, 64-67.
Department of Justice, *2018 National Drug Threat Assessment*, 18.
[13] Department of Justice, *2018 National Drug Threat Assessment*, 33-65.
[14] Ibid., 18.

just January to June 2019.[15] In the leadup to Mexico's 2018 election cycle, cartels assassinated 37 mayors and political candidates.[16] These negative trends, as well as the 2018 mass migration, the GoM's failed attempt to arrest key cartel members, and the murder of U.S. expatriates by cartels in 2019 discussed earlier, combine to suggest the Mérida Initiative failed. U.S. security assistance to Mexico clearly did not enable the GoM to break the power of cartels or substantially reduce spill-over effects related to their activity. How do we explain this outcome?

This problem serves as the basis for the paper's central research question. Specifically, why did the spillover effects related to Mexican drug cartel activity worsen from 2006 to 2019 despite U.S. security assistance to the GoM? This research question drives a number of related considerations. What was United States' security assistance strategy? What was the impact of this strategy and associated security assistance programs? How did U.S. security assistance strategy align with GoM efforts? Could the combination of U.S. and GoM strategies have potentially contributed to the negative trends in spillover effects?

I argue that trafficking, corruption, and violence associated with Mexican drug cartels worsened between 2006 and 2019 despite U.S. security assistance because combined U.S. and GoM counter-trafficking efforts incentivized cartels to increase their use of violence and corruption practices. Neither U.S. security assistance nor GoM strategies increased the deterrence capacity of local and state law enforcement entities capable of preventing the subsequent rise in violence. U.S. programs and GoM initiatives also did not increase the capabilities of the Mexican government to accurately monitor for and consistently sanction the subsequent increase in bribe-taking amongst law enforcement. After 2010, factors outside the control of U.S. and GoM counter-trafficking efforts incentivized cartels to increase drug production. Neither the U.S., nor the GoM,

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[15] Clare Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, Congressional Research Service R41349 (D.C.: Government Printing Office, 29 June 2017), Summary.
June S. Beittel, *Mexico: Organized Crime and Drug Trafficking Organizations*, Congressional Research Service R41576 (D.C.: Government Printing Office, 15 August 2019), Summary.
[16] June S. Beittel, *Mexico: Organized Crime*, 1.

increased counter-trafficking efforts to compensate for this trend. Accordingly, U.S. security assistance strategy bears some responsibility for the negative trends in cartel spillover effects today.

Theoretical Framework

Two existing theoretical models provide a baseline to explore the relationship between U.S. security assistance programs and the dynamics of cartel-related spillover effects: Paul Kan's high-intensity crime theory and Benjamin Lessing's cartel-state violence theory. The use of these theories allows for a deeper analysis of security assistance programs over time than an assessment of the outcomes of these programs alone may entail. The negative trends seen in spillover effects since 2006 can lead one to conclude that U.S. security assistance programs failed, or at least contributed to, these results. However, the variety of factors contributing to cartel-related spillover obscures one's ability to identify direct cause-effect relationships. The USG may in fact have executed a sound security assistance strategy, but factors outside US control or purview may have overshadowed these efforts, exacerbating insecurity in Mexico and the supply of illicit narcotics. Even a perfect strategy can fail due to a complex array of external factors.

These existing theories add structure to the complexity surrounding USG security assistance strategy and allow for a deeper analysis of their impact on spillover effects over time. Both Kan and Lessing explore the logics behind a cartel's use of violence and corruption in the pursuit of highly profitable illicit narcotics trafficking. There are key differences in the scope of their theories warranting the inclusion of both to explore the role of U.S. security assistance. Kan's high-intensity crime theory focuses on inter-cartel violence and the role of disruptions to trafficking as a casual factor in spillover. Lessing's theory instead zeros in on violence directed at GoM security forces and the role of state policy as a casual factor in spillover.

Kan's high-intensity crime theory and Lessing's cartel-state conflict theory provide important insights into the negative trends seen in spillover effects from 2006 to 2019, particularly in drug supply into the US and insecurity within Mexico. However, these models do not illuminate the role of U.S. security assistance programs in either

causing these negative trends or alleviating their impact on the US and Mexico. Due to this gap, it remains unclear how USG security assistance interacts with GoM policy and cartel trafficking, violence, and corruption logics.

My research contributes to the literature by analyzing the influence of U.S. security assistance using a novel theoretical model that synthesizes the insights of Kan and Lessing. I call this new model the Hydra Theory. The Hydra theory assumes the main arguments of Kan and Lessing are correct and the cause-effect relationships they identify hold true when policies are implemented that affect violence levels, drug trafficking, or corruption. The Hydra theory integrates their models of high-intensity crime and cartel-state violence to help explain the relationships between violence, trafficking, and corruption and how inducing a change in one of these factors will affect the others. The Hydra Theory thus better captures the complexity of the problem the USG is attempting to solve with its security assistance strategy for Mexico.

Applying the Hydra Theory to the Research Question

Why did spillover effects related to Mexican cartel activity worsen from 2006 to 2019 despite U.S. security assistance to the GoM? To answer this question, I first develop the Hydra Theory to help explain why cartels engage in certain behaviors and also predict how a change in one area of a trafficking – corruption – violence triad will produce changes in the other areas to produce spillover effects. Spillover effects are interrelated. If a strategy induces a significant alteration to cartel behavior in one or two aspects of this trafficking – corruption – violence triad, then it will theoretically produce a significant but perhaps unintended change of behavior in the remaining area(s). These tradeoffs, if known, can guide policy decisions. The USG could elect to focus its assistance on drug supply reduction at the expense of violence and corruption within Mexico. Or, it may target security assistance programs on violence reduction, accepting the spillover effects from drug supply and corruption. A third option involves attempting to bolster anti-corruption practices within the GoM without concern for violence or drug-supply. Even if policy-makers remain unaware of these tradeoffs, the Hydra Theory can predict how USG security assistance strategy can produce unintended outcomes. The Hydra Theory also categorizes different activities and explains how strategy ought to be

targeted to produce a reduction in one of three areas (1) drug trafficking supply into the US; (2) corruption of GoM enforcers and leadership officials; (3) cartel violence against the state, other cartels, and civilians. These three issues represent plausible strategies the USG or GoM may focus their efforts to reduce spillover.

I apply and assess the Hydra theory in a series of three case studies of U.S. security assistance to Mexico. In each case, I look for differences in three factors to evaluate how U.S. security assistance affected trends in spillover: (1) what the USG adequately targeted its security assistance strategy towards; (2) what the GoM adequately targeted its security strategy against; and (3) observed cartel responses in increases or decreases in drug trafficking, violence, or corruption practices. The case studies include security assistance programs organized by fiscal year (FY) under three U.S. Presidential administrations. The case study under President Bush includes FY 2008 – 2009, the period where his administration guided security assistance for Mexico. The second case study covers the period where President Obama influenced security assistance priorities from FY 2010 to FY 2017. The third case study covers FY 2018 – 2019 where the administration under President Trump influenced security assistance strategy.

I first evaluate the targeting methodology of USG security assistance strategy for Mexico in each case study and use the Hydra Theory to predict if and how this should affect spillover in isolation from other potential inputs. If a case studies reveals that the USG targeted its security assistance programs adequately to produce a significant change in one element of the trafficking – corruption – violence triad (e.g. trafficking), then it harbors some responsibility for producing spillover effects in the two remaining areas (e.g. corruption and violence). If the cases show the USG adequately applied a two-vector strategy, then the Hydra Theory explains how this will produce spillover in the remaining area. If the USG adequately applied a three-vector strategy, then all spillover should cease.

The word "adequately" remains key in predicting the dynamics between the trafficking – corruption – violence triad. If the case studies show that the USG sought to focus on all three areas, but only targeted resources towards one area sufficient to induce a significant change, then I use the single-vector logic of the Hydra Theory to predict outcomes. "Adequate" support to the GoM cannot be clearly quantified by measures such

as dollars spent, GoM enforcers trained, or the amount of equipment transferred. Instead, I will use the Hydra Theory to evaluate if USG security assistance programs adequately targeted trafficking, corruption, or violence. If US programs applied resources towards the correct mechanisms identified in the Hydra Theory to a level that could reasonably affect cartel behavior, then I label that "adequate." I avoid using observed outcomes to determine the adequacy of USG or GoM strategies because that approach overlooks the potential for other factors to undermine a coherent and theoretically sound strategy.

If the USG adequately targeted trafficking, corruption, violence, or some combination thereof, but spillover in those targeted areas still occurred, then that result suggests the negative trends stem from other factors than the security assistance by itself. Possible causes include a flawed GoM strategy independent of US assistance, the interaction of USG security assistance strategy with GoM strategy, or cartel adaptation. The remainder of each case study explores these areas.

In each case study I also analyze how GoM strategy targeted trafficking, violence, or corruption. I again use the Hydra Theory to predict how an adequately targeted strategy by the GoM will affect spillover. GoM strategy remains outside the purview and control of the USG and may explain why an adequately targeted security assistance program may fail to alleviate spillover, or, may even contribute to negative trends in existing spillover. If the GoM adequately targeted its strategy against trafficking, violence, or corruption, but spillover in those targeted areas still occurred, then this outcome suggests a narrower list of possible causes: the interaction of USG security assistance strategy with GoM strategy or cartel adaptation.

I also analyze the combination of USG and GoM strategies using the Hydra Theory to predict their combined result for each case study. It is possible that USG and GoM strategies nullify each other if targeted differently, changing the dynamics between trafficking, corruption, and violence spillover. If the combination of USG and GoM strategies adequately targeted one or more problem areas, but spillover still occurred in those areas, that outcome suggests cartel adaptation is responsible for the negative trends in spillover effects.

Lastly, for each case study I analyze the observed outcomes in cartel responses producing spillover effects in trafficking, corruption, and violence. When compared to

the earlier predictions, these outcomes provide a way to identify the efficacy of U.S. security assistance programs and GoM strategy, as well as how their combination interacted to effect trafficking, violence, or corruption. This comparison between theory and reality provides a way to determine why spillover effects worsened since 2006 despite U.S. security assistance efforts.

Scope Conditions

The scope of this research extends only to the role of U.S. security assistance programs on the negative spill-over effects of drug-supply into the US and instability within Mexico reflected by the homicide rate, drug cultivation, drug production, and corruption. I use these spill-over effects instead of other options for three reasons: they specifically relate to the problems U.S. security assistance programs sought to remedy, they can be quantified, and there is adequate data across the case studies for comparison. Other spillover such as extortion of U.S. and Mexican business by cartels, kidnapping for ransom, and human trafficking are touched upon, but not used to analyze trends in spillover.

The spillover effects considered in this research span from 2006 to 2019. During this period, drug cultivation increased from 6,900 to 44,100 hectares of opium poppy and 99,000 to 209,000 hectares of coca. Drug manufacture increased from 8.6 MT of pure heroin and 530 MT of cocaine in 2006 to 111 MT of heroin and 921 MT of cocaine in 2018 (data for drug flows in 2019 are unavailable).[17] The DEA identified Mexican cartels as the lead supplier of methamphetamines into the US. Mexican cartels also served as a main supplier for synthetic opioids, rivaling the supply coming from China. The USG attributed the drug trade to 6,000 homicides in Mexico from 2006 and 2008, contributing to a homicide rate of 9.9 per 100,000 residents.[18] In 2019, the homicide rate reached 30.4

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[17] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
Department of Justice, *2018 National Drug Threat Assessment*, 18, 33-65.
United Nations, *World Drug Report 2019*, 64-67.

[18] House, *Mérida Initiative*, 16.
Molloy, "Homicide in Mexico 2007-March 2018."
Diego Valle-Jones, "Official Crime Data, Homicides since 1990," *Crime in Mexico* (blog), March 2020, https://elcri.men/en/.

per 100,000 residents.[19] The USG attributed between 109,000 and 150,000 homicides from 2006 to 2017 to the drug trade.[20] Most sources attribute between 30 to 50% of all homicides to cartel activity.[21] In 2007, cartel-state confrontations resulted in the deaths of 231 state officials. In 2010, this rose to 2,099.[22] Data on the deaths of state officials by cartels after this period are not reported. In 2006, Transparency International ranked Mexico as 76th out of 163 countries for corruption (53rd percentile).[23] In 2019, Mexico ranked 135th of 180 countries for corruption (25th percentile).[24]

U.S. security assistance programs operate within a larger context of U.S. policies and strategies. These include U.S. drug-demand reduction programs, counter-narcotics operations across the Caribbean and the Americas, security assistance for states other than Mexico, Southwest border initiatives, and efforts to interdict weapons, bulk cash, and precursor chemicals flowing south into Mexico. This research isolates security assistance to Mexico from this larger context of U.S. policy to ascertain how these programs themselves contribute to the negative trends in drug supply and instability in Mexico. GoM policies and strategies are part of the scope of this research as U.S. security assistance programs ultimately work by, with, or through this agent to affect the behavior of cartels responsible for trafficking, violence, and corruption.

Summary of Findings

In all three cases, the USG's primary objective centered on alleviating drug-related costs on U.S. society. Supply reduction constituted the mechanism by which the

[19] Ibid.

[20] Seelke, *U.S.-Mexican Security Cooperation*, 1.
   Molloy. "Homicide in Mexico 2007-March 2018."
   Beittel, *Mexico: Organized Crime*, 3.

[21] Beittel, *Mexico: Organized Crime*, 3.
   Laura Calderón, Octavio Ferreira, and David A. Shirk, *Drug Violence in Mexico, Data and Analysis Through 2017* (University of San Diego: Justice in Mexico, 2018), 5-15.

[22] Benjamin Lessing, *Making Peace in Drug Wars: Crackdowns and Cartels in Latin America* (Cambridge, UK: Cambridge University Press, 2018), 227.

[23] "Corruptions Perception Index 2006," Transparency International, accessed 2 April 2020, https://www.transparency.org/research/cpi/cpi_2006/0.

[24] "Corruptions Perception Index 2019," Transparency International, accessed 2 April 2020, https://www.transparency.org/cpi2019?/news/feature/cpi-2019.

USG sought to achieve this objective and security assistance programs provided the means to do so within Mexico's borders. For the USG, reducing violence and corruption in Mexico remained important, but secondary concerns. The GoM's priority objective across all three cases instead aimed at abating cartel violence. For the GoM, the problem with trafficking was not that it fueled drug-addiction in the U.S., but rather that the profits it provided cartels facilitated their frequent use of violence and bribery. The GoM accommodated the U.S. supply-reduction strategy through crop eradication and drug interdiction. The GoM also utilized a kingpin strategy for reducing both drug supply and cartel violence. The kingpin strategy sought to reduce the power of cartels through the mechanism of organizational fracturing brought about by the arrest of high-level leadership figures. By decreasing the power of cartels relative to state and local law enforcement, the GoM assumed it could more effectively deter criminal violence and trafficking.

Despite some bureaucratic delays in program implementation, U.S. security assistance programs under the Bush Administration enhanced GoM counter-trafficking capabilities though equipment transfer and counter-narcotics training. The GoM fused these enhancements into their counter-trafficking strategy of crop eradication, drug interdiction, and cartel leadership removal, significantly disrupting the status quo drug market. Seeking a reduction in violence levels, the GoM unconditionally repressed cartels and arrested top-level leaders, leading to cartel fracturing. The combined weight of U.S. and GoM counter-trafficking succeeded in reducing drug flows, but as the Hydra Theory predicts, triggered an increase in violence and corruption practices by cartels. Local and state law enforcement agencies lacked the deterrence capacity to forestall this increase in violence. Additionally, the GoM did not possess the mechanisms to accurately monitor for and consistently sanction subsequent bribe-taking by GoM enforcers.

U.S. security assistance programs during the Obama Administration continued augmenting the GoM's counter-trafficking strategy of crop eradication, drug interdiction, and kingpin removal. However, these efforts did not escalate in scope or intensity and applied the same amount of pressure on cartel trafficking each year as had already occurred by 2010. Negative trends in spillover observed during this period occurred for reasons outside the scope of the Hydra Theory. Rising demand for illicit narcotics in the

U.S. and profit-maximization logics incentivized cartels to increase drug production and manufacture at a scale outpacing ongoing counter-trafficking efforts. U.S. assistance projects afforded the Mexican government with a clear pathway for sweeping anti-corruption reform. The GoM ultimately did not fully implement these reforms and largely squandered U.S. aid supporting this line of effort. Corruption worsened, likely as a result of a number of high-profile cases during this period undermining public confidence in the GoM, as well as the expansion of cartels into other illicit markets across a broader spectrum of Mexican society. The majority of USG security assistance supported GoM law enforcement, judiciary, and correctional institution reform. However, these programs did not notably increase the deterrence capacity of local and state law enforcement entities. Combined with ongoing cartel fracturing under the GoM's unconditional repression and kingpin strategy, violence levels remained high, but did not increase during this period.

U.S. security assistance and GoM strategy during the first two years of the Trump Administration did not significantly alter the status quo. The existing counter-trafficking approach continued to exert consistent pressure on the drug market. The U.S. diverted resources previously supporting institutional reform in Mexico towards equipment transfer and counter-narcotics training, similar to the security assistance strategy used during the Bush Administration. The newly elected Obrador Administration in Mexico proposed a less confrontational strategy against cartels, but did not implement it by the end of 2019. Worsening spillover occurred for reasons other than those within the scope of the Hydra Theory. Violence increased during this period, likely as a result of the onset of internecine conflict within *Sinaloa* cartel and its subsequent inter-cartel war with the *CJNG* cartel. Without having made any improvement in the deterrence capacity of local and state law enforcement, the GoM could not prevent the subsequent rise in violence. Both corruption and trafficking levels remained consistent as U.S. security programs and the GoM did not apply any significant increase in pressure on the drug market or implement any radical anti-corruption mechanisms able to monitor for and sanction bribe-taking.

The Hydra Theory cannot account for all of the complexity associated with Mexican drug cartel behavior and the related instability in Mexico; but it still serves as a

useful framework for assessing the impact, to include unintended consequences, of US security assistance strategy on the trafficking – corruption – violence triad. As such, it offers value to the strategist seeking to craft effective security assistance programs in the future.

Chapter 1

The Hydra Theory

The use of Kan's and Lessing's theoretical models allows for the development of an addendum known as the Hydra Theory that explores the role of U.S. security assistance programs in observed cartel spillover effects. Both Kan and Lessing explore the logics motivating a cartel's use of violence and corruption as they pursue profits through illicit narcotics trafficking. Kan's high-intensity crime theory focuses on inter-cartel violence and how disrupting trafficking patterns can cause spillover. Lessing's theory instead zeros in on violence directed at GoM security forces and the role of state policy as a casual factor in spillover. These two models are complementary and the Hydra Theory combines them to show why targeting only one or two aspects of the trafficking – violence – corruption triad of cartel behavior will induce negative spillover effects in the remaining area(s). Only by effectively balancing all three aspects simultaneously can a strategy minimize the spillover from cartel activity.

Theoretical Baseline: Kan and Lessing

Paul Kan proposes a high-intensity crime model in *Cartels at War* explaining the dynamics of cartel-related spillover effects.[1] Kan argues high-intensity crime stems from "violent entrepreneurs who seek to prevail over one another and the state in a hyper-competitive illegal market in order to control it or a particular portion of it."[2] The principal actors challenging the state include organized criminal syndicates, cartels, gangs, and vigilante groups motived by illicit profit and personal enrichment. These groups seek to maintain and/or expand their control over a hyper-competitive illicit economy. These groups differ significantly from guerillas, insurgents, and terrorists in military conflicts because their motivations are not shaped by politics, ideology, religion, or ethnicity. Criminal organizations do not seek territorial autonomy, government control,

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[1] Paul Rexton Kan, *Cartels at War: Mexico's Drug-Fueled Violence and the Threat to U.S. National Security* (Dulles, VA: Potomac Books, 2012), 3-5.
[2] Ibid., 13.

access to resources, or to repel a foreign force. Instead, criminal organizations seek government non-interference or acquiescence in their business enterprise.[3]

Kan's high-intensity crime models outlines five cartel corporate logic laws stemming from their motivation to increase power within the illicit market.[4] First, cartels work to fill the demand for illicit narcotics while engaging in unrelated markets to augment their revenue. Unregulated markets include kidnapping, extortion, human trafficking, theft, and for-hire assassination. Second, cartels use purposeful, directed violence over indiscriminate violence to lessen the risk of state crackdowns and interference with their drug trafficking. These groups use violence to enforce contracts, discipline employees, suppliers, or clients, punish defectors, and solve succession crises. Cartels also use violence to resolve disagreements over profit distribution, enhance their reputation, and compete for market share with other cartels. Cartel drug market share stems from their control over what Kan terms the "geo-criminal heartland" (Heartland) and the "geo-criminal rimland" (Rimland).[5] The Heartland consists of the northern states of Mexico where trafficking corridors into the US drug market known as *plazas* are located. The Rimland includes those states containing drug crops, narcotics manufacturing infrastructure, or areas where precursor chemicals and narcotics from foreign organizations enter Mexico. Third, cartels corrupt state agents through incentives or intimidation to minimize GoM interference in trafficking. Fourth, cartels develop and employ soft power to overcome principal-agent issues stemming from their lack of unifying ideology or legal legitimacy and the prospect of incarceration, injury, or death for participating in the hyper-competitive illicit market. Fifth, cartels cultivate community support or acquiescence to minimize the risk of citizen interference in trafficking. Cartels accomplish this through a mix of philanthropy, investment in community infrastructure, and violent coercion.

Kan uses his high-intensity crime model to explain the spillover effects of cartel behavior, meaning the negative externalities that challenge U.S. interests in the region and around the world. The hyper-competitive illicit market, even when left unmolested,

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[3] Kan, 8.
[4] Ibid., 25-31.
[5] Ibid., 56-63.

imposes spillover effects on the US, mainly through narcotics supply. The disruption of this market, whether through drug interdiction, leadership removal, or effective law enforcement, incentivizes cartels to behave in ways consistent with Kan's five cartel corporate logic laws. Kan argues that GoM strategies failed to resolve cartel-related spillover effects because they did not address the supply and demand dynamics underpinning the hyper-competitive illicit-narcotics market and because the government lacked law enforcement capacity due to systemic corruption and poor training.[6] GoM law enforcement could not effectively conduct investigations, fuse relevant intelligence, collect evidence, or provide credible testimony against cartel members. In the absence of effective law enforcement, the GoM militarized a criminal problem and launched its kingpin strategy using military units, intending for an abatement of drug-related violence and the weakening of cartels as a state security threat.[7] In accordance with Kan's corporate logic laws, this approach triggered succession crises, disagreements over the distribution of profits, and incentivized hostile takeovers of *plazas* and other key terrain by other cartels. Kan argues that these dynamics increased the use of violence by cartels.

Kan focuses on inter-cartel violence, noting that government entities comprised less than 10% of the victims of drug-related violence.[8] Kan also provides a brief overview of the Mérida Initiative, Southwest Border Initiative, and the GoM's strategy.[9] He argues these programs raised trafficking costs and seized profits, but did not alleviate corruption and weak law enforcement despite significant institutional reform efforts. In line with their corporate logic laws, cartels applied greater levels of violence and corruption to mitigate the uncertainty these programs imposed within the hyper-competitive illicit market.

Benjamin Lessing proposes a theory of cartel-state conflict exploring how state policy serves as the main factor shaping the incentives for cartels to employ violence against the state.[10] This violence aims not at state-building or obtaining market share at

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[6] Kan, 91-93, 129, 139.
[7] Ibid., 129-131.
[8] Ibid., 8.
[9] Ibid.,104-105.
[10] Lessing, 27. He defines cartel-state conflict as "sustained episodes of armed conflict between state forces and at least one drug-trafficking organization (DTO)."

the expense of other cartels, but rather to coerce the GoM to reduce pressure on their illicit business.[11] He identifies three logics underpinning cartel-state conflict.[12] The first, defensive violence, occurs because cartels attempt to reduce losses during government raids, apprehensions, and patrols. The second, violent corruption, arises when cartels increase coercive pressure on enforcers of state policy (police, soldiers, investigators) through violence during bribe negotiations. By threatening punitive violence, cartels can secure more frequent or cheaper bribes. Violent corruption imposes a principal-agent dilemma between the state and its security enforcers by coercing lax or non-enforcement of the law. Third, violent lobbying, occurs when cartels use their ability to hurt policymakers or the civilian populace to coerce de jure policy changes. Lessing argues that although cartel-state violence does not produce the high number of homicides seen between cartels, loss reduction, violent corruption, and violent lobbying hold greater importance than inter-cartel violence because they more directly challenge state authority and the rule of law.[13]

Lessing identifies two variables affecting the incentives for a cartel to use one or more of these types of violence against the state. The first variable, degree of repression, involves the scale of a government crackdown on cartel activity. The greater the degree of repression, the greater the incentive for cartel violence against the state. The second variable, conditionality of repression, represents the degree to which a state applies pressure to traffickers based on their use of a given type of violence, whether against the state, other cartels, or civilians. The more a state conditions its repression in relation to the levels and types of violence produced by a particular cartel, the more that policy incentivizes all cartels to eschew violence against the state. A highly conditional policy requires the state to lower the amount of repression it applies against non-violent traffickers and to offer a decrease in state pressure in reward for a cartel whose leaders decide to switch from a violent towards a non-violent strategy.[14]

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[11] Lessing, 52.
[12] Ibid., 58.
[13] Ibid., 276.
[14] Ibid., 12-14.

Empirically, Lessing found that unconditional crackdowns led to an increase in violence against the state, while shifts to conditional strategies led to an abrupt reduction in anti-state violence.[15] These dynamics stem from the relationship between violence and corruption. In the face of a government crackdown, state security enforces gain more leverage over cartels, which enhances their advantage during bribe negotiations. In response, cartels intensify their use of violent corruption and coerce more favorable bribe arrangements in lieu of killing the enforcer, a *plata o plomo* (silver or lead) threat.[16] In Lessing's own words, "killing some cops makes buying the rest cheaper."[17] This relationship between corruption and violence incentivizes cartels to employ violence against state security enforcers who are susceptible to corruption. When states implement repression policies conditional on cartel violence, they disincentivize cartels from adopting anti-state violence because the costs of fighting the state are higher than the alternative of hiding and bribing state enforcers who do not possess bargaining leverage over cartels.

Lessing's case study on Mexico supports his theory. The transition from a policy with a low degree of repression and high level of conditionality in the 1990s to a policy using a high level of repression and low conditionality from 2003 and onwards correlated to a drastic increase in cartel violence against a highly-corrupt state security apparatus. In 2007, cartels inflicted 231 deaths on state forces; this rose to 2,099 in 2010; by 2011, state enforcers experienced two to three attacks per day.[18] Municipal police accounted for 45% of deaths; state police, 33%; federal agencies and armed forces, 22%.

Lessing attributes the GoM's selection of a high intensity, unconditional repression policy over other options to political and logistical factors. Unconditional repression is politically safer to implement because the GoM avoids normative criticism from voters that the government is going easy on, or being complicit with, criminal behavior.[19] Conditional repression creates the image of the state siding with less-violent cartels against more-violent cartels. Logistically, conditional repression requires

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[15] Lessing, 9.
[16] Ibid., 69.
[17] Ibid., 18.
[18] Ibid., 227.
[19] Ibid., 21, 247.

significantly more robust capabilities for implementation than its unconditional variant, such as actionable intelligence and coordination between municipal, state, and federal agencies. Lessing argues that the GoM lacked both the logistical capabilities and the political capital to implement a conditional repression approach.[20]

The cartel-state conflict theory reveals the presence of what Lessing terms an "unholy trinity."[21] States attempt to solve three interrelated problems: deterring traffickers from engaging in the lucrative drug trade, deterring their enforcers from accepting bribes, and deterring traffickers from using violence against each other, the state, and civilians. Yet attempts to solve one of these three problems can undermine efforts in the others and "simultaneously deterring all three is likely an impossible challenge."[22] A focus on trafficking involves giving enforcers power over cartels, potentially incentivizing cartels' use of violent corruption. A focus on anti-corruption initiatives, or the use of cleaner forces, can increase cartels' incentives for violent corruption that outweighs a state's ability to deter bribe-taking amongst its security enforcers with threats of imprisonment or fines. Cartels may also use violent lobbying to coerce a change in de jure policy in the face of incorruptible security forces. The use of conditional repression to deter violence requires the state to deliberately apply less pressure on non-violent cartels. This can leave the flow of drugs unmolested. Since the drug market remains prone to violent competition between cartels, this can also increase incentives for inter-cartel violence.[23] These dynamics point to the difficulty of reducing cartel-related spillover effects. As Lessing concludes, attempts to solve all three problems simultaneously will fail and thus policy must adopt a deliberate trade-off between trafficking, corruption, and violence.[24] The Hydra Theory explores these trade-offs.

Theoretical Synthesis: The Hydra Theory

The Hydra Theory posits that inducing changes in only one or two aspects of the trafficking – corruption – violence triad of cartel behavior will produce negative spillover

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[20] Lessing, 236-244.
[21] Ibid., 32-33.
[22] Ibid., 291.
[23] Ibid., 280.
[24] Ibid., 291.

effects in the remaining area(s). Only by adequately balancing all three aspects simultaneously can a strategy minimize the spillover from cartel activity. The Hydra Theory is an extension of both Lessing's and Kan's works. While Lessing identifies the idea of an "unholy trinity" as a policy implication of his theory, he understandably does not deliberately test this idea against empirics because it falls outside the scope of his work. The Hydra Theory uses Lessing's "unholy trinity" as a starting point and weaves in Kan's five cartel corporate logic laws to explain strategies aimed at trafficking, corruption, or violence and predict the spillover tradeoffs they should produce. The Hydra Theory includes cartel-state violence like Lessing's theory, but also integrates intra- and inter-cartel violence because these forms of violence reflect how cartels increase their power relative to one another and relates to the expansion of cartels into markets other than drugs that endangers human security and rule of law (kidnapping, extortion, human trafficking).

The Hydra Theory explains why cartels engage in certain behaviors, but it also predicts how a change in one area of the trafficking – corruption – violence triad will produce changes in the others. Simply applying resources towards one of these three elements does not constitute change and therefore may not trigger variations in the remaining elements. For example, if the GoM implements an airport screening initiative and interdicts 1 kg of an illicit narcotic, that is insufficient to trigger a change in cartel violence or corruption behaviors. However, if the GoM begins burning down thousands of hectares of opium poppy or dismantles hundreds of drug labs, then those cumulative actions make an impact on cartel trafficking that will trigger changes in violence and corruption behavior. The standard for what constitutes a change in an area of the trafficking – corruption – violence triad cannot be objectively quantified. Rather, the Hydra Theory relies on a subjective assessment to determine what constitutes change, which it defines as: a significant alteration of behavior from a previous state. If a strategy affects one or two aspects of the trafficking – corruption – violence triad and can reasonably produce a significant change of behavior in those area(s), then that constitutes a change and will trigger changes in the remaining area(s). The Hydra Theory provides insight into why cartels engage in trafficking, corruption, and violence and so provides a

baseline to subjectively predict if an action, like removing the leader of a cartel, will induce a significant alteration in cartel behavior.

If Paul Kan's high-intensity crime theory and Benjamin Lessing's cartel-state conflict theory are accurate, then the USG or the GoM can adopt a single-vector strategy targeting one of three areas: (1) drug trafficking into the US; (2) corruption of GoM enforcers and leadership officials; (3) cartel violence in Mexico (against the state, other cartels, and civilians). The USG or the GoM could also adopt a two-vector, or even a three-vector strategy towards more than one of these areas. This section presents an addendum to the theories of Kan and Lessing to describe the interaction within the trafficking – corruption – violence triad when a strategy applies resources towards these three lines of effort. The resultant Hydra Theory outlines the counter-intuitive dynamics occurring between trafficking, corruption, and violence when a state adopts a strategy that induces changes in one or two of these areas. This section describes the types of programs associated with countering drug trafficking, corruption, or violence in order to facilitate categorizing the evidence presented in the subsequent case studies. The tradeoffs highlighted in the Hydra Theory will illuminate the interaction between U.S. security assistance programs, GoM strategy, and the spillover effects witnessed from 2006 to 2019 across the Bush, Obama, and Trump Administration case studies.

The first element of the Hydra Theory concerns trafficking. Trafficking includes the transport and transfer of illicit drugs and precursor materials from one area to another. Drug trafficking involves a variety of agents: growers, producers, smugglers, intelligence agents, couriers, wholesale distributors, dealers, financers, money launderers, enforcers, leadership kingpins, and users. Micro-economic supply and demand logics largely explain why cartels participate in a dangerous and criminalized hyper-competitive illicit-narcotics market. The lucrative drug market incentivizes cartels to fill drug demand, set prices to maximize profits, reduce costs from government or societal interference through various behaviors, and increase market share.

Four counter-trafficking mechanisms that can reduce drug-related costs on society include harm-reduction, demand-reduction, supply-reduction, and criminal deterrence.[25]

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[25] Joint Chiefs of Staff, *Joint Publication 3-07.4: Counterdrug Operations*, 5 February 2019, I-4.

Harm-reduction strategies do not directly influence the market for drugs, but rather reduce the personal health effects of their use through treatment programs. Reducing drug demand decreases the pull for narcotics and thus reduces the volume and velocity of cartel trafficking. As a result, drug prices decrease. Demand reduction will reduce the overall size of the drug market and decrease the collective need amongst cartels for growers/producers, smugglers, intelligence agents, couriers, wholesale distributors, dealers, financers, money launderers, or enforcers. Reducing drug supply also lowers the quantity and frequency of cartel trafficking, but produces a price increase. In contrast to demand reduction which incentivizes cartels to decrease production, supply reduction incentivizes cartels to replace losses from crop eradication and interdiction. Criminal deterrence occurs by increasing the punitive costs associated with involvement in trafficking. Imposing these punitive costs on criminals requires their apprehension, conviction, and punishment. If done effectively, these four mechanisms can abate the drug-related costs on society.

States can also deter trafficking crimes by fracturing cartel organizations. Dismantling cartels can reduce their ability to draw upon resources or coordinate actions. This will decrease the power of cartels relative to law enforcement entities. However, this fracturing of cartel organizations cannot deter crime by itself, but must combine with effective law enforcement capable of consistently detecting criminal behavior, arresting suspects, and punishing offenders.

Efforts that significantly increase the state's capability to deter trafficking crimes or significantly disrupt supply or demand will increase incentives for violence. Under Kan's corporate logic laws, a smaller drug market will incentivize cartels to use violence against others of their kind to compete for the remaining market share, particularly over *plazas* in the geo-criminal Heartland and cultivation areas in the Rimland. Additionally, cartels will develop other illicit markets such as kidnapping, extortion, human trafficking and theft to offset the loss of revenue from illicit-narcotics and pay their employees previously supporting a larger drug trade. Violence may increase as a result of disruptions in pay structures within cartels or competition between cartels over market share in these new ventures. In the case of supply-reduction, violence against state enforcers will increase as cartels coerce state agents from interfering in any remaining trafficking. Like

Kan's theory, Lessing's model predicts similar violent outcomes following disruptions of cartel trafficking. Cartels will use violent corruption to influence bribe negotiations with state enforcers and also increase high-profile violent lobbying against policymakers or civilians to induce de jure policy changes. In effect, a policy directed and executed solely against trafficking will increase cartel violence against the state, civilians, and amongst themselves.

Efforts that significantly increase a state's capability to deter trafficking crimes or significantly disrupt supply or demand also increase corruption practices. Since demand-reduction strategies incentivize cartels to increase their market share through violence or develop new illicit markets, the incentives for corruption will increase. Cartels will seek to minimize state interference as they violently take over the remaining market or conduct other illegal activities. GoM enforcers still stand to benefit financially from accepting bribes given the alternative of cartel violence. Drug demand reductions will cut into cartel profits and therefore may result in a renegotiation of bribe prices with state enforcers towards a lower amount. This incentivize the use of violent corruption so cartels can gain leverage in these negotiations. Alternatively, a supply-reduction strategy implies GoM enforcers possess increased capabilities for enforcement, but not necessarily an increased will to enforce de jure policy. Thus, while GoM enforcers enjoy leverage over cartels borne from heightened capabilities, this situation incentivizes cartels to increase their corruption efforts to undermine the will of these forces to actually engage in supply-reduction activities.

A single-vector counter-trafficking strategy centers on the ability of state enforcers to deter trafficking crimes or significantly disrupt drug demand or supply. A state can deter trafficking crimes only if it is able to consistently detect criminal behavior, arrest suspects, and punish offenders. A single-vector counter-trafficking strategy can also include efforts to reduce the personal harm caused by drug use. Counter-trafficking strategies include treatment programs, awareness campaigns, and the deterrence of drug use through prompt detection and punishment by civil institutions. Economic development programs seek to disincentivize participation in the illicit narcotics market by expanding job options other than criminal vocations. Counter-supply strategies involve all efforts to organize, train, and equip state entities for law and judicial

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enforcement of de jure policy on trafficking crimes. This includes a state's adoption of training or equipment for detecting laundered money and smuggled goods across state borders, eradicating crops, collecting or synthesizing intelligence on cartel actors, conducting seizures, interdicting shipments, executing arrests, and prosecuting suspects.

Corruption dynamics comprise the second element of the Hydra Theory. Corruption involves "behavior deviating from the normal obligations of the public function, seeking private gain…monetary or status." [26] Corruption imposes a principal-agent dilemma between a state's declaratory and legalized de jure policy and its ability to enact that policy in practice, known as de facto policy. Cartels corrupt state agents through a combination of incentives and intimidation to minimize government influence in drug trafficking or dissuade apprehensions by state enforcers for crime. The use of violent corruption enables cartels to maximize trafficking profits. Corruption mitigates the risk inherent in the illegal use of a cartel's purposefully directed violence against its own members or against rivals competing for market share. Additionally, cartels conduct violent lobbying by targeting policymakers and civilians, coercing de jure policy changes. Violent lobbying seeks to gain state or societal acquiescence in cartel trafficking.

The principal mechanism for reducing bribe-taking involves imposing higher moral and physical costs on state enforcers for taking a bribe. By accurately monitoring for bribe-taking and consistently sanctioning agents when caught, states can impose these costs on enforcers and effectively deter their involvement in cartel corruption and increase pressure on state agents to refuse bribes. A state can also influence institutional norms through professionalization and consistent enforcement to increase the level of moral pain an agent will face when accepting a cartel's bribe. This combination of normative and procedural punishment must ultimately outweigh the pressure an agent faces to take a bribe due to violent corruption. Minimizing the time state agents interact with any single cartel provides states with another mechanism for reducing bribe-taking. Doing so limits state enforcer exposure to violent corruption. Short-term deployments to

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[26] Pablo Parás and Ken Coleman, "The Political Culture of Democracy in Mexico: 2006," ed. M. A. Seligson (United States Agency for International Development: Latin American Public Opinion Project: December 2006), 54.

the field or rotating personnel to territories under the influence of different cartels can minimize the ability of a cartel even engage in bribe negotiations.

Efforts that significantly increase the state's ability to both accurately monitor for and consistently sanction its enforcers for bribe-taking imposes an incentive amongst cartels to use violence against the state. The ability for a state to sanction bribe-taking increases the likelihood and willingness of state enforcers to carry out de jure policy and interfere with the illicit-narcotics market. This outcome runs counter to cartel corporate logic laws and cartels will use violent corruption to both reduce the size of a bribe and increase the likelihood of a state agent accepting a bribe in the first place. An increase in a state's ability to sanction bribe-taking requires cartels to escalate their use of violent corruption by offering more money or more frequently using violence. Violent lobbying offers a second alternative to minimize state interference in drug-trafficking. If cartels are unable to intimidate or incentivize bribe-taking amongst state enforcers, then violence against policymakers or civilians may provide the requisite coercive leverage and induce policymakers towards non-enforcement, even though they possess enforcers willing to carry out de jure policy. Additionally, since anti-corruption policies increase the willingness of state enforcers to enforce the law, cartels are incentivized to use defensive violence and minimize their losses during law enforcement raids or arrests.

Efforts that significantly increase the state's ability to both accurately monitor for and consistently sanction its enforcers for bribe-taking also incentivize cartels to increase trafficking efforts. Since anti-corruption measures enhance the willingness of state enforcers to carry out law enforcement activities, these state enforcers will more frequently interrupt the functioning of the illicit-narcotics market. More frequent law enforcement increases the cost of trafficking because it raises the price of bribes, increases the losses from interdiction, and increases the loss of cartel personnel from arrest. As discussed above, these losses incentivize cartels to use violence as a counter. However, these market disruptions also incentivize cartels to offset these losses by increasing drug production, increasing market prices, or expanding into new markets to accommodate losses in revenue.

Of note, anti-corruption strategies increase the willingness, but not necessarily the capability, of state agents to enforce the law in response to trafficking and/or violence in

alignment with de jure policy. Without the organization, training, and equipment necessary to identify criminal behavior, distinguish between cartels, coordinate across agencies, apprehend suspects, collect evidence, and prosecute, state agents remain limited in their ability to deter or punish criminal behavior.

Single-vector anti-corruption strategies must impose higher moral and physical costs on state enforcers for taking a bribe. Strategies include monitoring agent behavior for bribe-taking, influencing institutional norms against bribe-acceptance, or increasing the ability to punish those enforcers who take a bribe. A state can implement vetting programs, compliance or inspection offices, internal affairs departments, or independent oversight committees to monitor for and punish corruption. States can also influence norms through ethics or professionalization training. States can reorganize their enforcement and judicial institutions to place their enforcers under more responsive and attentive command and control. States can also increase pay amongst its agents to alter the incentives of bribe-taking.

The third element of the Hydra Theory involves the dynamics of violence. Cartels use inter-cartel violence to increase market share, enhance reputation, and enforce contracts. Cartels use intra-cartel violence for disciplining or punishing cartel members and for resolving succession crises. Cartel-state violence occurs as a result of self-defense during raids, from violent corruption as cartels negotiate bribe prices with state enforcers, and from violent lobbying as cartels attempt coercing state policymakers to change de jure policy.

A state can abate violence through one mechanism: deterring violent crime. To deter violent crime, a state must consistently detect criminal behavior, arrest suspects, and punish offenders, whether against the state, civilians, or within cartels themselves. Detecting criminal behavior requires timely and voluntary reporting by citizens. In the absence of direct observation or probable cause, arresting a suspect requires a warrant from a judge, necessitating the capability to collect evidence, write reports, and coordinate amongst government branches. To credibly punish violent criminals, a state must possess the ability to protect crime-scenes, gather evidence, conduct thorough investigations, guard witnesses, manage cases, and prosecute indicted criminals. Violence-reduction strategies undermine the ability of cartels to discipline its members or

violently coerce community acquiescence in their criminal activity. In response to their lower capacity for violence, cartels can instead rely on their use of soft power to overcome principal-agent problems and cultivate community support.

A state can also execute a conditional repression policy to deter violent crime. A conditional repression policy requires a state to apprehend and punish criminals based on their use of a clearly communicated type or scale of violence. Changes to de jure policy on violence are unlikely to change (it will remain illegal with few exceptions). As a result, a state can adopt a de facto conditional repression policy and channel law enforcement resources towards clearly articulated types or levels of violence. For example, a state can adopt a conditional de facto policy by cracking down on any cartel using violence against citizens or state enforcers, but eschew law enforcement in response to intra- or inter-cartel violence. To adopt this conditional repression approach, a state must clearly articulate their policy so cartels can meter their use of violence to comply with de facto policy and also credibly possess the capability to conduct crackdowns when cartels breach any stated threshold. In doing so, a state can disincentivize cartels from conducting certain types of violence. If a state adopts a policy to crackdown only in response to cartel violence against the state or civilians, then cartels remain free to conduct inter- and intra-cartel violence to compete for market share, solve succession crises, and enforce contracts. As a result, in a conditional de facto policy scenario, intra- and inter- cartel violence will remain constant, but produce a reduction of violence against the state or civilians.

An unconditional violence-reduction policy will lead states to apply their resources against all cartels participating in the illicit-narcotics market because market competition incentivizes cartels to use violence within their own ranks or against competitors. An unconditional violence-reduction strategy should decrease all forms of violence. However, an unconditional crackdown affects even those cartels deliberately avoiding the use of violence against state enforcers or civilians in line with cartel corporate logic laws. As a result, an unconditional crackdown on violence offers no incentives for a cartel to limit violence against state enforcers or civilians because the consequences are the same regardless. Violence-reduction strategies overlooking this dynamic will fail to disincentivize violence against the state or civilians. As a result,

while decreasing violence overall, an unconditional violence-reduction policy will increase cartel violence against the state and civilians relative to a conditional crackdown approach.

States can also deter violent crimes by fracturing cartel organizations. Dismantling cartels can reduce their ability to draw upon resources or coordinate actions. This will decrease the power of cartels relative to law enforcement entities. However, this fracturing of cartel organizations cannot deter crime by itself, but must combine with effective law enforcement capable of consistently detecting criminal behavior, arresting suspects, and punishing offenders.

Efforts that significantly increase the state's capability to deter violent crime or induce organizational fracturing will incentivize cartels to increase corruption practices. When state enforcers possess an increased capacity to punish the use of violence or dismantle a cartel's organization, they gain leverage over cartels. This incentivizes cartels to engage in violent corruption by increasing the size of bribes or killing some enforcers to undermine the will of remaining enforcers tasked with enforcing state policy. However, a state's adoption of a conditional repression policy disincentivizes cartels from using violence in bribe negotiations, decreasing their ability to leverage violence for coercive effect. As a result, cartels must increase bribe amounts to incentivize bribe-taking amongst state enforcers.

A violence-reduction strategy by itself allows trafficking to continue unchecked or could lead to an increase in trafficking. A state's adoption of a conditional repression policy incentivizes cartels to eschew violence and instead focus on core trafficking tasks like cultivation, production, and smuggling. Cartels will experience less disruption by state agents on their trafficking activities and thus obtain the ability to maximize drug flows with little risk of state interference.

A single-vector violence-reduction strategy centers on increasing the ability of state enforcers to deter violent behavior. A state can increase deterrence only if it is able to consistently detect criminal behavior, arrest suspects, and punish offenders. A state can enhance criminal deterrence by creating or reforming organizations for violent crime prevention, deterrence, and response. Human rights training and community relations programs increase the likelihood of citizens voluntarily reporting crimes in a timely

manner. Training security forces for law enforcement, crime-scene preservation, evidence collection, and investigations enhance the state's ability to apprehend and indict violent criminals. Judicial and correctional system reform increases a state's ability to prosecute, convict, and punish violent offenders. Crime-prevention or youth outreach programs can reduce violence by decreasing the number of participants in criminal markets. A state can also attempt to reduce violence by procuring equipment and intelligence systems used for tracing, forensics, agency coordination, or crackdown execution.

| | OUTPUT | | |
	Trafficking	Corruption	Violence
Significant Δ to Cartel _Trafficking_: achieved by disrupting market or increasing capability to deter trafficking crime (detect, arrest, punish)		1) Increases violent corruption as cartels attempt to avoid arrest and punishment by undermining will of an enforcer to execute de jure policy 2) Increases violent lobbying as cartels attempt to coerce policymakers to change de jure policy	1) Inter-cartel: increases as cartels compete over a smaller drug market or to maximize its share of new markets (kidnapping, extorsion) 2) Intra-cartel: increases to resolve distribution of disrupted profits and solve sucession crises; 3) cartel-state: increaes as cartels use violent corruption or violent lobbying
Significant Δ to Cartel _Corruption_ Practices: achieved by increasing capability to accurate monitor for and consistently sanction bribe-taking amongst state enforcers	Decreases because enforcers are more likely to carry out counter-trafficking, reducing supply		Cartel-state: increases as cartels use violent corruption, violent lobbying, or defensive violence
Significant Δ to Cartel _Violence_: increasing capability to deter violent crime (detect, arrest, punish) or executing a conditional repression policy	Will not change, or, will increase if state does not interfere with non-violent trafficking	1) Increases violent corruption as cartels attempt to avoid arrest and punishment by undermining will of an enforcer to execute de jure policy 2) Increases violent lobbying as cartels attempt to coerce policymakers to change de jure policy	

Figure 1 Predicted Outcomes of a Single-Vector Strategy on Cartel Spillover.
Source: Author's creation, 2020

When confronted with simultaneous spillover effects such as drug-related societal costs, bribe-taking, and criminal violence, a state may adopt a single-vector strategy towards just one element of the trafficking-corruption-violence triad (reference Figure 1). However, a state may instead undertake a two-vector strategy (reference Figure 2) aimed at alleviating spillover from any combination of trafficking, corruption, or violence. The

Hydra Theory shows how this approach will trigger counter-intuitive dynamics that can undermine efforts to reduce drug flows, bribe-taking amongst enforcers, or certain types of violence.

In theory, a two-vector strategy of counter-trafficking and anti-corruption will increase both the capability and will of state enforcers to deter, prevent, and punish trafficking, but at the cost of increasing all types of violence. Counter-trafficking efforts constrict the market and incentivize the use of inter-cartel violence to gain access and control over geo-criminal Heartland *plazas* and Rimland production territory. The removal of kingpins will present succession crises and spur intra-cartel violence. Anti-corruption initiatives increase the premium on the use of violence in intimidating enforcers to accept a bribe. This two-vector strategy also incentivizes violent lobbying directed at citizens or policymakers. A counter-trafficking and anti-corruption strategy bolster both the capability and will of state agents to enforce the law, increasing the likelihood of a cartel's use of defensive violence to reduce costs during the execution of law enforcement activities.

A two-vector strategy of counter-trafficking and violence-reduction will increase the capabilities of state enforcers to carry out law enforcement against criminal activity, but at the cost of an increase in corruption practices. By enhancing the capabilities of state enforcers, this strategy gives enforcers leverage over cartels. This situation incentivizes cartels to exploit the principal-agent dilemma between de jure policy-makers and state enforcers through violent corruption. Cartels will also use violent lobbying by targeting citizens or policymakers to coerce de jure policy changes and achieve a reprieve from law enforcement crackdowns against trafficking or violence.

A two-vector strategy of anti-corruption and violence-reduction will increase the capability and will of state enforcers to deter and punish certain types of violence, but will produce larger levels of drug trafficking and increase some types of violence. State enforcers will be less susceptible to bribe taking and thus more willing to enforce de jure policy on violent behavior. They will also possess the requisite capabilities to enforce de jure or de facto policy. Violence-reduction strategies undermine the ability of cartels to discipline its members or violently coerce community acquiescence of their criminal activity. In response, cartels will instead rely on their use of soft power to overcome

principal-agent problems and cultivate community support. An unconditional violence-reduction strategy incentivizes the use of soft power instead of violence by cartels to manage organizational dynamics and drug trafficking disputes. Intra- and inter-cartel violence will decrease, but trafficking will increase as cartels divert resources towards core trafficking tasks. If a state implements a conditional violence-reduction policy, these dynamics are reinforced and trafficking will increase as state resources are diverted away from disrupting the drug trafficking market. In comparing a conditional and an unconditional crackdown policy, the latter will impose greater incentivizes for cartels to use violence against the state, policymakers, or civilians. This occurs because unconditional repression policies impose punishments on those cartels wishing to avoid certain types of violence, essentially creating a use-or-lose logic.

| | OUTPUT | | |
	Trafficking	Corruption	Violence
Significant Δ to Cartel <u>Trafficking</u> and Corruption Practices:			1) Inter-cartel: increases as cartels compete over a smaller drug market or to maximize its share of new markets (kidnapping, extorsion) 2) Intra-cartel: increases to resolve distribution of disrupted profits and solve sucession crises; 3) cartel-state: increaes as cartels use violent corruption or violent lobbying
Significant Δ to Cartel <u>Trafficking and Violence</u>:		1) Increases violent corruption as cartels attempt to avoid arrest and punishment by undermining will of an enforcer to execute de jure policy 2) Increases violent lobbying as cartels attempt to coerce policymakers to change de jure policy	
Significant Δ to Cartel <u>Violence and Corruption</u> Practices:	Increases as cartels focus resources on maximizing revenue through core trafficking tasks		

(Left vertical label: INPUT)

Figure 2 Predicted Outcomes of a Two-Vector Strategy on Cartel Spillover.
Source: Author's creation, 2020

Theoretically, a three-vector strategy solves these incompatible tradeoffs between trafficking, corruption, and violence. Such an approach increases the capabilities and will of state law enforcement to match de facto policy to de jure policy. The ability to monitor and punish bribe-taking and inculcate normative behaviors removes a vulnerability between policy and execution commonly exploited by cartels with violent corruption and violent lobbying. Armed will incorruptible enforcers, a state can dismantle the illicit-narcotics supply chain, deconstruct criminal organizations, and deter criminal behavior by consistently punishing infractions.

To pursue an effective three-vector strategy that abates trafficking, corruption, and violence spillover effects, a state must, not surprisingly, pursue three lines of effort. First, it must significantly increase its capability to deter trafficking crimes, significantly disrupt the supply and demand of illicit narcotics, or induce cartel fracturing. A state can increase deterrence only if it is able to consistently detect criminal behavior, arrest suspects, and punish offenders. Second, a state must significantly increase its ability to accurately monitor for and consistently sanction its agents for bribe-taking. Third, a state must significantly increase its capability to deter violent crime or execute a conditional repression policy that disincentivizes certain types of violence. Similar to deterring trafficking crimes, a state can only deter violence if it is able to consistently detect criminal behavior, arrest suspects, and punish offenders. A three-vector strategy requires significant logistical capabilities for timely and consistent state actions necessary to mitigate the tradeoffs involved in disrupting cartel trafficking, corruption, and violence logics.

Hydra Theory in Practice

The Hydra Theory provides a framework to test the fitness of strategies to counter cartel-related spillover effects. Knowing how the USG or GoM ought to theoretically target trafficking, corruption, and/or violence allows for analysis of the efficacy of these programs. If USG or GoM objectives center around reducing drug flows, then efforts should aim to disrupt the supply of illicit narcotics and precursor materials by enhancing the capabilities of the GoM to conduct crop eradication or interdiction. If USG or GoM policymakers seek to reduce destabilizing violence in Mexico, they should increase the

capabilities of GoM enforcers to protect crime-scenes, gather evidence, conduct thorough investigations, guard witnesses, manage cases, arrest suspects, and prosecute indicted criminals.

Ultimately, states remain limited in what they can accomplish. Resource constraints can inhibit a state from possessing the equipment, training, or forces necessary to consistently and effectively enforce the law. A lack of fused intelligence can prevent a state from identifying cartel agents and elements of a trafficking network. The inability to pay state enforcers competitive wages creases a vulnerability for cartels to exploit by offering bribes. Poor inter-agency cooperation may impose insurmountable barriers to dismantling the various elements of a cartel's trafficking organization. Cartels may also adapt their own behaviors to mitigate state strategies and may do so at a faster pace than policymakers can. A concerted state campaign against known trafficking networks may lead cartels to aggressively expand into new markets to accommodate lost revenue, known as ballooning. Cartels may deliberately, or unintentionally, change their organizational structure or behaviors when state crackdowns succeed in upsetting existing hierarchies or pay structures. The fracturing of cartels into smaller autonomous groups increases competition in the illicit market and may spur violent lobbying, violent corruption, and both inter- and intra- cartel violence. However, fracturing may also spur cooperation and networking amongst cartels. To account for cartel fracturing or diversification into new markets, a state may need greater intelligence resources to track and categorize the expanding variety of illicit actors.

A state's strategy against trafficking, corruption, violence, or any combination thereof, must contend with a variety of adaptive actors. Policymakers may not understand the dynamics incentivizing and linking trafficking, corruption, and violent behaviors. As a result, state policy may produce unintended consequences. A policy aiming to crackdown on a cartel for their use of violence against state enforcers may fracture that organization and increase violence levels between or within cartels as they settle succession crises or disagreements in the distribution of profits. These smaller cartels may extort local businesses for additional revenue. An increase in the total number of cartels in a hyper-competitive illicit market can incentivize inter-cartel violence over market share. These dynamics also incentivize cartels to use violent corruption and

coerce state agents away from de jure policy enforcement. These second and third order effects can often be outside the scope of concern for a policymaker intent on achieving a single objective like violence-reduction. If a state does not possess the resources necessary to target all three aspects effectively, executing a strategy deliberately, with "eyes wide open" regarding the likely second and third order effects, is better than operating in ignorance of them. Even if a state is aware of the tradeoffs between trafficking, corruption, and violence, flawed execution deriving from a lack of capability or political will can undermine any strategy and produce unintended spillover effects regardless of mitigation measures put in place.

USG security assistance programs must work within this complexity. Ultimately, the USG cannot control what strategies the GoM uses against cartels. Similarly, the GoM cannot fully control what type of assistance it receives from the USG. As a result, USG and GoM end-states may differ or their strategies to achieve the same end-state may diverge. Either of these scenarios will interact in non-intuitive ways to effect spillover emanating from the trafficking – corruption – violence triad. For example, whereas the USG may be most concerned with drug supply into the US and prioritize its security assistance resources towards counter-trafficking programs, the GoM may instead focus its resources on violence-reduction or anti-corruption programs. The Hydra Theory provides a lens to predict how in such a scenario (as in fact occurred) GoM strategy will produce dynamics counter to the USG objective of drug supply reduction. Similarly, the Hydra Theory predicts how USG counter-trafficking efforts may undermine GoM objectives. In theory, applying security assistance programs toward all three areas on a consistent basis remains ideal, but in practice, resource constraints undermine such broad-based efforts.

Chapter 2

USG Security Assistance and GoM Strategy, FY08 – FY09

The first case study explores how US security assistance programs under the Bush Administration interacted with GoM strategy from FY 2008 to 2009 to affect cartel spillover. The first part of the case study explores how the USG targeted its security assistance towards trafficking, corruption, violence, or a combination and the funding allocated to these programs. The Hydra Theory is used to assess what types of trade-offs in spillover effects the combination of security assistance efforts should produce. The second part of this section explores how GoM strategy during this period targeted trafficking, violence, or corruption and uses the Hydra Theory to again predict its effects on spillover. The third section analyzes the combination of USG and GoM strategies using the Hydra Theory to predict their combined result on spillover effects. The last section analyzes the observed outcomes in cartel responses producing spillover effects in violence, trafficking, or corruption. These outcomes are compared to earlier predictions to identify the efficacy of U.S. security assistance programs and GoM strategy, as well as how their combination interacted to affect trafficking, violence, and/or corruption.

USG Security Assistance Strategy under the Bush Administration

The USG attributed 6,000 homicides in Mexico from 2006 and 2008 to the drug trade, contributing to a homicide rate of 9.9 per 100,000 residents.[1] In 2006, cartels cultivated an estimated 6,900 hectares of opium poppy and 99,000 hectares of coca, and manufactured 8.6 MT of pure heroin and 530 MT of cocaine.[2] Colombia was the main source country for cocaine smuggled by Mexican cartels into the US drug market.

In response to these trends and President Felipe Calderón's request for foreign aid in combatting cartels, the Bush Administration oversaw a dramatic increase in USG support to Mexico. In October 2007, the GoM and the USG made a joint statement

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[1] House, *Mérida Initiative*, 16.
Molloy, "Homicide in Mexico 2007-March 2018."
[2] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
Department of Justice, *2018 National Drug Threat* Assessment, 18, 33-65.
United Nations, *World Drug Report 2019*, 64-67.

committing Mexico to "strengthen its operational capabilities to more effectively fight drug-traffickers and organized crime," and the US to "intensify its efforts to address all aspects of drug trafficking (including demand-related portions) and continue to combat trafficking of weapons and bulk currency to Mexico."[3] The U.S. Congress passed H.R. 6028 in June 2008, the *Mérida Initiative to Combat Illicit Narcotics and Reduce Organized Crime Authorization Act of 2008*. Like other authorization bills, *Mérida* only established programs and outlined their purpose. Subsequent appropriations bills provided actual funding.

The *Mérida* legislation presented the logic behind the USG's subsequent counter-trafficking and anti-corruption security assistance strategy. The U.S. objective outlined in *Mérida* was to resolve the domestic drug crisis. The USG identified drug flows emanating from the Mexico-Central America corridor as the leading cause of this crisis. In *Mérida*, the USG argued that the two-way flow of drugs, arms, precursor chemicals, and cash between the US and Mexico also fueled other illicit activities undermining the regional security environment.[4] To resolve these spillover effects, USG strategy consisted of both domestic and foreign programs. Domestic programs would reduce drug demand and interdict the flow of precursor chemicals, weapons, and cash flowing south into Mexico. Meanwhile, security assistance would enhance the GoM's ability to "control illicit narcotics production, trafficking, drug trafficking organizations, and organized crime," support the judicial branch, and revitalize anti-corruption initiatives.[5] As envisioned by *Mérida*, USG strategy sought a reduction in drug-related costs on society through a supply reduction mechanism. The U.S. assistance strategy also sought to combat corruption, but the mechanism by which this would occur was not stated within the *Mérida* bill.

The DOS initiated a variety of counter-trafficking and anti-corruption security assistance programs along two lines of effort: enhancing law enforcement capabilities and strengthening civilian institutions. Assistance programs sought to increase the ability of GoM security forces to identify traffickers, secure arrests, coordinate intelligence and

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[3] House, *Mérida Initiative*, 3.
[4] Ibid., 3
[5] Ibid., 4-5.

interdict narcotics. DOS also sought to enhance the GoM's ability to prosecute and punish offenders. This combination would increase the deterrence power of law enforcement. Social intervention programs and economic development projects sought to change social conditions incentivizing participation in the illicit narcotics market. Assistance programs would support GoM anti-corruption initiatives by establishing vetting programs, polygraph capabilities, and a citizen complaint center.

Mérida legislation authorized $350M in FY08 and $390M in FY09 for a host of equipment and training programs for GoM law enforcement. [6] To enhance GoM counter-trafficking capabilities, the US would provide transport helicopters, surveillance planes, aircraft maintenance training, law enforcement training, nonintrusive inspection equipment, protective gear, radar, and night operations equipment. Computer equipment and secure communications networks would assist the GoM in interdicting drug flows across the border. To assist GoM intelligence collection and criminal investigation capabilities, some programs sought to expand intelligence databases or provide hardware, software, and training to update communication networks used across GoM security agencies. Other programs would enhance the financial intelligence unit and establish drug demand reduction outreach organizations.

USG strategy also focused security assistance programs on strengthening GoM institutions by building the capacity and transparency necessary to foster public trust.[7] *Mérida* authorized appropriations of $120M in FY08 and $100M in FY09 towards these areas. Security programs sought to facilitate court case management, prosecutorial capacity, prison reform, anti-money laundering programs, and oral trials. Use of force, chain of custody and human rights training would professionalize the police force. Other programs would assist the Attorney General's office through process improvement and by enhancing forensics, data collection, analysis, case tracking and management capabilities. To increase transparency, assistance programs would help establish a center to collect citizen complaints, track pretrial detentions, equip and train criminal investigators, provide polygraph equipment, and professionalize police, prosecutors, and corrections officers. Some security assistance programs also sought to prevent crime by

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[6] House, *Mérida Initiative*, 4-5.
[7] Ibid., 6-7.

sponsoring school attendance, domestic violence, youth intervention programs, rural development, and job creation.

The USG planned for $1.22B in security assistance from FY08 to FY09. Of that, it only delivered $105.5M by the end of FY09. DOS only spent 24.2M (2.17%) and obligated another $750.4M (67%) of its planned $1.12B by the end of FY09.[8] DOD spent $81.3M during this period. The unspent funds were eventually executed by FY11 under the Obama Administration. Implementation challenges delayed the execution of U.S. security assistance programs to Mexico under DOS authorities. The Government Accountability Office (GAO) attributed these delays to insufficient administrative staff, statutory obligations, ongoing bilateral and interagency agreement negotiations, and funding availability.[9] DOS must vet potential recipients of aid and submit a human rights report to comply with the Leahy Law from the 1961 Foreign Assistance Act. The Leahy Law also requires DOS to verify that the GoM credibly investigated and prosecuted personnel alleged to have committed abuses. Supplemental Appropriations Acts often required DOS to submit spending plans before they could obligate funds, including an outline of objectives, programs, and expected outcomes. Staff administrators must coordinate letters of agreements with other US agencies and the GoM, manage contracts for equipment or training, and oversee the transfer and implementation of security assistance.[10] The need for U.S. agencies to establish a framework for disbursement, execution, and oversight of programs produced additional delays in security assistance execution during the Bush Administration. This limited their impact on trafficking, corruption, or violence in Mexico from FY07 to FY09.

Three Congressional Appropriation Acts allocated funding for USG security assistance managed under the DOS: $400M in the FY08 Supplemental (June 2008), $300M in the FY09 Omnibus (March 2009), and $420M in the FY09 Supplemental (June 2009). These funds fell into three account types. The first, International Narcotics Control

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[8] Government Accountability Office, *Status of Funds for the Mérida Initiative*, GAO-10-253R (D.C.: Government Accountability Office, 3 December 2009), 7-8.
[9] Government Accountability Office, *Mérida Initiative, The United States Needs Better Performance Measures for Its Counternarcotics and Anticrime Support Efforts*, GAO-10-913T (D.C.: Government Accountability Office, 21 July 2010), 2.
[10] Government Accountability Office, *Status of Funds*, 12-14.

and Law Enforcement (INCLE) provided funds for increasing GoM counter-trafficking capabilities through light equipment transfers like inspection equipment, information system modernization, technical training, and data management. Foreign Military Financing (FMF) funds provided heavy equipment transfers and training to the Mexican navy (SEMAR), army/air forces (SEDENA), Public Security Secretariat (SSP) to enhance GoM interdiction and surveillance capabilities. Money in the Economic Support Fund (ESF) funded judicial reform projects, technical support, and training for institutional professionalization.[11] By the end of FY09, DOS expended only $10.2M of $669.5M in appropriated INCLE funds, $13.3M of $415.5M in FMF funds, and $700K of $35M in ESF funds of the total $1.12B appropriated (See Table 1). DOS served as the principal administrator for INCLE and ESF funds. DOS also administered FMF funds, but apportioned them to the DoD for heavy equipment procurement and training.

By the end of FY09, DOS security assistance programs provided little of its planned counter-trafficking and anti-corruption support. Delivered equipment included 26 armored vehicles, 30 ion scanners for detecting hidden narcotics, five x-ray vans, border control documentation verification software, forensic lab equipment, and 14 drug test kits. U.S. programs trained 1,300 personnel from the SSP in law enforcement and sponsored a counter-trafficking workshop. Five Bell 412 helicopters, rescue communication equipment, and a range of police equipment were estimated to arrive in Mexico by December 2009 (in FY10). By the end of the calendar year, DOS would also train six canine handlers, certify drug counselors, and oversee an exchange of 52 students for summer study in U.S. universities. The security assistance that DOS did manage to deliver by the end of FY09 supported the main USG line of effort outlaid in the *Mérida Initiative* to enhance the capabilities of GoM enforcers to detect and interdict trafficking. DoS did not establish any programs for its anti-corruption line of effort.

The DOD provided support to Mexico by executing FMF funds, as well as managing programs under funding authorities and accounts unique to the department. 1004 authorities permitted DOD to provide foreign security forces with support for counter-narcotics (CN). 1004 projects can include personnel transportation, operating and

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[11] Government Accountability Office, *Status of Funds*, 22.

training base management, foreign law enforcement training, aerial and ground reconnaissance, and infrastructure blocking smuggling routes.[12] 1033 authorities allow DOD to support CN, but only with non-lethal equipment used for communications, navigation, surveillance, and transportation. 1206 authorities permit DOD to train and equip foreign forces for counter-terrorism (CT). In 2017, 333 funds, Building Partner Capacity, replaced the 1206 funding authority and allowed the DOD to support an expanded set of mission types: counter-WMD, counter-trafficking, counter-transnational organized crime, as well as border security, military intelligence, and coalition operations. The DOD also used International Military Education and Training (IMET) funds to provide foreign students with training and education on a grant basis. The DOD mainly used its funding authorities for projects supporting SEMAR, SEDENA, and SSP.[13] In comparison, DOS security assistance programs only supported GoM civilian agencies.

In FY08, DOD spent $12.4M in 1206 CT funds and $24.8M in 1004 CN funds.[14] In 2009, it expanded its use of 1004 CN funds to $39.2M and tapped into $4.9M in 1033 CN funds. DOD did not use CT funds in FY09. DOD security assistance programs sought to improve GoM capabilities to reduce ungoverned territory, apprehend suspected terrorists, contribute to regional cooperative defense, and disrupt, degrade, or defeat cartels.[15] CT equipment included digital media forensics equipment, hand-held tactical radios, GPS equipment, 115 night-vision devices, parachutes and aerial delivery equipment, ammunition, weapons spare parts, and eight 11-meter rigid inflatable boats.

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[12] Clare Seelke, Liana Wyler, June Beittel, and Mark Sullivan, *Latin American and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs*, Congressional Research Service R41215 (D.C.: Government Printing Office, 12 May 2011), 21.

[13] Ibid., 21.
  Department of Defense, "Mexico Counterterrorism Capabilities Package, 2008," Security Assistance Monitor, accessed 3 April 2020, http://securityassistance.org/data/program/military/Mexico/2008/2019/all/Global//.

[14] Seelke, *Latin American and the Caribbean*, 36.
  Department of Defense, "Mexico Counterterrorism Capabilities Package, 2008."
  Department of Defense, "Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for Fiscal Years 2008, 2009, and 2010*,"* Security Assistance Monitor, April 2012, 18.

[15] Department of Defense, "Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for Fiscal Years 2008, 2009, and 2010*,"* 19-20.

CN funds supported upgrades to SEDENA's C-26 fleet, provided maritime transponders, five rural autonomous ground sensors, and improved the GoM digital communications system. The communication equipment enabled USG and GoM security forces to share real-time data on suspected trafficking, as well as increased interoperability between GoM agencies. In FY09, DoD oversaw the delivery of five Bell 412 helicopters procured under DOS FMF funds.[16] The majority of this equipment did not arrive in Mexico until December 2009. DOD security assistance programs provided CT and CN training and seminars for GoM unit commanders, key staff, and non-commissioned officers. Training courses covered flight crew aviation, aircraft maintenance, force protection, terrorism threats, combat medical skills, patrol craft operations, port security, imagery interpretation, logistics management, human rights, and communications procedures.[17]

DOD and DOS security assistance programs improved GoM counter-trafficking capabilities for supply-reduction. In total, the DOS expended $24.2M and the DOD expended $81.3M from FY08 to FY09 on CN items. USG programs targeted the right areas for supply-reduction, but the late arrival of aid lessened their impact on GoM capabilities. Security assistance programs did not enhance the criminal deterrence capacity of Mexican law enforcement. USG programs failed to apply adequate resources during this period to enhance GoM anti-corruption efforts. USG strategy did not include any programs designed for violence-reduction, despite the wide recognition of the impact cartel violence imposed on regional security. Outside of 1206 CT-funded programs, both DOS and DOD security assistance intended to bolster GoM counter-trafficking, rather than violence-reduction capabilities. Communication systems, transport vehicles, as well as law enforcement and CT training provided the GoM with dual-use capabilities that they could use to focus against either trafficking or violence. USG security assistance programs enhanced some GoM capabilities, but ultimately could not bifurcate how several of these dual-use capabilities would be employed. The GoM maintained agency

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[16] Summary of U.S. Northern Command Mexico Equipment Deliverables - Program Funding, 6 March 2020.
[17] Department of Defense, "Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for Fiscal Years 2008, 2009, and 2010," 20-21.

in the ways it used U.S assistance and could ultimately use their enhanced capabilities poorly, or, direct them towards a different objective than envisioned by the USG.

Overall, actual USG security assistance during this period reflected a single-vector strategy against trafficking. Inadequate anti-corruption assistance programs stymied any reasonable impact on improving the GoM's ability to accurately monitor for or consistently sanction bribe-taking. The Hydra Theory predicts that a focus on trafficking will increase all forms of violence and incentivize corruption practices. Enhancing the capabilities of GoM enforcers to disrupt trafficking gives these agents leverage over cartels. This situation incentivizes cartels to increase their use of violent corruption to undermine the will of these enforcers to actually engage in supply-reduction activities. Cartels will use violence against state agents to coerce their acceptance of bribes. Cartels may also use violent lobbying to compel policymakers to alter de jure policy. The pressure placed on the supply-side of the drug market from counter-trafficking efforts will increase inter-cartel competition for access and control of key trafficking territory, further increasing violence.

GoM Strategy during the Bush Administration

The principal GoM objective prior to and during the FY08 - FY09 timeframe was violence-reduction. This prioritization deviated significantly from the focus of USG security assistance programs on counter-trafficking. The main reason for this divergence stems from the GoM's response to citizen demands for violence abatement, a constituency the USG did not need to placate through policy actions. Mexico's citizens increasingly demanded government action to quell cartel violence because it most directly threatened their security.

Before *Mérida*, counter-trafficking did not exist as a concerted, coherent, or deliberate GoM policy due to the recent historical reality of state sanctioned drug trafficking and institutionalized corruption. This structure broke down after single-party hegemony in Mexico ended in 2000, leading to an increase in cartel violence for a variety of reasons discussed below. As the GoM responded by cracking down on cartels, violence and criminality only escalated. It was in response to these dynamics that the GoM sought a partnership with the USG against cartels. The GoM sought a reduction in

violence, but in order to tap into USG aid, now needed to place greater emphasis on counter-trafficking. In this manner, security assistance programs under the *Mérida Initiative* made a drastic impact on GoM strategy by pressuring their adoption on concerted counter-trafficking strategies.

Under the single-party governance of the Institutional Revolutionary Party (PRI), the GoM mediated drug-trafficking prior to the 2000s. A former director of Mexico's national intelligence center (CSIEN) described the relationship as "…an accord of mutual benefits: handing over franchises or *plazas* to drug trafficking organizations with permission to operate and police protection, both federal and state, in exchange for sharing with authorities the profits from the business and the most civilized criminal conduct possible to minimize the impact of society."[18] This permissive drug trafficking environment facilitated the PRI's governance within a highly decentralized political system. The GoM sanctioned bribe-taking as the graft facilitated political unity amongst federal and state party members who received a share of the drug profits. This practice also augmented the meager salaries of low-level state enforcers. Under this relationship, the GoM practiced what Benjamin Lessing refers to as a low degree and high conditionality of repression.[19] As such, the GoM under single-party dominance could coordinate Mexico's highly decentralized security apparatus to deter cartels from violent corruption, violent lobbying, or large-scale inter-cartel conflicts. When a cartel engaged in unacceptable violence, the state could and did respond. This scenario occurred in 1985 following the killing of DEA agent Enrique Camarena by the Guadalajara cartel. Trafficking remained permissible under the PRI-led Mexican government while violence against the state or citizens was not.

Violence began increasing in Mexico as the PRI's political hegemony began eroding in the 1990s in tandem with an intensification in drug market competition.[20] Dissatisfaction with the PRI enabled alternative political parties to challenge their hold on power at the local, state, and ultimately federal levels. As this political shift developed, previous cartel-state corruption relationships broke down and enforcement authority

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[18] Lessing, 213.
[19] Ibid., 206, 214.
[20] Ibid., 216-219.

branched outside of PRI party control, leading to more frequent crackdowns on cartels. This development incentivized cartels to accelerate their use of violent corruption. Following the conditional state crackdown for the murder of Agent Camarena, the hegemonic Guadalajara cartel fractured, increasing market competition amongst a greater number of actors. The success of the USG in interdicting Caribbean trafficking routes from Colombia to the US increased the importance of Mexican *plazas* for cocaine smuggling, adding additional pressures on the illicit-narcotics market.

In alignment with the Hydra Theory, these changes heralded increased inter-cartel and cartel-state violence. As cartels lost access to state protection and mediation over the expanding drug market, they resorted to violence to resolve disputes over market share. In response to citizen demands for law and order, new political leaders pursued de jure law enforcement. Cartels responded with violent corruption and violent lobbying to overcome the increased will of state enforcers to carry out de jure policy. The distribution of law enforcement authorities outside of the hierarchical PRI political system completely unhinged the GoM's ability to pursue conditional repression. As Benjamin Lessing notes, this situation removed any possible incentive for cartels to eschew violence as well as simultaneously increased the incentives for defensive violence, violent corruption, and violent lobbying.[21] Meanwhile, narcotics trafficking continued unabated in response to supply and demand dynamics.

During this period of transition from 1990 to 2000, the GoM did not focus on combatting trafficking, corruption, or violence. All three areas of concern devolved simultaneously, increasing the spillover effects of cartel activity in the both the US and Mexico. This situation changed with the election of Vicente Fox from the National Action Party (PAN) to the Presidency, the first non-PRI president in over seven decades. President Fox decisively shifted the GoM's objective towards violence-reduction. From 2003 to 2005 his administration deployed federal police and military units to Nuevo Laredo, a highly-sought after *plaza* adjacent to Texas, in response to a conflict between the Gulf and Sinaloa cartels. Not only did inter-cartel violence continue to increase, but so did cartel-state violence as the Fox Administration expanded the repression of cartels

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[21] Lessing, 225.

outside Nuevo Laredo. Cartels subsequently faced less incentive to eschew violence against state enforcers.

The Calderón Administration inherited this security situation as well as a mandate to quell cartel violence throughout Mexico when it entered office in December 2006. With violence reduction as the GoM's principal objective, the Calderón Administration sought to bring about this result through the mechanism of organizational fracturing. By breaking up cartels into smaller entities, the GoM believed they would be less capable of resisting federal, state and municipal law enforcement. Cartel trafficking would also suffer, reducing the profits fueling cartel violence. In order to fragment Mexico's large cartels, the GoM adopted a kingpin strategy under the logic that by removing high-level leaders from a hierarchical organization, cartels would both fragment and lose their capacity to challenge state enforcers. As cartels fragmented, Mexico's law enforcement entities down to the state and municipal levels would therefore possess the capabilities to both respond to and deter cartel violence.

When the GoM adopted the fracturing mechanism for violence abatement, it relied on the change in relative power between cartels and law enforcement to produce an effective criminal deterrence posture at the state and local levels. The GoM felt its kingpin strategy could account for any increase in violence as a consequence of dismantling cartels by decreasing the size and organizational coherency of cartels themselves. There was no analysis conducted of how organizational fragmentation would incentivize violence driven by market share, succession crises, or in bribe negotiations or drive violence to a level that could overwhelmed state and local law enforcement capacity. The GoM also felt its kingpin strategy would increase public support for the government by taking an impartial stance against cartel criminality.

By the end of Calderón's first month in office, the GoM began leveraging federal police and military units to execute an unconditional violence-reduction strategy against cartels. Federal forces deployed throughout Mexico, established checkpoints, conducted street patrols, and shadowed municipal or state police forces to sanction corrupt practices or oversee law enforcement. In December 2006 the GoM deployed 6,700 troops to Michoacán state. Their presence expanded over 2007 and 2008 to violence hot-spots in Baja California, Guerrero, Nuevo León, Sinaloa, Tamaulipas, Chihuahua, and Veracruz.

Between April 18, 2007 and September 2009, GoM enforcers arrested or killed 38 high-level cartel leaders.[22] Under the Calderón Administration, the GoM deployed an average of 45,000 military personnel per year against cartels.[23]

The Calderón Administration also pursued anti-corruption initiatives to counter cartels. At the federal level, the GoM increased police budgets and vetting standards for the existing Ministerial Federal Police under the Attorney General of Mexico (PGR), as well as a newly created Federal Police force under the SSP.[24] The new Federal Police force filled its recruits from vetted college graduates and trained them in police functions using U.S. and other international instructors. The Mexican Congress passed a public security law in January 2009 requiring all state and local law enforcement personnel to undergo background checks, vetting, and certification processes. Federal subsidies rewarded police units meeting federal anti-corruption standards such as establishing internal affairs units or fully vetting its personnel in accordance with the new public security law. The GoM purged hundreds of police officers from 2008 to 2009, including over 700 border officials charged with interdicting weapons, cash, and precursor chemicals flowing south into Mexico.[25] The GoM fined over 11,500 law enforcement employees for corrupt practices.[26] In 2009, the GoM arrested ten mayors in Michoacan state tied to cartels, signaling its commitment to sanction corruption.

The GoM also executed counter-trafficking operations and significantly disrupted cartel operations. This strategy emerged in response to obligations made by the GoM to the Bush Administration under the *Mérida* agreement and in recognition of how the

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[22] George Grayson, *The Impact of President Felipe Calderón's War on Drugs on the Armed Forces: The Prospects for Mexico's "Militarization" and Bilateral Relations*, U.S. Army War College Strategic Studies Institute (Carlisle Barracks, PA: U.S. Army War College Press, January 2013), 11-14.

[23] Ibid., 3.

[24] Clare Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 15-16.
    Department of State, *2010 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, 1 March 2010), 629-633.

[25] Ibid.

[26] Clare Seelke, *Mérida Initiative for Mexico and Central America: Funding and Policy Issues*, Congressional Research Service R40135 (D.C.: Government Printing Office, 21 August 2009), 22.

highly profitable drug trade enabled cartel violence and corruption practices. The DOS estimated the drug trade provided cartels with between $15-30 billion in annual revenues.[27] Regardless of the scale or type of violence employed by cartels, Calderón's kingpin strategy presaged an unconditional crackdown on cartel trafficking. The GoM executed joint police-military operations to arrest members of trafficking networks, interdict drug supplies, and eradicate drug crops. In 2009, GoM enforcers seized 5,400 tons of methamphetamines, destroyed 165 labs, 20 MTs of cocaine, 665 kg of opium gum, and 277 kilograms of heroin, all increases from 2008 totals.[28] The GoM offered monetary rewards of $1-2 million for information leading to the arrest of top traffickers. It managed to apprehend ten high-profile traffickers in 2009. The GoM added 800 new border inspectors and armed them with better equipment for border interdiction, some supplied by USG security assistance programs.

Overall, during the Bush Administration the GoM sought to conduct a three-vector strategy, but only managed to implement a single-vector strategy against trafficking. The Hydra Theory predicts this focus will increase all types of violence and incentivize corruption. Despite its intent, the GoM implemented an inadequate violence-reduction or anti-corruption strategy. GoM violence-reduction efforts involved the use of an unconditional crackdown that offered cartels no reprieve from state pressure if they reduced violence against state enforcers or civilians. This dynamic will increase the use of violence by cartels against state agents. Intentionally fracturing cartels into more numerous organizations, while significantly disrupting trafficking, will increase violence due to succession crises and conflicts over market share in the absence of an effective law enforcement deterrence at the state and local levels. The GoM did not develop adequate capacity to consistently detect, arrest, or punish this predicted increase in violence. Federal, state, and local entities adopted GoM anti-corruption efforts in a piecemeal fashion. This inhibited the ability of the state to accurately monitor for or consistently sanction bribe-taking. As a result, the disruption in trafficking will increase the incentives for cartels to employ violent corruption and violent lobbying to coerce bribe-taking or de jure policy change.

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[27] Department of State, *2010 International Narcotics Control Strategy Report*, 629-633.
[28] Ibid.

Hydra Theory Predictions of the Combined USG and GoM Strategy

USG security assistance programs complemented GoM efforts during this period and produced a combined single-vector strategy against cartel trafficking. U.S. assistance enhanced the GoM's counter-trafficking capabilities. The GoM subsequently used these improved capabilities to significantly disrupt cartel operations through crop eradication, interdiction, and organizational fracturing. The Hydra Theory predicts that an adequate single vector strategy against trafficking should abate drug supply, but increase violence and corruption.

Observed Outcomes of Cartel Spillover during the Bush Administration

During this period, spillover effects worsened in two areas (violence and corruption) and abated in one area (trafficking). The USG attributed 6,000 homicides in Mexico from 2006 and 2008 to the drug trade, contributing to a homicide rate of 9.9 per 100,000 residents.[29] By 2010, the homicide rate grew to 23 per 100,000 residents. The 2,221 cartel-related homicides in 2006 more than doubled to 6,837 killings in 2008 during the last year of the Bush Administration.[30] Cartel attacks on military units, largely unprecedented before 2006, rose to 48 attacks in 2008, claiming the lives of 76 SEDENA personnel since the onset of the decapitation strategy.[31] Mexico fell in Transparency International's Global Corruption Index from the 53rd percentile in 2006 to the 44th percentile in 2010, indicating the perception of increased bribe-taking and non-enforcement of de jure policy by state enforcers.[32] Drug-supply decreased in some areas, but increased in others. However, the net total difference in coca and heroin production decreased overall by 221 MTs (40.9%). The DOJ and UN estimated that in 2006 cartels

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[29] House, *Mérida Initiative*, 16.
　Molloy, "Homicide in Mexico 2007-March 2018."
[30] Lessing, 228.
[31] Ibid., 228
　Grayson, 16.
[32] "Corruptions Perception Index 2006."
　"Corruptions Perception Index 2010," Transparency International, accessed 2 April 2020, https://www.transparency.org/cpi2010/results.

cultivated 6,900 hectares of opium poppy and 99,000 hectares of coca, manufacturing 8.6 MT of pure heroin and 530 MT of cocaine.[33] By 2010, opium poppy cultivation grew to 10,500 hectares and heroin production reached 38 MT.[34] Cartel cocaine trafficking decreased as coca cultivation and drug manufacturing in Colombia fell to 48,000 hectares and 280 MT.[35] The DOJ attributed this decrease in cocaine availability to GoM counter-trafficking, interdiction along the U.S.-Mexican borders, lower levels of production in Colombia, and high levels of cartel violence.[36]

These observed outcomes match the predictions provided by the Hydra Theory for both USG and GoM strategies taken in isolation or in their combination. The USG, GoM, and combined single-vector counter-trafficking strategy correlates with a decrease in trafficking levels as well as the expected increase in violence and corruption. The Hydra Theory explains why the negative trends in violence and corruption occurred.

An adequate focus on counter-trafficking tasks capable of reasonably disrupting cartel activity gives state enforcers increased leverage over cartels, disrupts profit distribution, and contracts the drug market. A smaller market or a larger number of actors due to fragmentation stimulates inter-cartel violence as each organization competes for market share. Cartels will also develop other illicit markets such as kidnapping, extortion, human trafficking and theft to offset the loss of revenue from illicit narcotics. Violence between cartels will also increase as a result of competition between cartels over these new ventures. Inter-cartel violence will increase as a mechanism to resolve succession crises and pay disputes. Violence against the state will increase as cartels attempt to intimidate more capable state agents from interfering in any remaining trafficking through violent corruption. The GoM's unconditional crackdown policy offers no incentives for cartels to eschew violence against the state or civilians as they will face disruptions to their profitable trafficking businesses regardless of the actions they undertake.

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[33] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
Department of Justice, *2018 National Drug Threat Assessment*, 18, 33-65.
United Nations, *World Drug Report* 2019, 64-67.
[34] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
[35] Department of Justice, *2018 National Drug Threat Assessment*, 50.
[36] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.

The smaller market and decreased profits from counter-trafficking incentivizes cartels to bolster the use of corruption to minimize state interference. Cartels will use high-profile violent lobbying against policymakers or civilians to induce de jure policy as the lack of conditionality in state repression offers no disincentive for these types of violence. The increased capabilities of GoM enforcers incentivizes cartels to employ violent corruption to coerce these enforcers to take bribes or to negotiate more favorable bribe prices. GoM enforcers will stand to benefit financially from accepting bribes given the alternative of cartel violence and the lack of accurate state monitoring or consistent sanctioning against bribe-taking.

Both USG security assistance programs and GoM strategy contributed to the increase in violence and corruption observed during the Bush Administration. Neither USG security assistance programs nor GoM strategy developed adequate capacity to deter the increase in violence or accurately monitor and consistently sanction increased bribe-taking. Neither the GoM nor the USG appear to have anticipated how their strategy could exacerbate violence and corruption. The GoM assumed its deliberate fracturing of cartels through a kingpin strategy would decrease cartel power relative to state and local law enforcement. This did occur as the GoM kingpin strategy fractured numerous powerful cartels. Whereas four cartels dominated drug-trafficking in 2006, seven emerged by 2010.[37] As a result of fracturing, internecine conflict, or arrest and death at the hands of state enforcers, cartels possessed fewer resources and displayed less cohesion. However, it is clear that despite the decrease in relative cartel power, state and local law enforcement still lacked the capacity to deter violent crime through consistent detection, apprehension, and punishment. As a result of this shortfall, the GoM increasingly deployed federal police and military units to areas displaying high-levels of violence to enhance the ability of local or state police and deter further homicides. Had USG security assistance programs enhanced the deterrence capacity of Mexican state and local police, and had the GoM done the same, the observed increase in violence may not

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[37] June S. Beittel, *Mexico: Organized Crime*, 13, 27-28. Four major cartels existed when President Calderón entered office: Tijuana/Arellano Felix Organization (AFO), the Sinaloa cartel, the Juarez/Vicente Carillo Fuentes Organization (CFO), and the Gulf cartel. By 2010, these fractured to add La Familia Michoacana (LFM), Los Zetas, and Beltran Leyva.

have occurred. However, the lack of anticipation of cartel responses and resource constraints inhibited the effective execution of a two-vector strategy capable of abating violence as well as drug flows.

The GoM's use of federal police and military units, while helpful when deployed, could never by itself reasonably deter violent crime because it lacked three capabilities. First, GoM federal police and military units could not consistently detect violent crime, hence they were deployed only after a localized spike in violence. Second, federal enforcers could not consistently apprehend suspects across the expanse of Mexico because of their limited numbers and short deployments. Third, the GoM could not consistently punish violent crime due a lack of institutional capability to preserve crime scenes, collect evidence, investigate, and prosecute. The GoM lacked deterrent capacity at all levels: federal, state, and municipal.

Chapter 3

USG Security Assistance and GoM Strategy, FY10 – FY17

The second case study explores how US security assistance programs under the
Obama Administration interacted with GoM strategy from FY 2010 to 2017 to affect
cartel spillover effects. The first section explores how the USG targeted its security
assistance towards trafficking, corruption, violence, or a combination and the funding
allocated to these programs. The Hydra Theory is used to assess what types of trade-offs
in spillover effects the combination of security assistance efforts should produce. The
second part of this section explores how GoM strategy during this period targeted
trafficking, violence, or corruption and uses the Hydra Theory to predict its effects on
spillover. The third section analyzes the combination of USG and GoM strategies using
the Hydra Theory to predict their combined result on spillover. The last part of this case
study analyzes the observed outcomes in cartel responses producing spillover effects in
violence, trafficking, or corruption. These outcomes are compared to earlier predictions
to identify the efficacy of U.S. security assistance programs and GoM strategy, as well as
how their combination interacted to affect trafficking, violence, or corruption.

USG Security Assistance Strategy under the Obama Administration

In response to the deteriorating spillover effects from cartel activity, the Obama
Administration oversaw a shift in security assistance strategy. Criminal impunity rates in
Mexico stood at 98% and corruption appeared widespread throughout the GoM,
undermining the deterrent power of law enforcement.[1] Mexico's ranking in Transparency
International's Global Corruption Index fell from the 53rd percentile in 2006 to the 44th
percentile in 2010, indicating the perception of increased bribe-taking and non-
enforcement of de jure policy by state enforcers.[2] Homicide rates in Mexico increased
from 9.9 per 100,000 residents in 2006 to 23 per 100,000 residents in 2010.[3] Drug supply
decreased overall, but illicit narcotics still found their way into the U.S. market, imposing

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[1] Clare Seelke, *Mérida Initiative for Mexico and Central* America, 25.
[2] "Corruptions Perception Index 2010."
[3] Molloy, "Homicide in Mexico 2007-March 2018."

costs on society. The DOJ and UN estimated that in 2006 cartels cultivated 6,900 hectares of opium poppy and 99,000 hectares of coca to manufacture 8.6 MT of pure heroin and 530 MT of cocaine.[4] By 2010, opium poppy cultivation grew to 10,500 hectares and heroin manufacture reached 38 MT.[5] The DOJ attributed the decrease in cocaine availability in 2010 to GoM counter-trafficking, interdiction along the U.S.-Mexican borders, a decline in production from Colombia, and high-levels of cartel violence. This combination produced an overall decrease in drug trafficking during the Bush Administration. SEDENA and SEMAR military units conducted the majority of GoM counter-trafficking tasks, while federal, state, and local police forces experienced little improvement in their capabilities for enforcing de jure policy. Ongoing cartel fragmentation spawned an increase in crime, overburdening state and local institutions.[6]

As USG equipment and training arrived in Mexico over FY10 and FY11 according to the Bush Administration's security assistance model, a new strategy altered subsequent deliveries of aid in response to these trends. The new strategy, titled *Beyond Mérida,* broadened the scope of U.S. security assistance to the GoM under four lines of effort, or, "pillars."[7] A bilateral consultative group devised the strategy in March 2010 and the Obama Administration implemented its methodology in FY11. The four pillars consisted of (1) disrupting organized criminal groups; (2) institutionalizing reforms to sustain rule of law and respect for human rights; (3) creating a 21st century border; and (4) building strong and resilient communities.

Under the *Beyond Mérida* strategy, the USG continued to rely upon a supply reduction mechanism to reduce drug-related costs on society. The USG also sought to abate spillover by enhancing the ability of GoM enforcers to deter crime by effectively identifying, apprehending, and punishing criminals. U.S. security assistance strategy during this period emphasized institutional reform as the means to enhance the deterrent

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[4] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
  Department of Justice, *2018 National Drug Threat* Assessment, 18, 33-65.
  United Nations, *World Drug Report 2019*, 64-67.
[5] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
[6] Department of State, *2016 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2016), 439.
[7] Clare Seelke, *Mérida Initiative for Mexico and Central America*, 23-24.

power of the GoM against trafficking. The USG ascribed less importance to technology transfers like those widely employed during the Bush Administration using FMF funding authorities. The DOS hypothesized that institutional development at the state and local-levels could more effectively deter trafficking than the transfer of equipment.[8] Reversing the negative trend in corruption was not a U.S. objective, but DOS recognized that progress in this area would complement its supply reduction efforts and targeted several projects towards this area.

Along with an overall decrease in equipment transfers, overall funding levels decreased. The Bush Administration planned to spend a total of $436M in FY08 and $764.1M in FY09 (See Table 1). Under the Obama Administration, planned spending in FY11 for Mexican security assistance dropped to $394.6M. The highest budgeted amount for security assistance during the Obama Administration occurred in FY12 with $433.4M allocated. After FY12, funding levels continued to decrease. The majority of USG aid from FY10 to FY17 supported the second pillar of *Beyond Mérida* through judicial and law enforcement professionalization and institutional modernization. The USG halted large equipment transfers to the GoM entirely by the end of FY11 and only allocated small amounts of FMF funds to cover aircraft maintenance costs. Equipment transfers through INCLE authorities also decreased starting in FY10 ($190M), reaching a steady-state budget amount of $80M starting FY15.[9] The bulk of security assistance funding flowed through INCLE authorities. According to the 2015 DOS budget justification to Congress, the primary mission of INCLE funds were to develop the GoM's ability to disrupt cartels, promote the rule of law, and "reduce the flow of illicit narcotics into the United States."[10]

Under the four pillars of *Beyond Mérida*, most initiatives provided multi-use capabilities that the GoM could leverage against trafficking, violence, or corruption. In the near-term, DOD programs and some DOS aid would provide technical assistance and training that GoM security forces could deploy within a few months to a year against

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[8] Department of State, *2016 International Narcotics Control Strategy Report*, 439.

[9] Department of State, *2015 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2015), 684.

[10] Ibid.

trafficking or violence abatement. In the long-term, the majority of funds going towards institutional reform would likely only impact trafficking, violence, or corruption after several years once fully implemented. The initiatives that DOD and DOS both sponsored ultimately provided the GoM with an enhanced array of means to target towards whichever area of the trafficking – corruption – violence triad it chose to prioritize.

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DOS	INCLE	263.5	406	190	292	248.5	199	148.1	80	80	80	60	56
		242	360	284	117	248.5	195	148.1	110	100	90	100	56
	ESF	20	15	9	10	33.2	35	35	35	34	49	x	x
		34.7	15	15	18	33.2	32	46.7	46.1	39	49	x	x
	ESDF	x	x	x	x	x	x	x	x	x	x	25	20.25
		x	x	x	x	x	x	x	x	x	x	45	x
	FMF	116.5	299	5.2	8	8	7	7	5	7	3	3.7	3
		x	39	204.2	7.9	7	6.6	6.5	4.67	7	5	3.75	0
	IMET	0.357	1.1	0.989	1	1.7	1.2	1.45	1.4	1.5	1.7	1.5	1.5
		0.357	1.1	0.989	1	1.2	1.2	1.42	1.48	1.4	1.5	1.3	1.5
	Total Planned	400.357	721.1	205.189	311	291.4	242.2	191.55	121.4	122.5	133.7	90.2	80.75
	Total Expended	277.057	415.1	504.189	143.9	289.9	234.8	202.72	162.25	147.4	145.5	150.05	57.5
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DOD	1004 (CN)	24.8	39.2	35	77.5	70.9	41.2	34.5	43.9	58.9	46.1	x	x
	1033 (CN)	x	4.9	36.7	7.1	12.8	24.8	10.1					
	1206 (CT)	12.4	x	x	x	x	x	x	x	x	x	x	x
	333 (BPC)	x	x	71.7	84.6	143.7	66	49.6	43.9	58.9	46.1	29.67	28.7
	Total Expended	37.2	44.1	143.4	169.2	227.4	132	94.2	87.8	117.8	92.2	29.67	28.7
	Total DOS / DOD	314.257	459.2	647.589	313.1	517.3	366.8	296.92	250.05	265.2	237.7	179.72	86.2

Figure 1: DOS and DOD Security Assistance Spending from FY08 – FY19
Source: Author's creation, 2020

While the official *Beyond Mérida* strategy was in development during FY10, DOS reprogrammed its security assistance to focus on institution building and poverty reduction in Mexico.[11] DOS programs would support the GoM's transition from a written, inquisitorial judicial system towards an oral, public, adversarial code. It also sought to improve case management, court administration, and enhance government capability to investigate corruption. Security assistance projects would spur economic growth by supporting energy sector policy reform, biodiversity conservation, water and sanitation, renewable energy, and improved access to financial services. DOS believed these efforts could increase the attractiveness of Mexico for foreign investment and thereby create jobs and draw citizens away criminal vocations. According to 2013 *DOS Congressional Budget Justification* report, "Funding will also support programs to increase Mexico's competitiveness and mitigate social inequality, thereby reducing the

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[11] Department of State, *2010, International Narcotics Control Strategy Report*, 629-633.

pressures that drive youth to criminal activities or migration."[12] The DOS programmed a smaller proportion of FY10 funds for CN via non-intrusive inspection equipment, transport and surveillance aircraft, data-sharing capabilities, asset seizure and anti-money laundering programs, as well as counter-narcotics and -terrorism mission interoperability initiatives.

In 2011 and beyond, DOS continued to shift its security assistance programs away from providing aircraft, equipment, and CN training towards supporting institutional development, professionalization, and technical assistance. The majority of the requested security assistance budgets after 2011 focused funding on criminal justice, correctional, and law enforcement sector reforms and local community programs under its INCLE or ESF authorities.[13] DOS requested $292M for INCLE in 2011, but only $8M in FMF. Smaller portions of the security assistance budget went towards IMET funding to expose GoM security forces to U.S. practices, standards, and norms via professional military education. In FY12, DOS programmed $201.7M of its INCLE funds for rule of law, human rights, and governance programs compared to $80M for CN assistance.[14] In 2013, DOS programmed $179M for institution building and $67.5M for CN.[15] This trend continued through 2016 ($85M versus $41M) and 2017 ($83.3M versus $23.6M).[16]

To support institutional reform, DOS expanded its already wide spectrum of projects launched in FY10. INCLE funds would provide Mexican security agents with education on how to properly investigate and prosecute cases of kidnapping, money

[12] Department of State, *2013 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2013), 816.

[13] Department of State, *2011 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2011), 96, 127.

Department of State, *2016 International Narcotics Control Strategy Report*, 434-439.

[14] Department of State, *2012 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2012), 793-799.

[15] Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.

[16] Department of State, *2016 International Narcotics Control Strategy Report*, 440.

Department of State, *2017 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2017), 461.

laundering, and human trafficking, areas where cartel activity ballooned into following organizational fracturing. DOS sought to facilitate GoM's adoption of international forensics and correctional standards. It planned to help the GoM standardize and centralize law enforcement information gathering with technical support and software to map illicit financial networks.[17] ESF funds would establish a rule of law training program for justice personnel operating under the emergent accusatorial justice system. Personnel covered by this program included judges, prosecutors, defense attorneys, and investigative police. These funds would also support technical assistance for court administration, case management, human rights, investigative techniques, evidence collection and communication strategies. Local community-based crime and violence prevention programs and policing models sought to improve trust between local police and citizens to foster reporting on crime or trafficking. DOS also supported low carbon-emission programs, established models for climate change mitigation and a clean energy strategy in 2017 to spur economic growth.[18] ESF-funded programs would promote human rights by improving access to legal frameworks and building the prosecutorial capacity of state and federal judicial institutions.

IMET-funded projects sought to professionalize GoM military personnel through operational planning, logistics, and resource management training courses. These programs would provide GoM security forces with expanded access to U.S. military doctrine and leadership experience. IMET programs sought to inculcate professionalization by including course material on human rights, respect for the rule of law, and civilian-military relations.

Of the funds DOS did allocate for CN, FMF projects would develop intelligence, surveillance, and reconnaissance capabilities, field additional aircraft sensors, expand secure communication networks, and enhance equipment maintenance capacity.[19] Projects under FMF authorities would also enhance CN through maritime detection, interdiction, and boarding training. DOS programmed some INCLE funds to strengthen Mexico's northern and southern borders in line with the third pillar of the *Beyond Mérida*

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[17] Department of State, *2017 International Narcotics Control Strategy Report*, 457.
[18] Ibid., 454-456.
[19] Department of State, *2015 International Narcotics Control Strategy Report*, 682-684.

strategy.[20] Other CN projects under INCLE authorities focused on information sharing, money laundering investigative capacity, as well as training on inspection and communication equipment, biometrics, and canine unit use. The DOS also programmed funds to bolster GoM capabilities for interdiction, illicit crop eradication, and non-intrusive inspections.[21]

DOD sought to make a disproportional impact on GoM capabilities relative to its available budget for Mexico as President Calderón continued tasking SEDENA and SEMAR military forces for security tasks. In 2011, the DOD sought to enhance the capabilities of these agencies to disrupt, degrade, or defeat cartels by supporting intelligence fusion, interagency coordination, and human rights.[22] The intent of these DOD programs remained consistent well into FY17. DOD programs would enhance GoM capabilities through training and the equipment transfer of air and naval surveillance equipment and secure communication systems. In FY12, DOD spent $70.9M in 1004 funds to support the training line of effort while allocating only $12.8M to equipment under 1033 funds. This mirrored the change in DOS' emphasis on training and professionalization over equipment delivery. This trend of prioritizing security assistance programs towards training over equipment transfer continued in FY13 and FY14.[23] In FY15, the DOD suspended its funding of equipment under 1033 authorities entirely. The DOD resumed equipment transfers and infrastructure projects in FY17 using $27.2M of 1044 funds while only spending $18.4M on training and analysis programs.[24]

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[20] Department of State, *2016 International Narcotics Control Strategy Report*, 434-439.

[21] Department of State, *2017 International Narcotics Control Strategy Report*, 457.

[22] Department of Defense, *Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for Fiscal Year 2011,* Security Assistance Monitor, October 2012, 20-24.

[23] Department of Defense, *Biannual Report to Congress on the Use of Funds from the Drug Interdiction and Counter-Drug Activities Account During the Second Half of Fiscal Year 2013*, Security Assistance Monitor, 5 December 2013, 10.

Department of Defense, *Biannual Report to Congress on the Use of Funds from the Drug Interdiction and Counter-Drug Activities Account for Support to Foreign Governments During the Second Half of Fiscal Year 2014,* Security Assistance Monitor, 14 November 2014, 10.

[24] Security Assistance Monitor, "Pivot Tables by Programs," accessed 4 April 2010, http://securityassistance.org/data/program/military/Mexico/2014/2019/all/Global//.

Overall, the U.S. security assistance strategy under the Obama Administration centered on counter-trafficking. Lowering corruption remained a secondary line of effort supporting its supply-reduction mechanism. The means by which USG security assistance strategy would achieve its goals shifted away from equipment transfer and CN technical assistance towards institutional reform and professionalization. As envisioned by DOS and DOD, their security assistance programs supported the four-pillars of the *Beyond Mérida* strategy by increasing the capabilities of GoM security elements in drug interdiction and for identifying, apprehending, and punishing offenders necessary to deter others from engaging in the same illicit activities. Improving GoM investigative and prosecutorial abilities down to local level could enable the GoM to dismantle cartel trafficking networks more effectively. The USG sought to reduce corruption mainly through training and education professionalization initiatives that inculcated normative barriers against bribe-taking.

The USG delivered $3.44B in security assistance to the GoM from FY10 to FY17. During the Obama Administration, DOS budgeted $1.57B and spent $2.87B. This difference derives from the delays in aircraft procurement under FMF authorities planned during the Bush Administration that finally arrived during the Obama Administration. DOD budgeted and spent another $564M during this period.

Even before the shift from equipment transfer to institutional reform took hold, the security assistance programs initiated under *Mérida* during the Bush Administration began impacting GoM capabilities. The nearly $1.12B of funds appropriated, but not spent, by the end of FY09 were obligated and expended in FY10. Training programs and equipment purchases made in FY08 and FY09 began arriving. The FY10 budget provided another influx of funding totaling $204M in line with the initial security assistance strategy overseen by President Bush. This included another $9M for ESF, $190M in INCLE, and $5.2M in FMF funds.[25] The DOD spent another $71.7M for CN assistance under 1004 and 1033 authorities in 2010.

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[25] Department of Defense, "Section 1209…for Fiscal Years 2008, 2009, and 2010*,"* 18. Government Accountability Office, *Mérida Initiative, The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, GAO-10-837 (D.C.: Government Accountability Office, July 2010), 11.

The pace for equipment delivery and training programs accelerated over 2010 and 2011 as the USG and GoM increased staffing, formalized reporting processes in line with statutory requirements, and established the necessary bilateral arrangements to manage and transfer assistance. Equipment delivered before the onset of the *Beyond Mérida* strategy in 2011 included three additional Bell 412 helicopters (bringing the total to eight), three Blackhawk UH-60 helicopters, one CASA 235 aircraft and an x-ray detector van.[26] The US Army established an Asymmetric Conflict Executive Seminar (ACES) and trained 100 flag officers and 351 field grade officers from SEDENA and SEMAR in CN. The DOD contracted the stand-up of an emergency response center in Ciudad Juarez with 1004 funds. It also provided infrastructure support and communication equipment for twelve forward naval stations along Mexico's southern border and deployed 26 transponders to help identify suspect vessels. DOD deployed 820 new radio sets with 1033 funds to enable rapid and secure communications amongst GoM security forces. DOD's deployment of equipment, sensors, and communication systems enhanced SEMAR's ability to interdict trafficking vessels where it previously lacked sensor coverage along Mexico's coastline.[27] DOD also installed two towers as part of a trans-border microwave communications system in ten Mexican cities to facilitate bilateral counter-trafficking coordination.

In FY12, DOD executed another $150M in DOS FMF funds for three more CASA 235 aircraft (increasing the total to four). DOD also delivered $19M in 1004/1033-funded equipment consisting of 446 radios, 86 ion scanners/metal detectors, 900 Kevlar helmets, 130 binoculars, and various sensors for C-26 aircraft.[28] DOD continued these types of equipment deliveries into FY17 using 1033, 1004, and FMF funding streams totaling $150.1M. Outside of radios, scanners, and aircraft equipment, notable DOD equipment deliveries from FY13 to FY17 included Satellite communication architecture, biometrics equipment, 1,020 ballistic vests, 9,000 tactical medical kits, and eleven rigid-inflatable boats.

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[26] Summary of U.S. Northern Command Mexico Equipment Deliverables.
[27] Department of Defense, "Section 1209…for Fiscal Years 2008, 2009, and 2010*,"* 21.
[28] Summary of U.S. Northern Command Mexico Equipment Deliverables.

DOD programs provided training to 31,332 SEMAR and SEDENA personnel between FY10 and FY17.[29] DOD courses covered topics including CN tactical operations, intelligence, force protection, patrol craft operations, port security, communication procedures, electronic warfare, aircraft and vessel maintenance, tactical combat medical care, and ethics.[30] Standard Training Line (STL) courses occurred within the US, while USMC Marine Forces North (MFN), Special Operations Command (SOC), and Mobile Training Team (MTT) courses took place in Mexico. Over this period, MFN teams provided the most training with 12,537 trainees; STLs trained 6,009 personnel, SOC trained 6,352, and MTTs trained another 6,434. Other small DOD programs provided technical or professional training to GoM security personnel in the US. DOD established an advanced marksmanship training facility and provided 16 Mexican pilots with high-altitude rotary wing training to establish a cadre of mountain-flying instructors. DOD executed DOS IMET funds to send Mexican officers to professional military education programs like the Army War College and Air Command and Staff College.

DOS expended an estimated $1.2B on security assistance to Mexico from FY10 to FY13 according to annual budget justification reports to Congress. The number and details of individual security assistance projects during this period remains unclear due to a lack of Congressional reporting requirements and unspecified performance measurement standards. During this 4-year period, DOS provided hundreds of polygraph units to PGR, SSP, and Mexican Customs for corruption monitoring. The department also donated canines for narcotics detection, trained handlers, and provided millions of dollars' worth of non-intrusive inspection equipment. In FY10, DOS trained 800 federal prosecutors and law enforcement officers as well as certified 180 correctional instructors.[31] By FY13, DOS training programs accounted for over 55,000 law enforcement and justice sector officials, including 7,500 Federal Police officers.[32]

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[29] Summary of U.S. Northern Command Mexico Student Numbers, 22 June 2018.
[30] Department of Defense, *Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for Fiscal Year 2012,* Security Assistance Monitor, May 2013, 21-24.
[31] Department of State, *2011 International Narcotics Control Strategy Report*, 96-127
[32] Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.

The scope and targeting methodology of DOS security assistance programs is clearer from FY14 to FY17 due to a comprehensive GAO report on the *Mérida Initiative*. During this timeframe, DOS sponsored approximately 431 distinct projects from FY14 to FY17, totaling $555.5M ($94.5M less than reported in DOS budgets and $12.6M less than planned for by DOS). [33] 376 projects valued at $386.5M fell under INCLE authorities and another 55 projects costing $169M occurred through ESF or DA authorities. USAID managed initiatives under ESF and DA authorities. The Bureau for International Narcotics and Law Enforcement Affairs (State/INL) managed INCLE funds and executed projects through DOJ, DHS, DOD, and contractors.

State/INL projects fell within one of five lines of effort. The first, advancing GoM's implementation of criminal justice reform included 98 projects costing $232M. These projects proved training, technical assistance, and equipment to GoM's judicial sector. The largest project involved $33M for advancing GoM forensic capabilities to produce internationally accredited laboratories. Ideally these labs could provide better analysis and more convincing evidence for criminal cases. State/INL spent $19M on video and audio recording equipment to meet the requisite standards for an accusatorial justice system. These two projects were initiated during the Obama Administration, but not completed until the end of FY19. Projects completed before FY17 included an $18M

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[33] Government Accountability Office, *U.S. Assistance to Mexico: State and USAID Allocated over $700 Million to support Criminal Justice, Border Security, and Related Reforms from Fiscal Year 2014 to 2018*, GAO-19-647, D.C.: Government Accountability Office, September 2019, 4-28. The GAO lists a total of 445 distinct projects totaling $723M from FY14 to FY18, 388 under INCLE authorities and 57 under ESF or DA authorities. I have subtracted from these totals any projects begun or ongoing during FY18 since it that year falls outside the scope for the Obama Administration case study. The number provided for FY14 to FY 17 is likely a slight overestimate since data on the start and end dates for smaller projects (below $1M) is unavailable.

  Department of State, *Congressional Budget Justification, Foreign Operations, Annex: Regional Perspectives, Fiscal Year 2015* (United States Agency for International Development, D.C.: Department of State, [2015]), 682-684.

  Department of State, *Congressional Budget Justification, Foreign Operations, Annex: Regional Perspectives, Fiscal Year 2016* (United States Agency for International Development, D.C.: Department of State, [2016]), 434-439.

  Department of State, *Congressional Budget Justification, Foreign Operations, Annex: Regional Perspectives, Fiscal Year 2017* (United States Agency for International Development, D.C.: Department of State, [2017]), 457.

procurement of information-technology platforms for courtrooms and $13M for the training of GoM prosecutors and judges.

The second line of effort, improving CN capacity to reduce trafficking involved 73 projects valued at $102M. The largest project of $15.6M would provide a helicopter flight simulator for GoM Federal Police by FY20; a similar $6.9M project provided a flight simulator in FY14. $8.5M went towards establishing 22 drug treatment courts by FY20 at the state level to support drug demand reduction within Mexico. Another $4.6M purchased handheld narcotics detectors and personal protection equipment to drug lab detection units. State/INL spent $3.3M to expand community-level substance abuse prevention programs.

$14.7M was expended on six projects supporting the third line of effort, disrupting illicit finances. $8.8M went towards expanding the GoM Financial Intelligence Unit capacity with information equipment systems. Other projects ranging from $1M to $2M provided database management software and asset-forfeiture training.

Fourth, State/INL spent $120M on 95 projects to professionalize GoM police forces. A $8.3M project provided GoM law enforcement with training by U.S. Marshalls on fugitive investigations, tactical driving, and high-value target protection skills. $8.1M went towards reviewing and improving manuals and standard operating procedures, human resources, and personnel systems. A $5.3M project provided subject matter expertise in developing performance and evaluation standards for state-level law enforcement institutions.

The fifth line of effort involved 65 projects valued at $110M for the enhancement of GoM border and port security capacity. Most of these projects provided inspection equipment or enhanced biometrics data collection, storage, or sharing. A $16.1M project provided nonintrusive scanners for vehicle inspections. State/INL used $15M to provide servers and equipment to Mexico's National Migration Institute for biometric data management.

USAID-managed projects focused on four lines of effort. The first, crime and violence prevention involved $70M and 20 projects. These initiatives included youth-intervention programs to assist at-risk adolescents return to school, gain employment, and

improve "life skills" following release from a detention center. A $24.4M project supported violence prevention initiatives in nine municipalities.

Three projects and $126M in funding supported a rule of law line of effort augmenting State/INL efforts to advance the criminal justice system. Two projects valued at $68M and $56M provided technical assistance to GoM judges, public defenders, and the attorneys general office.

The third line of effort, human rights, received 15 projects and $46M. Projects focused on protecting journalists and human rights activists, as well as kidnapping prevention. One $10M project supported GoM's implementation of a National Human Rights Plan in line with international standards. This Plan largely supported policy development and legislative frameworks for identifying and responding to human rights abuses.

USAID allocated $36M over 35 projects towards a transparency and accountability line of effort. This category of projects represented the only concrete effort amongst USG security assistance programs to reduce corruption by supporting increased transparency within security units and sponsoring policy development towards the National Anti-Corruption System that was finally implemented by the GoM in 2016. A $22M project helped the GoM implement transparency regulation for their procurement processes. A $6M initiative provided journalists and human rights activists with training on self-protection measures, as well as technical assistance to enhance the GoM's ability to investigate and prosecute crimes against journalists.

The combination of DOD, State/INL, and USAID security assistance programs supported the four pillars of the *Beyond Mérida* strategy in counter-trafficking and anti-corruption. Projects supporting the first pillar, disrupting organized criminal groups, increased the capabilities of GoM security elements in crop eradication, drug interdiction, and organizational fragmentation. USG programs provided canine units as well as biometrics, communications, and non-intrusive inspection equipment. GoM used these assets in drug interdiction along Mexico's borders. US-sponsored money-laundering and law enforcement units enhanced GoM's capability to target key elements of cartel drug trafficking. For example, units trained under the US-funded "Clandestine Laboratory

Initiative" seized more than 300 clandestine laboratories from 2015 to 2017.[34] DOD training provided SEDENA and SEMAR with multi-use capabilities for GoM to leverage against either trafficking or violence.

Beyond Mérida's second pillar, institutionalizing reforms to sustain rule of law and respect for human rights, was the main beneficiary from U.S. security assistance programs. A variety of projects facilitated GoM's transition to an accusatorial justice system in June 2016, seemingly a milestone in reducing criminal impunity and therefore deterring trafficking and violence. Assistance programs provided training to over 238,000 federal, state, and municipal police officers, 30,000 investigators, 9,000 prosecutors, and 100 judges in how to operate under the new justice system.[35] Training programs provided law enforcement personnel with expertise in their new roles, such as in preparing investigations and standing as witnesses at trail. DOS projects helped improve the standards of GoM's correctional system, culminating in 58 Mexican prisons receiving American Correctional Association accreditation by 2017.[36] DOS attributed these improvements to reductions in prison escapes, increasing the deterrence of crime. DOS technical assistance provided equipment for 15 percent of all courtrooms in Mexico and six forensic laboratories that enabled international accreditation, increasing the credibility of evidence presented in trial. USG security assistance also supported the establishment of several internal affairs units and vetting programs, as well as professionalized law enforcement, correctional, and judiciary personnel through training in an effort to reduce bribe-taking.

USG security assistance programs supported the third pillar, creating a 21st century border, through training and equipment transfers. US Customs and Border Protection established a training academy for Mexican customs agents to enhance their ability to screen inbound traffic. The provision of 400 canine teams augmented

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[34] Department of State, *2018 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2018), 220-224.

[35] Ibid.
　Clare, Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 18.
　Department of State, *2017 International Narcotics Control Strategy Report*, 215-219.

[36] Clare, Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 17-25.
　Department of State, *2018 International Narcotics Control Strategy Report*, 220-224.

interdiction efforts towards narcotics, weapons, and cash. Of note, DOS programs did not support any mechanism to reduce corruption specifically amongst Mexican border agents.[37] DOD projects helped GoM establish 12 advanced naval bases along southern border with Guatemala and Belize, provided training, and transferred small amounts of equipment to SEMAR units tasked with CN.

USAID projects constituted the majority of assistance programs supporting the fourth pillar, building strong and resilient communities. DOS credited its youth intervention programs with reaching 35,000 at-risk youth. Of that number, 9,000 participated in after-school activities and 70% of them found an internship, a job, or returned to school.[38]

Overall, actual USG security assistance during this period reflected a two-vector strategy against trafficking and corruption. The training and equipment provided by security assistance programs were significant and could reasonably enable the GoM to disrupt cartel trafficking. Anti-corruption programs promoted independent journalism, making accurate monitoring for bribe-taking a viable option. They also set the stage for the GoM to adopt major transparency processes and the National Anticorruption System armed with both investigative and prosecutorial powers. These programs provided the GoM with the capacity to accurately monitor for and consistently sanction bribe-taking.

The Hydra Theory predicts that this two-vector trafficking and corruption strategy will increase all forms of violence. Enhancing the capabilities of GoM enforcers to disrupt trafficking gives these agents leverage over cartels. This situation incentivizes cartels to increase their use of violent corruption to undermine the will of these forces to actually engage in supply-reduction activities. Since the GoM possesses an increased ability to accurately monitor for and consistently sanction bribe-taking, cartels will need to step up their use of violence to coerce an enforcer to take a bribe. In other words, as GoM enforcers and judiciary agents professionalize and become increasingly responsive to anti-corruption norms or the state's ability to punish bribe-taking, cartels will resort to violence to overcome these inhibitions to compel bribe acceptance. Cartels will use violence against policymakers to coerce de jure policy change. Increased interdiction will

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[37] Clare, Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 21.
[38] Ibid., 23.

spur defensive violence against state enforcers. The pressure placed on the supply-side of the drug market from drug interdiction will increase violence as cartels compete over access to and control of key trafficking territory. Network dismantling will impose succession crises and disagreements over profit distributions, further increasing violence.

GoM Strategy during the Obama Administration

GoM strategy between FY10 and FY17 centered on the objective of reducing overall violence levels. GoM counter-trafficking and anti-corruption efforts remained important objectives in themselves, but remained secondary objectives. Until President Calderón left office on November 30, 2012, the GoM continued to fracture cartels into smaller groups that they felt state and local police forces could subsequently handle. His successor, President Enrique Nieto, took over in December 2012 and pursued the same objective of violence reduction, but through an expanded strategy incorporating significant institutional reorganization and some notable socio-economic initiatives.

The Calderón Administration continued its kingpin strategy against cartels and increasingly deployed military units to augment state and local law enforcement units. The GoM arrested 14 high-value cartel figures in 2010 and another 22 in 2011.[39] Before leaving office, the Calderón Administration implemented several anti-corruption initiatives. Personnel vetting programs identified 3,500 police officers for dismissal in 2010.[40] In 2011, the GoM established "The Center for Evaluation and Control of Trust" in the Internal Affairs offices of all Mexican law enforcement agencies. Over 40 high ranking officials and hundreds more employees were dismissed from service as a result of this initiative. The Mexican Congress passed a law in 2011 constraining the judiciary's authority to reinstate police officers previously fired for corrupt behavior. In 2012, the Federal District and 29 of 31 states created "Accredited State Police" units composed of vetted investigators, analysts, and operations personnel provided with enhanced law enforcement training.

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[39] Department of State. *2011 International Narcotics Control Strategy Report*, 96-127.
[40] Ibid.
    Department of State. *2010 International Narcotics Control Strategy Report Volume*, 629-633.

President Calderón submitted a "Unified Command" proposal to Congress in October 2010 to restructure state and municipal police forces across Mexico. The plan sought to increase accountability amongst the more than 2,000 separate police forces across Mexico and enhance corruption monitoring processes. The proposal would allow governors to take over municipal units failing federal certification standards. The policy stalled in the Mexican Congress and was not passed into law. Meanwhile, the GoM tripled the size of the Federal Police to nearly 40,000 personnel. The GoM passed a money laundering law establishing a financial crimes unit within the Attorney General's office and created new codes for criminal offense.[41]

During the remainder of the Calderón Administration from FY10 to FY12, counter-trafficking efforts increased pressure on the illicit market. The deployment of several information systems enhanced interdiction efforts: a biometrics system along the Guatemala border, a passenger information system amongst customs and immigration agents for inbound flights, and non-intrusive inspection equipment at checkpoints across Mexico. In 2011, GoM drug interdiction efforts seized six MT of cocaine, 93 kg of opium gum, 268 kg of heroin, and 13 MT of methamphetamine, eradicated 4,124 ha of poppy, and dismantled 137 drug-processing labs.[42] In 2012, GoM security elements seized three MT of cocaine, 1.46 MT of opium gum, 182 kg of heroin, 30 MT of methamphetamine, eradicated 14,000 hectares of opium poppy, and dismantled 267 methamphetamine labs.[43]

The GoM continued to significantly disrupt cartel trafficking during the Nieto Administration though interdiction and crop eradication. Drug interdiction of cocaine, heroin, and methamphetamines continued to rise, as did opium poppy eradication compared to the metrics reported during the Calderón Administration. In 2010, the GoM dismantled 160 drug-processing labs, seized 9.4 MT of cocaine, 1 MT of opium gum, 368 kg of heroin, 12.7 MT of methamphetamine and eradicated 14,842 hectares of poppy.[44] 2015 was a peak year for drug interdiction with 272 drug laboratories dismantled, 25,960

[41] Department of State, *2012 International Narcotics Control Strategy Report*, 793-799.
[42] Department of State. *2011 International Narcotics Control Strategy Report*, 96-127.
[43] Department of State, *2012 International Narcotics Control Strategy Report*, 793-799.
[44] Department of State. *2011 International Narcotics Control Strategy Report*, 96-127.

hectares of poppy eradicated, and 26.5 MT of methamphetamines seized.[45] In 2017, the GoM dismantled an estimated 103 clandestine laboratories, seized 12.6 MT of cocaine; 766 kg of opium gum; 356 kg of heroin, 11.3 MT of methamphetamine, and eradicated 17,228 ha of opium poppy.[46] U.S. DOS attributed several successful interdiction and eradication operations during this period to aircraft, inspection equipment, canine teams, and training provided by U.S. security assistance programs.

Like its predecessor, the Nieto Administration continued to focus GoM resources towards a violence-reduction objective in response to citizen demands that the GoM abate the high level of violence. Nieto's government saw the rise in violence and crime as being a direct result of poor coordination amongst national security agencies. In other words, poor execution of Calderón's kingpin strategy was the cause of increased criminality, not the unconditional organizational fracturing and supply-reduction mechanisms of the strategy. Under President Nieto, the GoM did not abandon Calderón's kingpin strategy. Of the 122 top-level cartel leaders identified for arrest by the Nieto Administration, the GoM arrested or killed 69 of them by December 2013 and 107 of them by 2017.[47] These operations significantly disrupted cartel trafficking in combination with ongoing interdiction and crop eradication efforts.

The GoM deployed federal and military units in response to spikes in violence across Mexico during the Nieto Administration, reflecting both a reactive and a more

[45] Department of State, *2015 International Narcotics Control Strategy Report*, 682-684.
    Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.
    Department of State, *2012 International Narcotics Control Strategy Report*, 793-799.
    Department of State, *2014 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2014), 233-237.
[46] Department of State, *2019 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2019), 212-215.
[47] Patrick Corcoran, "Mexico President Reprises Controversial Kingpin Strategy," *Insight Crime*, June 6, 2017, https://www.insightcrime.org/news/analysis/mexico-president-reprises-controversial-kingpin-strategy/.
    Vanda Felbab-Brown, *Changing the Game of Dropping the Ball? Mexico's Security Strategy and Anti-Crime Strategy under President Enrique Pena Nieto*, Latin America Initiative, Foreign Policy at Brookings (D.C.: The Brookings Institution, November 2014), 13.

conditional violence-reduction strategy compared to previous years. The highly territorial *Zetas*, *La Familia Michoacana*, and *Los Caballeros Templarios* cartels bore the brunt of GoM crackdowns. Territorial cartels typically cultivate community acquiescence through a combination of selective violence, philanthropy, and investment in community infrastructure. However, these three cartels instead engaged in seemingly indiscriminate violence, extortion, and kidnapping amongst local communities without cultivating any community support. By 2009, *La Familia Michoacana* extorted an estimated 180,000 sales outlets, controlled entry and exit routes into towns, and established dispute resolution courts in the state of Michoacan. [48] These activities, as well as their inter-cartel war against the *Zetas* spurred a government crackdown during the Calderón Administration, weakening the group. Subsequently, *Los Caballeros Templarios* emerged leading cartel in the region. It branding itself as a protector against the *Zetas*, but largely preyed on communities within the states of Michoacan and Guerrero. In response, local self-defense militias formed in 2013 and began imposing vigilante justice against the cartel. The GoM intervened to both disarm these militias and crackdown on *Los Caballeros Templarios*.[49] Meanwhile, the GoM continued targeting the *Zetas* for organizational fracturing, taking down 27 of its leaders by December 2013.

Despite the GoM's de facto policy focus on the most violent cartels, it ultimately failed to implement a conditional repression policy against cartel violence and capitalize on any potential benefits that approach can provide in disincentivizing violence. This occurred for two reasons. First, the Mexican government did not adopt a declarative policy signaling that non-violent cartels were free to operate as normal and would not face government sanction unless they killed civilians, state agents, or a high number of other cartel personnel. A GoM statement in 2010 read: "The federal government does not favor any criminal organization; it weakens them all systematically without distinction. To benefit any criminal group…is to validate the outdated argument that crime can be managed."[50] Second, the GoM was unable to coordinate a whole-of-government

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[48] Vanda Felbab-Brown, "The Rise of Militias in Mexico: Citizen's Security or Further Conflict Excalation?" *PRISM* 5, no. 4 (April 2016): 175-176.
[49] Felbab-Brown, *Changing the Game*, 14-17.
[50] Lessing, *Making Peace*, 234.

conditional policy amongst its politically diverse federalized system. The relatively low levels of violence in Mexico before President's Calderón's unconditional crackdown partly derived from the PRI's political unity that allowed it to coordinate conditional repression. The political fragmentation of Mexico during the 2000s made subsequent coordination extremely challenging. State governors and town major could, and often did, choose to employ their police forces against groups other than the *Zetas*, *La Familia Michoacana*, and *Los Caballeros Templarios.* The GoM even had trouble getting buy-in for a conditional repression policy amongst federal agencies. A reform initiative begun in 2010 by the CISEN director, Guillermo Valdés, promoting the adoption of a conditional enforcement policy failed to gain support amongst SEDENA and the Federal Police.[51]

Several events underlined the dynamics preventing the GoM's adoption of a whole-of-government conditional repression policy. The GoM arrested the leader of the Gulf cartel in August 2013, weakening them to the point where the *Zetas* felt emboldened to violently compete for their market share, triggering an inter-cartel war.[52] The GoM subsequently deployed military units to Tamaulipas state following the failure of state and local police to deter the spike in inter-cartel violence. The GoM also arrested "El Chapo" Guzman, head of the Sinaloa cartel in 2015. After his escape that same year, the GoM arrested Guzman again and extradited him to the U.S. in 2017. With the arrest of cartel leadership figures outside of the most violent cartels like the *Zetas*, *La Familia Michoacana*, and *Los Caballeros Templarios*, the GoM could not effectively signal a conditional approach towards violence. This combination of GoM's open denouncement of a conditional policy and its de facto implementation of an unconditional violence-reduction policy prevented the GoM from disincentivizing violence.

Nieto's *2014-2018 National Security Program: A Multidimensional Policy for Mexico in the 21ˢᵗ Century* provided a broad outline of GoM aspirations. These included improving agency coordination, establishing a national intelligence center, professionalizing police forces, preventing crime, and improving socio-economic conditions.[53] Nieto implemented his program in April 2014. To improve agency

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[51] Lessing, *Making Peace*, 232-233.
[52] Felbab-Brown, *Changing the Game*, 17.
[53] Ibid.

coordination, the Nieto Administration placed both the SSP and Federal Police beneath the Ministry of the Interior (SEGOB).[54] The GoM continued to rely upon the military for internal security, but made a change in the distribution of duties compared to the Calderón Administration. SEMAR, who possessed a more robust intelligence capability augmented by U.S. agents, was assigned to drug interdiction. This occurred despite its success in kingpin operations partly because several accusations emerged of SEMAR's brutality during previous deployments. SEDENA assumed a greater share of law enforcement duties, particularly patrolling. CISEN, Mexico's main intelligence organization managed under SEGOB received increased funding for a national supra-intelligence center and five regional intelligence centers capable of fusing federal and state data. Institutional changes in the GoM upset long-standing intelligence service cooperation with the U.S., undermining the effectiveness of the new intelligence centers until these bilateral disagreements were rectified. The Nieto Administration also established a National Gendarmerie of civilian enforcers to take over duties historically filled by military units. The original plan to field 60,000 officers in the Gendarmerie within a separate agency ran into significant recruitment problems and decreased in scope to produce only 5,000 officers as an additional division in the Federal Police.

The GoM also pushed a "unified command" initiative to enhance law enforcement coordination by placing local police units under the command of state police.[55] A law making this mandatory stalled in the Mexican Congress during the Calderón Administration and so participation remained voluntary. The GoM was unable to make this initiative into law during the Nieto Administration as well, limiting the level of coordination across the GoM. While some states did adopt the "unified command" template and placed local police units under the command of the state, other states resisted the initiative.

While GoM reforms in intelligence and inter-agency coordination did increase the overall capabilities of federal enforcers, they fell short of producing a credible deterrent for crime. This occurred because the GoM did not increase the capabilities of state and local police forces. Most law enforcement entities within Mexico still lacked the ability

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[54] Felbab-Brown, *Changing the Game*, 7-8.
[55] Ibid., 23.

identify criminal behavior, make arrests, and prosecute suspects. Federal units were often necessary to decrease violence once deterrence failed and violence within a localized area spiked. A 2015 report by Mexico's statistics agency (INEGI) reported that 94 percent of total crimes and 99 percent of kidnappings went either unreported or uninvestigated in 2013.[56] This report indicates the limited ability of state and local police forces to consistently detect crime or arrest suspects. This shortfall likely stems from a combination of insufficient capabilities relative to cartels, as well as endemic corruption. Inadequate federal support to state and local police forces worsened over time. Mexico's 2017 budget marked a 16% funding cut for state security subsidies.[57] The planned 2018 budget increased overall, but allocated the majority of increased funds to the Federal Police.[58] Without providing adequate support to state and local law enforcement, the GoM's ability to deter crime remained extremely limited.

A significant institutional reform occurred with Mexico's transition in 2016 to an accusatorial justice system. The previous justice system relied on a closed-door process whereby written arguments were presented to a judge without oral arguments. Bolstered by U.S. security assistance programs, the GoM successfully updated its criminal justice codes and court procedures to an open-court system based on presumed innocence and oral arguments. Courtrooms across Mexico received new equipment and judges, prosecutors, and administrations received training provided by U.S. security assistance programs. This reform increased the GoM's ability to punish criminals, a prerequisite for deterrence.

The GoM implemented several anti-corruption initiatives during the Nieto Administration. It reorganized the Federal Police's Internal Affairs Department in 2013 so that its principal reported directly to the head of the National Security Commission, theoretically allowing the department to investigate anyone within the Federal Police for corruption.[59] Ninety-four federal police officers were arrested on corruption charges between December 1, 2012 and October 8, 2013 as a result of this initiative. A 2015

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[56] Department of State, *2015 International Narcotics Control Strategy Report*, 682-684.
[57] Department of State, *2017 International Narcotics Control Strategy Report*, 215-219.
[58] Department of State, *2018 International Narcotics Control Strategy Report*, 220-224.
[59] Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.

General Law of Transparency established the National Transparency System, standardizing Mexico's federal and state transparency laws and increasing the areas of the government subject to public disclosures of information.[60] In July 2016, the Mexican Congress passed the final legislative requirement for the National Anti-Corruption System. The reform provided investigative and prosecutorial powers to a civilian board of directors, increased criminal penalties, and imposed vetting standards for those applying for public sector employment.[61] However, by the end of FY17, the Mexican Congress had not yet appointed a special anti-corruption prosecutor or approved the selection of the 18 administrative judges charged with ruling on corruption cases as mandated by the National Anti-Corruption System legislation.[62]

USG security assistance projects supporting institutional development correlated to uneven trends in criminal justice, human rights, and corruption. A Congressional Research Service (CRS) report noted that GoM justice sector reform began demonstrating positive trends by 2013 in higher prosecution rates, lower levels of criminal impunity, and faster case resolution in those states receiving security assistance and implementing U.S. judicial reforms.[63] The CRS concluded that criminal impunity rates in Mexico decreased from 98% in 2010 to 78.6% by the end of 2016.[64] An independent report by the Center of Studies on Impunity and Justice used a more comprehensive methodology to measure impunity. The report ranked Mexico 66th of 69 countries for impunity rates.[65] The report noted:

> In recent years there has not been a positive correlation between the increase of resources
> in government's institutions and the reduction of violence and impunity in the country.
> The main problem is the corrupted use of these resources…What creates impunity is the

[60] Department of State, *2015 International Narcotics Control Strategy Report*, 682-684.

[61] Clare Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 7.

[62] Department of State, *2018 International Narcotics Control Strategy Report*, 220-224.

[63] Department of State, *Congressional Budget Justification, Foreign Operations, Annex: Regional Perspectives, Fiscal Year 2013* (United States Agency for International Development, D.C.: Department of State, [2013]), 821.

[64] Clare Seelke, *Mérida Initiative for Mexico*, 25.

   Clare Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 15.

[65] Juan Antonio Le Clercq Ortega and Gerardo Rodriguez Sanchez Lara, *Global Impunity Dimensions, Global Impunity Index 2017,* GII-2017 (Puebla, Mexico: University of the Americas Puebla, August 2017), www.udlap.mx.cesij, 11-21.

lack of training and poor functioning of the federal and local security systems, as well as a collapsed justice system, that lacks external accountability mechanisms.[66]

Of note, the report identified law enforcement issues as the source of continued criminal impunity in Mexico. When one considers the ratio of people contacted by police for criminal activity to the number subsequently brought before courts, Mexico stands well below the world average.[67] This indicates a high level of violent corruption affecting the will of GoM enforcers to execute de jure policy. A survey published in 2013 by Mexico's statistics agency found that 94 percent of total crimes and 99 percent of kidnappings went either unreported or uninvestigated.[68] The GoM is more capable of securing convictions against those brought before courts, but the problem in criminal impunity stems outside the courtroom to the lack of de jure policy enforcement by state security agents. This situation undermines overall crime deterrence. Without adequate measures to monitor for or sanction corruption amongst law enforcement, judicial reforms have limited impact on deterrence because GoM enforcers will not apprehend most suspects. Professionalization initiatives seeking to inculcate norms against bribe taking must contest with the *plato o plomo* threats made during bribe negotiations. GoM anti-corruption measures were not wide-spread and so corruption continued to thwart the gains made in law enforcement and judicial capabilities.

Overall, the GoM sought to implement a three-vector strategy to abate cartel spillover, but managed to produce a single-vector strategy against trafficking. GoM interdiction efforts and fragmentation of cartels through its kingpin strategy significantly disrupted trafficking operations. Institutional reforms in the justice sector, the restructuring of federal agencies, and the development of fused intelligence increased the capabilities of the GoM to detect, apprehend, and punish criminal behavior necessary for deterrence. However, state and local law enforcement still lacked the capacity to deter

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[66] Ortega, *Global Impunity*, 12. The authors looked at the entire criminal procedure in Mexico from crime, crime report, investigation, detention, procedure, trial, judgment, and imprisonment. The study looked at structural dimensions (police per 100K inhabitants, prison capacity, and prison staff), functional dimensions ("de facto" impunity, individuals brought before the courts compared with the numbers in formal contact with police, the number of prosecutors), and human rights dimensions (physical integrity of citizens).
[67] Ibid., 96.
[68] Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.

crime, undermining the ability of the GoM as a whole to abate violence or achieve an even greater reduction in trafficking than its supply-reduction and organizational fragmentation activities alone could achieve. The GoM's failure to adopt a conditional violence-reduction strategy at the federal level, as well as the failure to enact the "unified command" initiative threw away an opportunity to disincentivize violence against the state or civilians. While the GoM did initiate several major anti-corruption initiatives, they stopped short of full implementation at the federal level, limiting its ability to accurately monitor for and consistently sanction bribe-taking. The lack of any standardized anti-corruption program at the state and local levels further limited the GoM's ability to reduce corruption.

GoM counter-trafficking during this period did not impose a significant change from previous disruptions to the cartel trafficking during the Calderón Administration. The Hydra Theory defines change as a significant alteration of behavior from a previous state. The GoM did not increase its capability to deter trafficking crimes through consistent detection, apprehension, and punishment. The GoM thus had to rely on organizational fracturing and supply-reduction mechanisms to reduce trafficking. The GoM improved on some interdiction and crop eradication metrics during this period, but this was not a significant change compared to counter-trafficking efforts under Presidents Bush and Calderón. Comparing drug seizures from FY17 to FY09, the GoM dismantled 62 fewer methamphetamine labs, seized 7.4 MT less cocaine, seized 101 kgs more opium gum, 79 kgs more heroin, and eradicated approximately double the hectares of opium poppy. [69] The kingpin strategy and cartel fragmentation was just as intense during the onset of President Calderón's crackdown in 2006 as it was under Nieto against the *Zetas* and *Los Caballeros Templarios*. The GoM's single-vector trafficking strategy could not have reasonably altered cartel behavior by FY17 compared to FY09. As a result, since GoM counter-trafficking did not significantly increase the disruption of drug supply compared to previous levels, it should not trigger any changes in cartel behavior producing increases in violence or corruption. Cartel violence and corruption will likely remain steady in the absence of any other factors as fracturing will continue to induce

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[69] Department of State, *2019 International Narcotics Control Strategy Report*, 212-215.

sustained levels of intra-cartel, inter-cartel, and cartel-state violence. The steady intensity of trafficking disruption will still incentivize cartels to coerce bribe-taking or de jure policy change through violent corruption and violent lobbying.

Hydra Theory Predictions on the Combined USG and GoM Strategy

USG security assistance programs during the Obama Administration augmented GoM counter-trafficking efforts against cartels. USG programs enhanced the capabilities of GoM enforcers to interdict shipments, eradicate crops, and dismantle cartel trafficking networks. The GoM used these enhanced capabilities to disrupt cartel trafficking.

However, the GoM failed to achieve a significant increase in counter-trafficking results through supply-reduction and organizational fragmentation compared to disruption seen during the Bush Administration. Additionally, the GoM did not fully implement anti-corruption measures leveraging the significant support provided by U.S. security assistance programs. While the GoM did adopt major transparency processes and a National Anticorruption System with investigative and prosecutorial powers, it did not assign people to the key prosecutorial or judicial positions. The independent journalism supported by U.S. programs could allow for more accurate monitoring for bribe-taking, but without an enforcement mechanism to sanction those identified for bribe-taking, these programs will not impose any significant impact. Ultimately, the GoM undermined the potential benefits offered by USG anti-corruption programs.

The USG delivered over $3.44B in security assistance to Mexico during the Obama Administration. During this same timeframe, the GoM spent approximately $80.5B towards its military, domestic security, and judicial sector to include everything from payroll to recruitment, training, and equipment procurement.[70] USG programs did not provide funding directly to the GoM so comparisons of security assistance impact based on budget numbers likely only provide illusory conclusions of the efficacy of security assistance. U.S. programs provided the GoM with capabilities, training, equipment, and institutional know-how it could not have reasonably obtained indigenously in the same period of time.

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[70] Institute for Economics and Peace, *Mexico Peace Index 2018* (New York, NY: The Institute for Economics and Peace, April 2018), 37, www.economicsandpeace.org.

In combination, USG and GoM strategy represented a single-vector counter-trafficking approach towards cartel spillover. However, as previously noted, this did not produce a significant change in the disruption imposed on cartel trafficking. As a result, violence and corruption spillover should remain constant. Cartel fracturing will continue to induce sustained levels of intra-cartel, inter-cartel, and cartel-state violence. The continued levels of disruption to cartel trafficking will still incentivize cartels to employ violent corruption and violent lobbying.

Observed Outcomes of Cartel Spillover during the Obama Administration

Spillover effects worsened in two areas and remained steady in one area despite U.S. security assistance and GoM strategy. The 2010 homicide rate of 23 per 100,000 residents remained the same in 2017.[71] Homicide rates peaked at 24 per 100,000 residents in 2011 and went no lower than the 17 per 100,000 recorded in 2014 and 2015. Mexico fell by 22 points in Transparency International's Global Corruption Index between 2010 and 2017 from the 44th percentile to the 22nd percentile, ranking 139th of 180 countries. [72] This outcome indicates the perception amongst Mexican citizens of increased bribe-taking and non-enforcement of de jure policy by state enforcers.

Between 2010 to 2017, opium poppy cultivation in Mexico increased from 14,000 to between 30,600 - 44,100 hectares and heroin production rose from 38 to 111 MT.[73] Cartel cocaine trafficking increased as coca cultivation in Colombia grew from 48,000 to 209,000 hectares and drug manufacturing rose from 280 to 921 MT, surpassing even the pre-*Mérida* peak of 530 MT in 2007.[74] Between 2010 and 2017, overall heroin and coca production increased from 318 MT by 324% to 1,032 MT. The DEA identified Mexican cartels as the leading supplier of methamphetamines, fentanyl, and synthetic opioids

[71] Molloy, "Homicide in Mexico 2007-March 2018."

[72] "Corruptions Perception Index 2017," Transparency International, accessed 2 April 2020, https://www.transparency.org/news/feature/corruption_perceptions_index_2017.
    "Corruptions Perception Index 2010."

[73] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
    Department of Justice, *2018 National Drug Threat Assessment*,12-18.
    United Nations, *World Drug Report 2019*, 62.

[74] Department of Justice, *2018 National Drug Threat Assessment*, 48-50.

entering the US.[75] There are no known estimates on how many tons of these drugs cartels produced or trafficked. However, DEA reports reveal a trend of higher drug potency levels and an increase in overdose deaths between 2010 and 2017 from methamphetamines (1,854 to 7,542) and fentanyl/synthetic opioids (3,007 to 19,410). [76] These trends suggest cartels increased their production of these types of drugs in response to rising consumer demand during the Obama Administration.

The observed outcome for violence conforms to Hydra Theory predictions. Without a significant change in the disruption of ongoing trafficking levels, violence should not increase. The GoM could not reduce violence levels because it was unable to enhance the deterrence capacity of state and local law enforcement units or adopt a conditional repression policy.

The increase in trafficking levels was not predicted by the Hydra Theory, suggesting the increase derived from factors outside the model. A possible cause is an increase in drug demand and a failure of US and GoM counter-trafficking efforts to compensate for greater drug flows. Cartels increased heroin and cocaine production by 324% during the Obama Administration despite continued interdiction pressure and the arrest or death of hundreds of cartel traffickers. Cartels increased narcotics cultivation, manufacture, and smuggling to more than make up for the losses from USG and GoM counter-trafficking efforts. Without any ability to deter trafficking crime, the GoM cannot disincentivize cartels from choosing to expand their market, especially if overall drug demand increases. This outcome also suggests that any of the improvements reported in GoM interdiction metrics may not derive from enhanced capabilities, but rather because more drugs flowed through Mexico into the US for state enforcers to catch.[77] To achieve a reduction in drug supply during this period of increased demand, the GoM and USG would have needed to increase the tempo and scale of their counter-trafficking and

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[75] Department of Justice, *2018 National Drug Threat* Assessment, 34, 65-68.

[76] Ibid., 28, 64.

[77] Department of State, *2012 International Narcotics Control Strategy Report*, 793-799.
Department of State, *2013 International Narcotics Control Strategy Report,* 817-818.
Department of State, *2014 International Narcotics Control Strategy Report*, 233-237.
Department of State, *2015 International Narcotics Control Strategy Report*, 682-684.
Department of State, *2017 International Narcotics Control Strategy Report*, 215-219.

security assistance efforts. When one considers that the USG also engages in significant counter-trafficking efforts independent of its security assistance to Mexico, then the inadequacy of the USG and GoM counter-trafficking strategy is clear.

The increase of corruption in Mexico was also not predicted by the Hydra Theory. This outcome suggests that corruption worsened for reasons other than the ongoing disruptions to cartel trafficking. One possible explanation for the increase in corruption may be the continued diversification of cartels into other markets (i.e. human trafficking, extortion, kidnapping, oil theft) following their fracturing or loss of revenue from GoM counter-trafficking. These new markets put cartels into contact with greater portions of Mexican society. To protect their ability to maximize profits in these new markets, cartels will engage in violent corruption to coerce government non-interference.

The emergence of a number of high-profile corruption cases during this period may also account for Mexico's drop in Transparency International's Corruption Perceptions Index. Of the 38 officials and police chiefs arrested in Michoacán in 2009 for alleged ties to organized crime, as of October 2010, 37 had been released due to lack of evidence, triggering public outcry.[78] Notable human rights abuses by GoM security forces continued throughout this period. In July 2014, SEDENA soldiers executed 12 citizens in Tlatlaya and used excessive force in Michoacan that left 42 civilians dead.[79] A case involving 43 missing students from Guerrero state included allegations of local police involvement and remained unresolved in 2017.[80] Ninety-seven federal police officers were arrested on corruption charges in 2014.[81] Journalists in Mexico faced widespread murder or violence coercion at the hands of both cartels and police, with 12 being killed during 2017. Mexico is listed by non-governmental organizations as the most violent country in the world for journalists outside declared conflict zones.[82] In 2017, Mexico arrested several former government officials linked to corruption and sought the

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[78] Department of State, *2010 International Narcotics Control Strategy Report*, 629-633. Department of State, *2011 International Narcotics Control Strategy Report*, 96-127.
[79] Clare Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation*, 6.
[80] Clare Seelke, *Mexico: Background and U.S. Relations*, Congressional Research Service R42917 (D.C.: Government Printing Office, 29 June 2017), 6.
[81] Department of State, *2014 International Narcotics Control Strategy Report*, 233-237.
[82] Seelke, *Mexico: Background,* 6.

extradition of two former governors changed with bribe-taking. These outcomes suggest that the professionalization of GoM enforcers provided by USG security assistance did not adequately inculcate a change in norms eschewing bribe-taking amongst Mexican law enforcement organizations.

Chapter 4

USG Security Assistance and GoM Strategy, FY18 – FY19

This third case study explores how US security assistance programs under the Trump Administration interacted with GoM strategy from FY 2018 to 2019 to affect cartel spillover effects. The first section explores how the USG targeted its security assistance towards trafficking, corruption, violence, or a combination and the funding allocated to these programs. The Hydra Theory is used to assess what types of trade-offs in spillover effects the combination of security assistance efforts should produce. The second part in this section explores how GoM strategy during this period targeted trafficking, violence, or corruption and uses the Hydra Theory to predict its effects on spillover. The third section analyzes the combination of USG and GoM strategies using the Hydra Theory to predict their combined result on spillover. The last part of this section analyzes the observed outcomes in cartel responses producing spillover effects in trafficking, corruption, or violence. These outcomes are compared to earlier predictions to identify the efficacy of U.S. security assistance programs and GoM strategy, as well as how their combination interacted to affect trafficking, violence, or corruption.

The Problem and the Strategy under the Trump Administration

The Trump Administration oversaw a continuation of U.S. security assistance prioritization towards counter-trafficking. Budgets that previously earmarked the majority of funds for long-term institutional development under the second pillar of *Beyond Mérida* shifted towards the first pillar of disrupting cartels though CN. U.S. security assistance programs were to support GoM efforts in disrupting narcotics production, interdicting drug shipments, combatting money laundering, and investigating crimes.

In 2017, the homicide rate in Mexico reached 23 per 100,000 residents.[1] Drug trafficking remained high and the DEA identified Mexican cartels as the leading supplier of heroin, cocaine, methamphetamines, fentanyl, and synthetic opioids for U.S. illicit narcotics markets. In 2017, opium poppy cultivation stood between 30,600 - 44,100

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[1] Molloy, "Homicide in Mexico 2007-March 2018."

hectares and heroin production at 111 MT.[2] In 2017, cartels trafficked approximately 921 MT of Colombian cocaine, higher than pre-*Mérida* levels.[3] The USG paid particular attention to the increasing death toll from fentanyl and synthetic opioids, which reached 19,410 in 2017.[4] Mexico maintained a low standing in Transparency International's Global Corruption Index at the 22nd percentile, ranking 139th of 180 countries.[5]

On January 25, 2017 President Trump signed Executive Order 13767, "Border Security and Immigration Enforcement Improvements." The order focused U.S. federal departments and agencies on securing the border with Mexico against drug- and human-trafficking networks. It called for "the immediate construction of a physical wall on the southern border," to limit drug flows and illegal immigration. [6] On February 9, 2017, the President signed Executive Order 13773 on "Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking." Order 13773 identified Mexican cartels as the main drivers of crime, corruption, violence, and "misery" in both the U.S. and Mexico. [7] The policy called for enhanced cooperation against these groups through shared law enforcement intelligence and increased security sector assistance.

DOS budgeted $167.9M for security assistance to Mexico between FY18 and FY19.[8] The $88.7M budgeted for FY18 and $79.2M for FY19 were the lowest amounts scheduled for security assistance since the beginning of the Mérida Initiative. DOS

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[2] Department of Justice, *2010 National Drug Threat Assessment*, Heroin Availability.
Department of Justice, *2018 National Drug Threat Assessment*, 12-18.
United Nations, *World Drug Report* 2019, 62.
[3] Department of Justice, *2018 National Drug Threat Assessment*, 48-50.
[4] Department of Justice, *2018 National Drug Threat Assessment*, 28, 64.
[5] "Corruptions Perception Index 2017."
[6] Presidential Executive Order 13767. Border Security and Immigration Enforcement Improvements, 25 January 2017.
[7] Presidential Executive Order 13773. Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking, 9 February 2017.
[8] Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 2, Fiscal Year 2018* (United States Agency for International Development, D.C.: Department of State, [2018]), 93.
Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 2, Fiscal Year 2019* (United States Agency for International Development, D.C.: Department of State, [2019]), 496.

budgeted the majority of funds under INCLE authorities for CN. According to DOS, "INCLE funds will address priority security challenges, including reducing the supply of heroin and synthetic opioids like fentanyl, dismantling TCOs, strengthening border security and migration controls, and bringing criminals to justice."[9] More specifically, projects would help build an information system interoperable with U.S. security units, enhance SEMAR maritime interdiction capabilities, expand biometrics data sharing, and improve capacity for drug lab dismantling, poppy eradication, and interdiction. INCLE projects would also provide training in police tactics and leadership, technical assistance, and limited equipment transfers to improve GoM capabilities in intelligence gathering, investigations, and prosecutions. DOS also sought to continue improving correctional facility standards. Funds previously supplied through ESF authorities were replaced by the Economic Support and Development Fund (ESDF) and focused on human rights protection, criminal impunity, transparency, youth intervention, and rule of law. Programs included education initiatives, the development of regulatory criminal procedure codes, forensic lab accreditation projects, and sponsorship of internal affairs units.

DOD funding for security assistance to the GoM also decreased during this period compared to the levels seen during the Obama Administration. The largest amount DOD spent during this period on security assistance to Mexico was $29.6M in FY18. This amount was less than the lowest DOD spending level of $43.9M during the Obama Administration in FY15. Overall, DOD allocated $64.3M during the Trump Administration under the new Building-Partner Capacity authority (333 funds) to enhance GoM CN capabilities with training and equipment transfers. DOD equipment transfers during this period provided SEMAR and SEDENA units with equipment and training for biometrics, non-intrusive inspections, communications, and logistics management. DOD also provided CN training to 2,884 students in FY18 and 2,300 in FY19.[10]

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[9] Department of State, *Congressional Budget Justification, Foreign Operations, Appendix 2, Fiscal Year 2020* (United States Agency for International Development, D.C.: Department of State, [2020]), 257.
[10] Summary of U.S. Northern Command Mexico Student Numbers, 22 June 2018.

The USG delivered $289M in security assistance to the GoM from FY18 to FY19.[11] This exceeded aid delivered during the Bush Administration ($105.5M), but fell well short of the aid provided over any two-year period during the Obama Administration (the smallest amount delivered was $398M between FY16 and FY17).

State/INL and USAID continued to deliver aid under the same methodology used during the Obama Administration. State/INL projects fell into one of five lines of effort.[12] The first, advancing GoM's implementation of criminal justice reform included a $9.2M assessment of ten criminal justice facilities and staff. The second line of effort, improving CN capacity to reduce trafficking included a $6.2M transfer of chemistry equipment to Mexican forensic laboratories, a $3.7M project providing SEMAR with surveillance technology for interdiction, and a $3M aviation training simulator for Mexican federal police. The third line of effort, disrupting illicit finances, benefited from a $1.2M project setting up a money laundering complaint and tracking center and $900K of IT systems upgrades. The fourth line of effort, professionalizing GoM police forces included a $18.7M project establishing curricula and training to certify all municipal police in Mexico by year 2020 for professional standards. DOS spent $167M across three projects supporting the fifth line of effort, enhancing GoM border and port security capacity. These three assistance programs provided secure radio communications infrastructure along Mexico's southern border and a biometrics system integrated across all GoM agencies.

USAID sponsored two large assistance programs during this period supporting their fourth line of effort of transparency and accountability. These two projects totaling $13.1M supported investigative and data journalism in Mexico in the hope these individuals could enhance accurate reporting on bribe-taking and thus deter corruption.

Overall, actual USG security assistance during the Trump Administration produced a viable single-vector strategy against trafficking. The anti-corruption

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[11] Summary of U.S. Northern Command Mexico Equipment Deliverables - Program Funding, 6 March 2020.

Department of State, *Congressional Budget Justification, 2019*, 496.

Department of State, *Congressional Budget Justification, 2020*, 257.

[12] Government Accountability Office, *U.S. Assistance to Mexico: State and USAID Allocated over $700 Million*, 20-28.

initiatives undertaken by USAID fell far short of the impact security assistance programs produced during the previous Administration when the GoM implemented national anti-corruption legislation. Mexico had already proven to be the most dangerous place for journalists in the world outside conflict zones, so additional funding supporting independent journalism without mechanisms to protect them from violent coercion should have no impact. The failure of professionalization initiatives during the Obama Administration to deter bribe-taking suggests the continuation of these programs to an even smaller training audience will not produce a different result. Inadequate anti-corruption assistance programs will not produce any significant change in the GoM's ability to accurately monitor for or consistently sanction bribe-taking. However, U.S. security assistance did enhance the GoM's ability to increase its disruption of cartel trafficking through equipment transfers and CN training.

The Hydra Theory predicts this single-vector security assistance strategy towards trafficking will increase both violence and corruption. Enhancing the capabilities of GoM enforcers to disrupt trafficking gives these agents leverage over cartels. This situation incentivizes cartels to increase their use of violent corruption to undermine the will of these forces to actually engage in supply-reduction activities. Cartels will use violence against state agents to coerce their acceptance of bribes or for defense. Cartels may also use violent lobbying to compel policymakers to alter de jure policy. The pressure placed on the supply-side of the drug market by disrupting trafficking will increase inter-cartel competition for access to and control of key trafficking territory, further increasing violence.

GoM Strategy during the Trump Administration

The GoM continued to strive toward a three-vector strategy against trafficking, corruption, and violence during this period. The kingpin strategy continued to serve as a deliberate mechanism to fracture cartels into smaller organizations. By doing so, the GoM hoped to decrease their power relative to state and local law enforcement, strengthening criminal deterrence. Disruption of cartel trafficking would destabilize these groups and reduce monetary resources used for weapons procurement or bribery.

Tackling corruption would make GoM enforcers more likely to carry out de jure policy and thus address citizen concerns on crime.

The GoM continued to fracture cartels through a kingpin strategy and trafficking interdiction. As of August 2018, the GoM killed or detained 110 of the 122 high-value targets identified at the beginning of the Nieto Administration.[13] The GoM also implemented a bilateral effort to expand its list of kingpins to include leaders of Mexico's emergent cartel hegemon, the *CJNG*. In 2019, the GoM eradicated 12,300 hectares of poppy, dismantled 38 drug-processing labs, seized 12.6 MT of cocaine, 66.2 kg of opium gum, 730 kg of heroin, 19.4 MT of methamphetamine, and 314.6 kg of fentanyl.[14] These metrics are not significantly different than those reported for 2017. Comparing counter-trafficking metrics to 2017, the GoM dismantled 63 fewer clandestine laboratories in 2019, seized the same amount of cocaine; 36 kg less opium gum; 374 kg more heroin, 8.1 MT more methamphetamines, and eradicated 5,000 less hectares of opium poppy.[15] The GoM did not induce any significant change to cartel trafficking between FY18 and FY19 compared to other periods.

The leftist populist leader of the National Regeneration Movement (MORENA) party, Andrés Manuel López Obrador replaced Nieto as Mexico's President on December 1, 2018. His party also managed to win the majority of seats in both the Senate (70 of 128) and the Chamber (316 of 500).[16] However, the MORENA party only won four of 32 governorships, making any de facto conditional repression policy difficult to implement if the GoM chose to pursue such a policy. Obrador campaigned on a platform of reducing

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[13] Seelke, *Mexico: Background*, 8.

[14] Department of State, *2020 International Narcotics Control Strategy Report Volume 1*, Bureau of International Narcotics and Law Enforcement Affairs Report (D.C.: Department of State, March 2020), 192-195. This is the first INCSR report that includes interdiction and crop eradication metrics from SEMAR units. All previous reports only included data deriving from civilian agency metrics. To provide for a more accurate comparison, I only include civilian numbers to avoid overinflating the disruption caused to cartel trafficking in 2019 compared to previous years. The numbers provided for 2019 were given for only the first six months of the year. I doubled this number to approximate yearly totals in the absence of a complete data set and avoid underestimated GoM's disruption of cartel trafficking.

[15] Department of State, *2019 International Narcotics Control Strategy Report*, 212-215.

[16] Seelke, *Mexico: Background*, 1.

corruption, poverty, inequality, and crime. Once entering office, the Obrador Administration implemented austerity measures and reduced public sector salaries, prompting several resignations within the GoM. The Obrador Administration did not prioritize the full implementation of the recently authorized National Anti-Corruption System. The GoM only appointed a dedicated anti-corruption prosecutor in February 2019 and did not make any of the 18 judicial appointments necessary to make the system operable.[17]

In November 2018, the Obrador Administration announced its *National Peace and Security Plan 2018-2024*. The strategy focused on addressing socio-economic drivers of violence rather than directly confronting cartels, suggesting an abandonment of the kingpin strategy or the adoption of a conditional repression policy.[18] Proposed measures to address drivers of violent crime were left unspecified. The strategy sought a reorientation of counter-trafficking resources towards drug treatment, education, employment, healthcare, and poverty projects. The GoM sought to pull resources from crop eradication efforts and thus placate Mexican farmers, a key voting constituency supporting MORENA. This policy signaled a potential decrease in GoM counter-trafficking efforts. The Administration also discussed offering amnesty for criminals and supporting them with targeted socio-economic programs to reduce recidivism.

The Obrador Administration declared its abandonment of the kingpin strategy and conveyed its intent to deploy federal resources only in response to "brutal crimes."[19] The most concrete measure enacted under the new administration involved the creation of a National Guard. Planned for 150,000 members under civilian leadership, the National Guard included personnel from SEDENA, SEMAR, and the Federal Police. The GoM began recruitment to field 50,000 new personnel by the end of FY19. The Obrador Administration also notionally divided Mexico into 266 "regional coordination zones" to

[17] Ibid., 11.

[18] Oscar Cruz, "Infographic: AMLO's Peace and Security Plan," Woodrow Wilson Center, Mexico Institute, 4 January 2019, https://www.wilsoncenter.org/article/infographic-amlos-peace-and-security-plan.

Vanda Felbab-Brown, "AMLO's Security Policy: Creative Ideas, Tough Reality," Brookings Institution, March 2019, https://www.brookings.edu/research/amlos-security-policy-creative-ideas-tough-reality/.

[19] Vanda Felbab-Brown, "AMLO's Security Policy."

streamline whole-of-government cooperation in addressing security challenges. The GoM sent National Guard units to 17 high violence areas in 2018. These deployments reflected a continuation of past practices of reactively addressing spikes in cartel violence. Partly in response to increased immigration pressure and U.S. demands, the GoM deployed National Guard units across Mexico for migration enforcement throughout 2018 and 2019.[20] The GoM did not adopt any new measures increasing the deterrence capacity of state and local law enforcement units.

Overall, actual GoM strategy during the Trump Administration sought to conduct a three-vector strategy, but only managed to implement a single-vector strategy against trafficking. However, similar to the Obama Administration case study, the GoM did not significantly escalate its disruption of cartel trafficking though interdiction, crop eradication, and leadership removal. The GoM did not significantly increase the ability of law enforcement to deter trafficking crimes through consistent detection, apprehension, and punishment. The kingpin strategy and cartel fragmentation were just as intense during this period as it was under the Nieto Administration. President Obrador's strategy abandoning the kingpin approach did not materialize and federal forces continued deploying to areas with significant violence and directly confronting cartels. The GoM could not have reasonably altered ongoing cartel behavior by FY19 compared to FY17 though counter-trafficking activities. The Hydra Theory defines change as a significant alteration of behavior from a previous state. Since GoM supply-reduction and organizational fragmentation efforts did not significantly increase disruptions to trafficking compared to previous periods, the GoM counter-trafficking strategy should not trigger any increases in violence or corruption.

Hydra Theory Predictions on the Combined USG and GoM Strategy

USG security assistance programs during the Trump Administration augmented GoM counter-trafficking efforts against cartels. USG programs enhanced the capabilities of GoM enforcers for interdiction, crop eradication, and organizational fracturing. The

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[20] Beittel, *Mexico: Organized Crime*, 6.

GoM used these enhanced capabilities to continue its ongoing levels of trafficking disruption.

However, the GoM failed to achieve a significant change in counter-trafficking results through interdiction, kingpin arrests, network fragmentation, and crop eradication compared to previous levels of disruption. The GoM did not fully implement the anti-corruption measures passed into law in 2016. The independent journalism projects supported by U.S. assistance could allow for more accurate monitoring of bribe-taking, but the GoM did not institute any enforcement mechanism to sanction coercion or violence against journalists, minimizing the impact of this initiative. Ultimately, the GoM undermined the potential benefits offered by USG anti-corruption programs.

The USG delivered over $289M in security assistance to Mexico during the Trump Administration. During this same timeframe, the GoM spent approximately $21.9B towards its military, domestic security, and judicial sector to include payroll, recruitment, training, and equipment procurement.[21] U.S. programs provided the GoM with capabilities, training, equipment, and institutional know-how it could not have reasonably obtained indigenously in the same period of time.

In combination, USG and GoM strategy represented a single-vector counter-trafficking approach to counter cartel spillover. However, as noted, this did not produce a significant change in the disruption already imposed on cartel trafficking. As a result, violence and corruption spillover should remain constant. Cartel fracturing will continue to induce sustained levels of intra-cartel, inter-cartel, and cartel-state violence. The continued levels of disruption to cartel trafficking will still incentivize violent corruption and violent lobbying to coerce bribe-taking or de jure policy change.

Observed Outcomes of Cartel Spillover during the Trump Administration

Spillover effects from cartel activities worsened during this period in one area (violence) and remained steady in the other two areas (trafficking and corruption). The 2017 homicide rate of 23 per 100,000 residents increased to 30.4 per 100,000 residents in

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[21] Institute for Economics and Peace. *Mexico Peace Index 2018*.

2019.[22] The 17,000 murders from January to June 2019 set a new record in Mexico.[23] In the leadup to Mexico's 2018 election cycle, cartels assassinated 37 mayors and political candidates.[24] In 2017, opium poppy cultivation in Mexico stood between 30,600 - 44,100 hectares and heroin production at 111 MTs.[25] Full 2019 trafficking estimates are not yet available, so 2018 figures are used for comparison. In 2018, poppy cultivation remained steady at 41,800 hectares and estimated heroin production decreased slightly to 106 MT.[26] Coca cultivation in Colombia decreased slightly from 209,000 to 208,000 hectares by 2018 and cocaine production fell from 921 to 887 MT, the second highest level ever recorded.[27] The DEA reported in 2019 that Mexican cartels produced the majority of methamphetamines, fentanyl, and synthetic opioids seen in the US. The DEA assessed that cartels were hiring foreign chemists in increasing numbers to facilitate the use of a more complex fentanyl production method.[28] Mexico improved slightly in Transparency International's Global Corruption Index from the 22nd to the 25th percentile, ranking 135th of 180 countries.[29] However, its index score remained the same compared to 2017, suggesting its improved ranking derives from worsening corruption in other counties, rather than any improvement in Mexico.

The steady levels of trafficking and corruption are consistent with Hydra Theory predictions. Without any significant increase in pressure on cartel trafficking, those levels should remain steady so long as demand does not increase. With steady levels of trafficking disruption, cartels will continue ongoing levels of corruption to minimize interference by GoM agents.

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[22] Diego Valle-Jones, "Official Crime Data, Homicides since 1990."
   Molloy, "Homicide in Mexico 2007-March 2018."
[23] Seelke, Summary.
   Beittel, *Mexico: Organized Crime*, Summary.
[24] Beittel, *Mexico: Organized Crime*, 1.
[25] Department of Justice, *2018 National Drug Threat Assessment*, 12-18.
   United Nations, *World Drug Report 2019*, 62.
[26] Department of Justice, *2019 National Drug Threat Assessment*, Report DEA-DCT-DIR-007-20 (D.C.: Drug Enforcement Administration, December 2019), 26.
[27] Ibid., 69.
   Department of Justice, *2018 National Drug Threat Assessment*, 48-50.
[28] Department of Justice. *2019 National Drug Threat Assessment*, 15.
[29] "Corruptions Perception Index 2019."

The increase in homicides during this period are not consistent with Hydra Theory predictions. This outcome suggests the increase derived from other factors. One possible reason for the spike in homicides is the breakdown in the *Sinaloa*'s cartel's organizational coherency following the arrest and extradition of its leader in January 2017.[30] This event triggered a succession crisis within Mexico's largest cartel. The subsequent intra-cartel conflict possibly emboldened Mexico's second largest cartel, the *CJNG*, to initiate an inter-cartel war over market share.

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[30] Beittel, *Mexico: Organized Crime*, 14.

Conclusion

Negative spillover effects associated with Mexican drug cartel activity worsened between 2006 and 2019 despite U.S. security assistance because U.S. and GoM counter-trafficking efforts incentivized cartels to increase their use of violence and corruption practices. Neither U.S. security assistance nor GoM strategies increased the deterrence capacity of local and state law enforcement entities capable of preventing the subsequent rise in violence. U.S. programs and GoM initiatives also did not increase the capabilities of the Mexican government to accurately monitor for and consistently sanction the subsequent increase in bribe-taking amongst law enforcement personnel. After the USG and the GoM had significantly disrupted the drug market by 2010, neither state increased counter-trafficking efforts to compensate for the subsequent rise in cartel narcotics production. U.S. security assistance programs bear some responsibility for the negative trends in cartel spillover effects seen today.

Mexican cartels present a variety of problems challenging both national security and individual health. Despite the malign influence of drug trafficking, corruption, and violence on society, these behaviors unfortunately derive partly from rational decision making. Violence imposes deep pain on victims and their families. It also undermines democratic governance by distorting the field of political competitors, setting bounds on acceptable political discourse, and inhibiting the implementation of decisive policy initiatives.[1] Yet violence has utility in that it can coerce community acquiescence and law non-enforcement, minimizing disruptions to cartel operations. Corruption undermines the ideal obligations of public servants necessary for good governance. But bribes can facilitate illicit activity and present an attractive alternative to being a victim of violence for policymakers or state enforcers. Drug trafficking fuels addiction and imposes significant personal and public health implications for society. On the other hand, trafficking is a lucrative vocation offering hundreds of thousands of people a way to augment their meagre incomes. Given the two sides of trafficking, corruption, and violence, one can begin to understand why attempts to resolve these them can fail.

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[1] Andreas Schedler, "The Criminal Subversion of Mexican Democracy," *Journal of Democracy* 25, no. 1 (January 2014): 15.

The Hydra Theory provides a framework to help explain the logic behind cartel trafficking, corruption, and violence. It also categorizes different kinds of policy actions a state can choose to adopt in meeting these challenges. But the theory also illuminates the high standard required of state policy to actually make a significant impact on any element of the trafficking – corruption – violence triad. Arresting a cartel kingpin is insufficient to reduce violence or trafficking; criminal deterrence at the local level is necessary. Providing policy enforcers with human rights training or sponsoring independent journalism is also insufficient by itself to curb corruption. A state must possess the ability to accurately monitor for bribe-taking and then consistency sanction those caught. These actions by the state must be more influential on individual decision making than the allure of a large bribe or the prospect of being killed by a cartel gunman. Counter-trafficking efforts must significantly disrupt the illicit drug market by the order of mega-tons and be capable of increasing their level of disruption to accommodate any decision by cartels to increase production.

The Hydra Theory also provides a tool for analyzing and predicting how government policy will affect trafficking, corruption, or violence. If a state can achieve the high standards outlined in the theory, then they can make a significant impact. However, in doing so, they will incentivize cartels to change their behavior to compensate. Cartels are an adaptive adversary for states and will not idly receive a blow to their hyper-competitive business. The interactions amongst the trafficking – corruption – violence triad are given less attention in policy-making circles than they should be. The Hydra Theory provides a starting point to remedy that shortfall.

Without an understanding of how state policy can trigger detrimental second-order effects, the USG government embarked on a concerted effort to disrupt cartel trafficking through security assistance programs. These programs enhanced the GoM's ability to interdict drug shipments, eradicate crops, and apprehend cartel kingpins. Moreover, USG assistance heralded a massive change in the GoM's approach towards cartels. Whereas PRI officials facilitated and directly benefited from the drug trade in the years before President Calderón's election, the GoM now attempted to repress it unconditionally. This disruption triggered changes in cartel behavior as predicted by the Hydra Theory, leading to deepening corruption and a spike in violent homicides. The

GoM also bears responsibility for this outcome. Its assumption that state and local law enforcement could adequately deter the remnants of fractured cartels was proven false. Neither the USG nor the GoM considered the need to increase the deterrence capacity of law enforcement entities below the federal level. The result was an increase in spillover effects. U.S. security assistance strategy is partly responsible for the resultant deterioration in corruption and violence in Mexico that occurred before 2010.

Further worsening of spillover effects after 2010 derived from factors outside of the scope of the Hydra Theory, which raises a legitimate criticism of its utility. The Hydra Theory can only explain changes to trafficking, corruption, and violence resulting from a significant change in one or more of these factors. The standards to make a significant change are high: significant disruption of existing trafficking, achieving a legitimate deterrence of trafficking or violent crime, or being able to accurately monitor for and consistently sanction bribe-taking. If a program or a strategy cannot meet these high standards, then the Hydra Theory predicts no change will occur.

Changes can still occur, but will instead derive from factors outside the scope of the Hydra Theory. Changes in trafficking, corruption, and/or violence can stem from factors endogenous to cartels themselves or the drug market. If cartels manage to cooperate and establish a stable balance of power, then violence may decrease. If they seek to maximize market share, then a major conflict with another cartel may ensue independently of state pressure. If a lieutenant seeks to increase their position within a cartel, then intra-cartel feuding may occur and fracture the organization without any pressure from a government crackdown. Cartels can also expand into markets like kidnapping, extortion, and human trafficking for reasons other than a loss of revenue from state counter-trafficking. If demand for narcotics rises, then cartels can increase production, manufacturing, and smuggling. Any of these scenarios can spur an increase in corruption as cartels seeks to minimize the interference by law enforcement in their activities. These changes can occur independent of state policy.

Another legitime criticism is that the Hydra Theory cannot account for localized changes in trafficking, corruption, or violence. By only looking for changes to the overall patterns of trafficking, corruption, and violence at the national level, the Hydra Theory cannot account for incremental improvements at the local level. The use of case-studies

from a variety of states or cities within Mexico may provide a better baseline to analyze how changes in spillover effects result from local strategies. For example, if a city does manage to implement adequate anti-corruption reform, then the Hydra Theory would predict an increase in violence and a decrease is drug supply in that area. However, my case selection at the macro level stemmed from the need to answer my research question about USG security assistance and overall spillover trends. Since my case studies reside at the national level, I cannot account for these micro-level changes. This may be a useful area for further study because cartel activity is typically very localized and tied to trafficking *plazas* in the geo-criminal Heartland and drug cultivation areas in the geo-criminal Rimland.

Given the case study selection used, after 2010 neither U.S. security assistance programs nor the GoM were able to impose any significant changes to the status quo levels of trafficking, corruption, and violence used by cartels. While the USG did make significant changes to its security assistance strategy during the Obama Administration, it was unable to solve existing shortfalls in the combined U.S. and GoM strategy. U.S. assistance supported a landmark judicial reform at the federal and state level, helping decrease criminal impunity and therefore enhancing the punishment element necessary for deterrence. However, USG programs did not enhance the ability for state and local law enforcement to consistently detect crimes, generate suspects based on reasonable cause, and then apprehend them to actually bring them before the new judicial system for punishment. USG programs also enabled the GoM's adoption of a major anti-corruption program, but did not possess any political leverage to ensure the GoM fully implemented it by staffing the new institution with the requisite personnel. U.S. assistance programs also did not pressure the GoM to escalate its counter-trafficking pressure on cartels. As a result, cartels adapted and increased trafficking activity to meet a rising drug demand and compensate for routine market disruptions.

One can argue that it is unfair to blame U.S. security assistance programs for the negative trends in cartel spillover effects. However, such a stance obviates the responsibility for governments to anticipate the second-order effects their policies or strategies may produce. It was reasonable for the USG to have anticipated the rise in violence following a major disruption of cartel trafficking. The U.S. is not responsible for

errors made in the GoM's strategy, such as fracturing cartels without possessing local deterrence capacity at the state and local level. However, the U.S. could reasonably have predicted this result by paying closer attention to available reports on wide-spread corruption in Mexico and inadequate state and local law enforcement. Knowing this, the U.S. could have made their aid contingent on a commitment by the GoM to enhance local and state law enforcement deterrence capacity.

The Hydra Theory and the case studies provide a useful lens for current policymakers to formulate new strategies and abate the deteriorating trends in trafficking, corruption, and violence. The literature analyzing USG and GoM strategies against cartels and the spillover effects they cause typically advocates for a holistic solution. Drug-demand reduction programs, enhanced local law enforcement, better mechanisms to enforce anti-corruption measures, police professionalization, improved justice sector reform, and reductions in political violence appear to provide a panacea for the problems of the drug-trade.

However, both the USG and the GoM have been attempting to pursue exactly these types of strategies for years and have failed to abate spillover. Why? Because the all-encompassing holistic approach suffers from four problems. First, limited resources constrain what states can do. Reforming the entirety of Mexico's state and local police to a level where they can resist violent corruption and deter crime is an expensive and drawn-out proposition. Second, the distribution of political power in a federal system confounds unity of effort. It is very difficult for the GoM to implement a conditional repression policy because state and local leaders are beholden to local voters who may demand government crackdown on even those cartels eschewing violence. Third, the USG and the GoM possess different objectives. The USG wants to abate its domestic drug crisis and GoM wants to reduce violence. While not mutually exclusive, these different objectives point to the divergence in trade-offs each country in willing to accept. Lastly, as the Hydra Theory highlights, a large disruption in one area of the trafficking – corruption – violence triad will produce large changes in the others. Knowing how policy decisions towards cartel activity involve tradeoffs provide several possible policy options.

If the USG wants to abate its domestic drug crisis, it can either implement a major drug-demand reduction strategy or escalate the scale of its current supply-reduction counter-trafficking efforts. A strategy focused on reducing demand in the US does not require Mexico's cooperation or direct confrontation with cartels. Reductions in demand will reduce overall drug prices and shrink the profits of cartels. If the U.S. can manage to escalate its disruption of drug supply, it will increase drug prices as the total volume reaching the U.S. falls. A supply-reduction strategy involves working by, with, and through other nations, imposing a host of implementation challenges and involving direct confrontation with cartels. Additionally, supply-reduction strategies are limited in what they can do because they must balance the desire for routine and meticulous inspections with the economic demand for the free flow of licit trade across the US-Mexico border. If either of these counter-trafficking approaches are able to significantly disrupt the drug market, they will increase cartel violence and use of corruption, an outcome not acceptable to the GoM. Increased cartel violence in Mexico can also impose problems for the U.S. from immigration pressures as people relocate to a less violent countries.

U.S. policy must incorporate a recognition of the options that are unavailable to the GoM. For one, the GoM cannot reimpose the era of government-cartel accommodation that existed before 2006. This system worked because there was a normative acceptance of corruption in Mexico and because the political unity of the GoM under a single party allowed it to condition its repression towards cartels based on their use of violence. Neither of these preconditions are available any longer. Mexico is a federalized system with a variety of political parties, making a federal decision to adopt a conditional repression policy unviable. There are also enormous political costs to advocating for the repression of only violent cartels because it allows trafficking to proceed unpunished. Mexican citizens are also very aware of corruption within Mexico and it remains a major focal point for elections. As such, a return to a government accommodation with cartels based on corruption is infeasible.

These limitations make a violence reduction strategy very difficult to achieve by any method other than the deterrence of crime through law enforcement. The USG will likely remain sympathetic to the GoM's mandate to reduce violence. As such, if the U.S. wants to both abate the domestic drug crisis and the high levels of violence in Mexico, it

will need to drastically increase its security assistance aid to the GoM contingent upon the use of that aid for state and local law enforcement. Even if the GoM drastically improves the capabilities of state and local law enforcement to detect criminal activity and execute arrests, the problem of corruption remains. Possessing the intelligence capabilities, information systems, and equipment necessary to identify crimes, apprehend suspects, and punish them in court gives enforcers leverage over cartels. In response, cartels will use violent corruption to undermine the will of GoM enforcers to carry out de jure policy.

A single-vector strategy centering on anti-corruption overcomes many of these challenges. In the Hydra Theory, corruption is the hinge upon which cartels minimize interference from society and the state and upon which a state can execute de jure policy. Corruption undermines any deterrence capacity possessed by law enforcement. If the GoM does not possess enforcers willing to carry out de jure policy for the public good, then any enhancements in capabilities will be rendered inert. A focus on corruption will make GoM enforcers at the state and local levels more likely to carry out de jure policy. More frequent drug interdiction amongst GoM enforcers aligns with U.S. objectives and may decrease supply. A police force that is more responsive to crime improves the deterrent capability of law enforcement, a goal of both the U.S. and the GoM. With greater responsiveness to crime, law enforcement can increase public trust and gain a valuable source of intelligence on criminal activity.

A focus on corruption involves tradeoffs, but these can be mitigated. First, violence against the state will increase as cartels seek to induce bribe-taking using violent corruption or coerce de jure policy changes using violent lobbying. This can be mitigated by imposing anti-corruption strategies incrementally at the local level. Once a functioning anti-corruption system is in place, in can be expanded into nearby towns, villages, or cities and ultimately to the state. To mitigate the expected rise in cartel violence, the GoM should deploy federal units to provide deterrence before anti-corruption measures are implemented. These federal units should not engage in operations to fragment cartels that will trigger intra- and inter-cartel violence, but rather deter violence against local law enforcement as they carry out de jure policy. Federal forces should not be removed from a local area until measures to accurately monitor for and consistently sanction bribe-

taking are fully implemented. A component of this strategy involves increasing the pay and professionalization of local police through GoM federal subsidies and re-targeted U.S security assistance programs.

The implementation of a combined two-vector strategy against trafficking and corruption is the best option the USG and the GoM can adopt today. This strategy is politically acceptable and implementable because it seeks to abate the drug crisis in the U.S. and attempts to tackle corruption, a core concern amongst Mexican voters. Deliberate and phased implementation of anti-corruption initiatives at the state and local level backed by the deterrence capacity of federal law enforcement can mitigate the predicted increase of cartel-state violence. To make this strategy work, counter-trafficking must occur though domestic drug-demand reduction rather than through supply-side reduction. Doing so frees up GoM resources to apply towards anti-corruption measures at the local and state levels. It also re-focuses U.S. security assistance programs to support this line of effort. This less confrontational approach still reduces cartel revenues. It also reduces the need for the GoM's kingpin strategy which historically induces intra- and inter-cartel violence and their expansion into kidnapping, extortion, and human trafficking markets. Once the GoM can accurately monitor for and consistently sanction state and local law enforcement for bribe-taking, it can resolve the principal-agent divide between de jure policy and de facto enforcement. The possession of law enforcement agents willing to enforce de jure policy increases the GoM's strategy options in the future. Accountable law enforcement allows the GoM to actually implement a counter-trafficking and/or violence-reduction strategy capable of significantly reducing cartel spillover. Currently, the GoM and the U.S. lack these options and have been unable to resolve the negative trends in cartel spillover as a result.

Abbreviations

CSIEN: National Intelligence Center

GoM: Government of Mexico

FY: Fiscal Year

PAN: National Action Party

PGR: Attorney General of Mexico

PRI: Institutional Revolutionary Party

SEDENA: Secretaria de la Defensa Nactional (Mexican Army and Air Forces)

SEMAR: Secretaria de Marina (Mexican Navy)

SSP: Public Security Secretariat

USG: United States Government

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