

# WINNING MEXICO'S DRUG WAR

A WIKISTRAT CROWDSOURCED SIMULATION



June 2013

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Mexico is burning. Over much of the last decade, Mexican drug cartels have conglomerated and made moves to challenge the central government (and each other) for control over territory and drug markets. The cartels have improved their organization and capabilities despite the massive crackdowns by the Mexican government and the flood of U.S. security assistance, which has totaled more than \$1.9 billion since 2008. Drug-related violence and kidnapping remain a constant threat, even in previously “safe” areas of Mexico, with an estimate of over 40,000 people killed since 2006.

Like his predecessor, President Enrique Peña Nieto was elected on a platform of fighting organized crime. The previous Calderon administration chose directly to confront the cartels, especially by using the Mexican armed forces. Instead of calming the country, this policy caused violence within the cartels to increase and to spill over into Mexican society. In addition, the armed forces are increasingly viewed as corrupt. While Peña Nieto's administration has claimed some successes as it moves to shift the drug war policy toward protecting civilians rather than attacking cartel leaders, these appear illusory and the death toll continues to climb with an average of 35 Mexicans killed every day. Now even Mexican politicians are being targeted with alarming regularity. Furthermore, this struggle is taking place in the context of high unemployment, increased poverty (according to the World Bank, half of Mexico's population of 115 million lives below the poverty line), and widespread disillusion with the government. Meanwhile, Mexican dissatisfaction with the current form of U.S. assistance is growing. It is clear that the Mexican and American governments must chart a new course of action, but what will actually restore law and order?

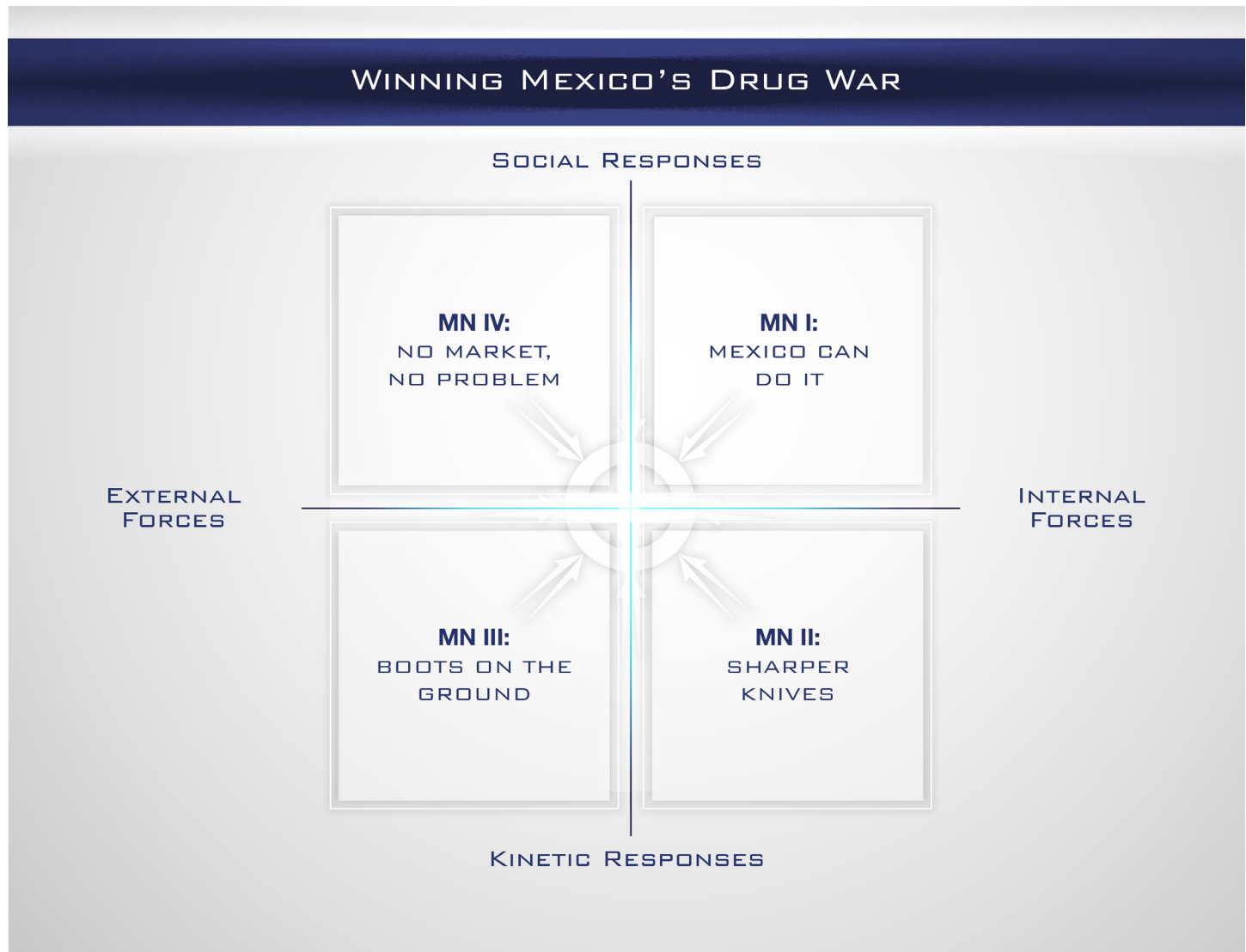
In April 2013, Wikistrat ran a week-long crowdsourced simulation in which 70 analysts from around the world collaboratively developed Policy Options for the Mexican government, the U.S. government and other actors to respond to the escalating drug war in Mexico. The goal was to provide a plausible range of strategies and techniques that could stem the tide of violence and could restore control of the country to the authorities.

Analysts were encouraged to tackle this not only from a geostrategic angle, but also to take a tactical “boots on the ground” approach in which they explored social, political and economic options as well as “kinetic” law enforcement/military ones. They addressed not just the intended outcome but also the actors who would be involved, the details of how the option would be implemented, and the circumstances under which it would be most likely to succeed – as well as the potential consequences of failure.



## OVERVIEW OF MASTER NARRATIVES

The 33 Policy Options (POs) which emerged from the crowdsourcing process were bundled into four “Master Narratives” (MNs), or broad strategic directions built around two questions. The first, represented by the X axis on the accompanying graph, is the question of how “social” the strategy is – relying especially on political reform, community outreach and the like – rather than “kinetic,” looking instead to military or law enforcement solutions. The second question, plotted along the Y axis, is from whence comes the primary impulse for change – either from within Mexico or the outside world.



## Master Narrative I “MEXICO CAN DO IT”

(“Social Responses” plus “Internal Forces”)

*The government seeks to address the problem through domestic reforms (albeit with U.S. assistance): Cleansing the police and courts of corruption, outreach campaigns with the Catholic Church and local movements to delegitimize the cartels.*



The current drug war in Mexico is not solely the product of the malignant conjunction of a massive source of narcotics being trafficked from the south and a buoyant market across the border to the north. It also reflects very real failures of the Mexican state. From the corruption present since the days of effective one-party rule to a failure to create meaningful alternative social and economic opportunities for those seduced by the *narcos*, these domestic problems are proving self-sustaining. Cartel violence, for example, has an impact on Mexico's ability to attract investment and tourism, which in turn affects the tax base and unemployment. This hinders the state's ability to respond to the challenges before it and give the cartels greater scope to bribe officials and recruit workers, couriers and muscle.

This “Mexico can do it” strategy would thus concentrate on getting Mexico's own house in order, with the assistance of the United States and other outside actors. The aim would be to turn vicious circles into virtuous ones, slowly reducing the opportunities available to the cartels until they become a manageable threat. The potential areas for concrete attention include:

- **Fighting corruption and strengthening local and national institutions and civil society.** In the long term, some of the most effective weapons against organized crime are public legitimacy, the rule of law and a strong civil society. Here, the government embarks on a program of capacity building within local government and civil society – including the press – while also targeting corruption and arbitrariness within its own structures.
- **State investment in, and support for, viable and sustainable economic projects,** including solar power and biofuel development, agriculture and manufacturing, microfinancing and similar schemes to encourage small-scale entrepreneurship. Many of the problems in Mexico such as violence, illegal economies and organized crime have their roots in conditions of poverty, the exclusion of great segments of the population or the lack of educational opportunity. In some cases, illegal economies are the only option for the economic survival and social improvement of disconnected or disenfranchised groups.
- **Supporting a dynamic and inclusive private sector,** allowing people to improve their living conditions, rise through social mobility and better their status through legal means, leaving aside the risks associated with illegal business and associated violence. For this outcome to be achieved, the government must address inequalities by creating jobs, raising wages, securing public services and promoting a better distribution of opportunity, both in rural and urban areas. In tandem with job creation, the government will have to provide re-education opportunities so that ordinary Mexicans can enter into these expanding industries.

- **More effective but law-based and intelligence-driven law enforcement.** Demonstrating that the law-enforcement apparatus and judiciary can be effective and honest is also a vital part of this approach. This would require a comprehensive reform initiative, which would be expensive and disruptive in the short term, but would allow the infusion and promotion of able and honest officials. These officials, in turn, would have to be paid competitive salaries and to be regularly monitored to weed out those who inevitably fall prey to corruption.
- **Targeting policing on specific areas and issues that will have a disproportionate social and economic impact.** From creating a Tourism Police Force able to secure high-revenue areas and reassure foreign visitors, to stepping up efforts to fight corruption within the security apparatus, the aim would be to concentrate on the most valuable and low-hanging fruit in the initial attempts. Success in these more limited missions would not only have a practical impact, but would also help re-establish the credibility of the state and its law-enforcement apparatus.
- **Placing a greater emphasis on denying the cartels access to their profits.** Drug trafficking is first and foremost a business, and in Mexico, the proceeds of the drug business (estimated at 19-29 billion USD per year) are the cartels' primary source of funding. These profits allow the cartels to recruit and to sustain private armies, to purchase massive weapons arsenals, to bribe officials and to improve their smuggling capacities. They also allow their leaders to enjoy lavish lifestyles. Focusing Mexican and American efforts on seizing drug cartels' assets and preventing their transfer, laundering and use by the cartels would play a major role in disrupting the operation of the cartels and reducing their capabilities. Seized funds could also be reinvested into social programs or the police.
- **"Sólo decir que no."** A broad-based campaign within Mexico involving actors ranging from civil society to the Catholic Church articulates a message not just against drug use but also against cooperation with drug traffickers. This also involves the Mexican Episcopal Conference taking a stand against *narcotimosnas* (drug-money tithes) by requiring periodic audits of individual church books, destroying the mythology of "Jesus Malverde" (the folk patron of drug trafficking, never recognized by the Catholic Church as a Saint) and threatening to excommunicate priests who openly support cartels. This option does nothing to the cartels' main market in North America, but it does help address the social basis of much of their power and legitimacy within Mexico.
- **Serious negotiations with the cartels.** There are clear challenges in negotiations, not the least of which is that they seem to give criminals a degree of political legitimacy. Nonetheless, there are precedents in negotiating with *narcos*, such as the current talks between the Colombian government and the FARC. Conducted in tandem with effective measures against the cartels' military and financial resources, especially if brokered through the Catholic Church, a genuine dialogue and offers of limited amnesties might help reduce the levels of violence.

This Master Narrative is essentially refining and developing some strategies that have already been attempted in Mexico, albeit with partial success – at best. A positive outcome will thus be dependent to a considerable extent on the government demonstrating greater will, commitment and effectiveness than in the past. These are also long-term strategies, which will likely in the short term lead to increased violence as the cartels seek to deter the government from maintaining its course.

In many ways, this is the ideal scenario for the international community – especially the U.S. – as it presupposes that Mexico does the heavy lifting itself, albeit perhaps with external assistance and encouragement. However, there is a risk is that, in the name of a negotiated settlement, Mexico could find itself taking steps such as amnestying internationally-wanted criminals (110 Mexicans, for example, are on Interpol's Red Notice list) or similarly engaging in actions which would damage its international standing.

## Master Narrative II “SHARPER KNIVES”

(“Kinetic Responses” plus “Internal Forces”)

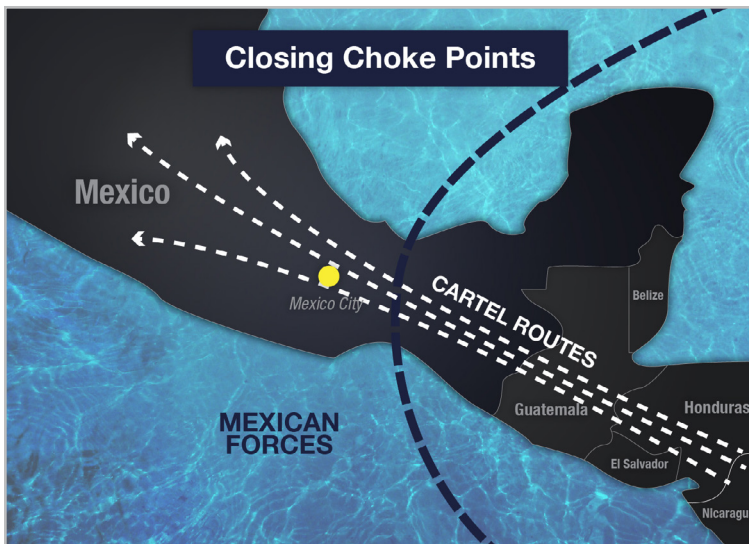
*In the highest-risk option, Mexico steps up the scale, tempo and vigor of its direct operations against cartels, with options ranging from aggressive intelligence operations aiming to penetrate and to disrupt the cartels through divide and rule efforts to play them off against each other.*



While the social response is undeniably one which could, over a generation, address the fundamental roots of cartel power and legitimacy, in the meantime Mexico runs the risk of becoming a failed state. In the face of this challenge to the country's governability, legitimacy and sovereignty, the government may choose instead to adopt an even tougher line than former President Calderon did and to look for effective ways of striking directly at the cartels. The rationale is that there is time for nation (re)building and social outreach later – once the guns have fallen silent and the criminals are dead or in prison. While again there would be the expectation and probable need for U.S. assistance, the objective would be to demonstrate that Mexico can deal with a Mexican problem by itself. The options available within such a strategy would include:

- Targeted killings of cartel leaders.** Previous efforts to target leaders and key personnel are revived and increased, with assassination by covert operations forces added to conventional police and military operations. The aim is to degrade operational effectiveness through a rapid “churn” of leaders that also makes senior positions within cartels less appealing career options.
- Drug war means war.** If the conclusion is drawn that the Calderon policy failed because it was not confrontational enough and that the drug war represents an existential challenge to Mexican statehood, then the government could opt for a dramatic escalation of the conflict. Increasingly relying on the rules of war rather than those of law enforcement, the government here would unleash its military forces. This is, inevitably, a serious and dangerous option, not least because of the greater risk posed to the civilian population by any escalation in the conflict.
- Stepped-up efforts to penetrate cartels and to manage intelligence.** Intelligence is also a tool that can be used to disrupt, divide and degrade the cartels. The Mexicans would thus seek to develop their intelligence capacities considerably – while also ensuring the integrity of their agencies – and to draw on U.S. experience in developing fusion centers and combining counter-narcotics and counterinsurgency operations. Furthermore, given that the drug war is as much an inter-cartel struggle as it is a struggle between the government and the cartels, the authorities would feed misinformation to the cartels in order to play them against each other. Meanwhile agents placed within the cartel command structures would be used to encourage the gangs to consider peace talks with the government and demobilization.





- **Closing choke points.** Rather than seeking to win a nationwide conflict with the cartels, in this option the government initially concentrates on “fighting smart” by identifying key choke points and closing them to the traffickers. The cartels are embroiled in a turf war over north-south transit corridors between South America (especially Colombia) and the United States. While some drugs are produced in Mexico itself, most cocaine is merely shipped through the country on its way north. Mexican security forces are concentrated at the narrowest stretch of land (about 100 miles coast to coast), which lies across the Mexican states of Oaxaca and Veracruz. Meanwhile, the Mexican Navy cooperates with U.S. government agencies to control north-south sea lines of

communications. This could effectively choke land-based north-south drug transit. In addition, this course of action may draw the cartels to a single front to combat government troops, freeing up the rest of the country for the authorities to reassert control.

- **Zero tolerance.** Drug users and traffickers alike would be treated with considerable harshness, with the latter facing the death penalty unless they are willing to inform on their organizations. Those who go to prison would face longer and tougher sentences, as compared with the degree to which today’s corruption allows many convicted criminals to live relatively comfortably behind bars and still manage their underworld operations. The primary aim would be to address the public perception that the *narcos* largely operate with impunity.

There are considerable dangers associated with this strategy. The cost of escalating military and security operations would be considerable, and in the short term would only jeopardize further efforts to attract tourists and investors. Major military assaults, assassinations and deals with cartels could also carry considerable political costs. Further empowering the security forces could also be a recipe for increased corruption and opportunities for rent-seeking behavior. Finally, if the cartels feel their backs are against the wall or that their share of a shrinking market is at risk, then in the immediate future they would probably escalate their own attacks on both civilian and government targets.

There is also considerable potential international risk. While the U.S. and many other countries would breathe a sigh of relief if the cartels are defeated, the use of profligate and indiscriminate military force would have clear international human rights implications and may also make it harder for Washington to continue to underwrite the Mexican government’s campaign.

## Master Narrative III “BOOTS ON THE GROUND”

(“Kinetic Responses” plus “External Forces”)

*As Mexico is unwilling or unable to stem the violence, there is a steady extension and expansion of U.S. direct assistance for the authorities, including intelligence and military support. This is in part a “business as usual” option, but the spectrum of options stretches into the more dramatic realm of large-scale intervention and taking the war to the cartels.*



Mexico’s drug war exists to a large degree because of the United States’ drug market; the conflict is a serious and growing security challenge for Mexico’s northern neighbor. If Mexico cannot effectively address the problem on its own then it may become a priority for Washington, especially as its military forces return from Afghanistan and Iraq.

The range of options available for a martial strategy driven by American interests include:

- Expanded law-enforcement support for the Mexicans, underpinned by the introduction of American advisers throughout their security structures.** In what will inevitably be considered imperialism in some quarters, Washington combines greater aid for and collaboration with Mexican law enforcement and intelligence agencies with the introduction of U.S. personnel drawn from the FBI, DEA, ATF, DIA and local police forces as trainers and advisers at all levels of Mexican law enforcement. This bilateral approach would signal to Mexico that Washington is determined to provide serious assistance in tackling a threat to both nations and not just additional experience and expertise, but also a means to address the issues of accountability and corruption which afflict the local forces. It would also, inevitably, carry the risk of a political backlash within Mexico and – when casualties are suffered by U.S. personnel – within the United States.
- Limited precision operations in support of Mexican operations.** The cartels are now organizing themselves in paramilitary fashion, partially because of the presence of former military men in their ranks. To combat this increasingly professional threat, Washington would sanction and coordinate the use of drones and special operations forces in support of local police and military deployments with Mexican authorities. The aim is to provide tactical intelligence to the Mexican government forces and also target the cartels’ mid-level management in order to degrade their day-to-day operations.
- An extensive deployment of U.S. troops and police to create a controlled border region.** The most extreme option, perhaps reflecting a belief that the Mexican authorities are simply incapable of reversing a process of state failure that is spilling across the border, would see the deployment of U.S. troops and police into the Mexican border-states. This could involve the activation in the U.S. Northern Command and its long-overdue Joint Interagency Task Force (JIATF – NORTH). The main objective would be to put heavy pressure on the cartels’ operational capacity, and, alongside partners from the Organization of American States (OAS) such as Brazil, Colombia and Canada, to create space to begin rebuilding local governments, with the aim of pulling these areas under heavy cartel influence back from the





brink of collapse. In effect, this is an open-ended state rebuilding exercise, requiring commensurate political will and resources from Washington and support or at least acquiescence from Mexico City.

- **Locking down the border.** If the belief in Washington is that, for the foreseeable future, it is likely that the government will be unable to control the situation in Mexico, then one response would be to step up the security of the border. The Border Patrol is expanded and granted greater powers and resources, while physical barriers, geographic data collection, drone patrols, local volunteers and other methods are used to control the borders. Meanwhile, coastal waters are controlled by Coast Guard and Naval assets, and air and sea links with Mexico are subjected to increased scrutiny. While it would be impossible to prevent all drug trafficking into the U.S., by making it more difficult and increasing the risk of arrest for

couriers and the likelihood of shipments being intercepted, the aim would be to dramatically increase the business costs of the cartels and to make the Mexican drug industry less attractive and lucrative.

Any unilateral or near-unilateral initiatives by the U.S. run the risk of being characterized as imperialist in Mexico and the rest of the world. Meanwhile, the American public and political class alike may balk at putting blood and treasure into a new campaign south of the border just after extricating the military from the Middle East. There is also a domestic risk of exacerbating racial tensions with the United States' Mexican and Hispanic populations as well as of encouraging the cartels to retaliate by targeting U.S. civilians and economic interests. These risks could be mitigated somewhat by bringing the OAS into the initiative, both to emphasize the multinational nature of the intervention and also to provide a consistent, coordinated regional structure for countering drug trafficking.

## Master Narrative IV “NO MARKET, NO PROBLEM”

### (“Social Responses” and “External Forces”)

*Recognizing that the problem of drug cartels in Mexico is best resolved by undermining their markets, this approach envisages addressing the problem largely through external and non-forceful measures and legalizing or reducing the demand for narcotics. The most radical and transnational approach, this is also the approach with potentially the widest implications.*



Arrests, drug seizures and crop eradication are highly satisfying for the authorities and undoubtedly have a short-term impact, but they are not lasting solutions to the problem. As long as there are lucrative global – especially North American – markets for illegal narcotics, then there will be criminals who seek to exploit them. Mexico is an obvious location for their activities. As a result, the most ambitious, long-term strategy would be to attack the market itself.

Policy Options to this end include:

- Legalizing marijuana in the U.S. to concentrate on harder drugs.** Recognizing that times and customs change, the U.S. government would adopt a national policy of legalization or at least decriminalize marijuana. This would allow the police to concentrate on traffickers of harder drugs, would take pressure off the courts and prisons for users and dealers of marijuana and would permit controlled and taxed legitimate sales. While of only relatively minor direct impact on the Mexican cartels, this would allow greater focus to be placed on their other operations and cocaine in general.
- Reducing U.S. demand for cocaine and similar narcotics.** Washington here steps up its efforts to combat addiction and drug usage at home through measures such as increasing spending on public information and drug rehabilitation centers, wider use of compulsory drug tests and more extensive addiction therapy programs whereby addicts continue to receive maintenance doses of drugs through a hospital or pharmacy as they are slowly weaned off the drugs. Although such an effort would never eliminate the market for illegal narcotics it may – especially if combined with the legalization of “soft drugs” – reduce demand to the point that it seriously undermines the cartels’ business model.
- Legalizing narcotics on a global basis.** However unlikely it may seem, there is the possibility that, building on current debates about the global prohibition regime and the war on drugs, states and international institutions may begin to move towards legalizing and regulating the consumption of all or some currently illicit drugs. States and legitimate industries could thus compete in the narcotics market, undermining the traffickers who rely on its illegality to keep prices high. Although a “gray market” will inevitably emerge for untaxed drugs, the cartels would lose the overwhelming majority of their market and profits.
- A U.N.-led campaign to combat narcotics and crime globally.** The increasingly global scope of transnational criminal organizations and their increasing links with violent extremist organizations require

a global response. The United Nations Security Council determines that the U.N. must confront this threat, especially to preclude countries such as the U.S. from operating autonomously. Due to their “no-holds-barred” approach to violence, their participation in recent attacks and the internal disruption that Mexico faces, the Mexican cartels are perfectly positioned to serve as the example of the Security Council’s newfound resolve. The U.N. Office on Drugs and Crime becomes an operational and strategic powerhouse. Building on INTERPOL, existing OAS collective security agreements and other multi-national law enforcement frameworks, as well as the cooperation and infrastructure built during the “Global War on Terror,” states across the globe here would work in concert to disrupt the alliances between drug cartels and terrorist groups and restore the sovereign state as an institution whose monopoly on the legitimate use of force and control over its territory is no longer challenged. In Mexico, this would manifest itself as an effective international effort to control cartel finances as well as the potential deployment of “blue cap” international police contingents in support of local law enforcement.

- **Undermining the illegal narcotics market with synthetic substitutes.** Although many options exist to reduce the level of Mexican gang drug violence in the near term, eliminating the demand for heroin, methamphetamine and cocaine in the United States is the only guaranteed way to eliminate the violence associated with this drug trade. Washington is unlikely to legalize these narcotics because of their serious side effects, but it may be possible to develop near-perfect substitutes without the addictiveness or deadly side effects which could be produced and sold under legal marketing channels. This would dramatically undermine the cartels’ profits and, thus, their *raison d’être*. The U.S. government could stimulate the development of these substitute products and services (for example, electronic brain stimulation or devices like electronic cigarette delivery systems) by signaling through its legal and regulatory apparatus that patents and legal protections would be forthcoming for such products. It could even initiate a competitive research and development program along the lines of the human genome project.

Of course, such measures require considerable political will – often on an international level – and are decidedly long term. Meanwhile, the cartels will continue their operations and their violence, and they may even step up their operations and resulting violence if they see their market shrinking. These measures would also require a long-term commitment by policy-makers and public alike. There is also the risk of generating a backlash against what may appear to be a weak, even defeatist stance on illicit drugs. Finally, legalization strategies have risks of their own, ranging from the potential human cost to political backlash if they lead to greater use and addiction rates.



## STRATEGIC TAKEAWAYS

1. Cartel-related violence represents a real and serious challenge to the Mexican state on a whole range of levels. It undermines the economy by deterring foreign investors and tourists and encourages an outflow of Mexicans and Mexican money. It corrupts the political and security institutions of the state and corrodes the government's credibility and legitimacy. While Mexico is not yet a failed state, it is certainly a failing one.
2. Much of the strength of the cartels comes from weaknesses of the Mexican state, most notably its lack of accountability and legitimacy and its inability to provide sufficient economic and educational opportunities for its people. Addressing these deficits is therefore not just something to do once the cartels are defeated, but is a central element of many strategies to win the drug war. Winning the struggle for "hearts and minds," rebuilding trust in state and national institutions and strengthening communities and civil society may be as useful as any kinetic approach.
3. Use of a wide-swinging and heavy "hammer" against the cartels is unlikely to be successful. The Policy Options that addressed it consistently conclude that the government lacks the capacity to repress the cartels in this manner. Policy Options that envisage a military approach involve either a dramatic escalation (which has its own risks) or else substantial U.S. and foreign intervention. This could range from the training of the Mexican police and military by foreign trainers, the deployment of American drones and the use of special forces all the way up to outright foreign intervention to establish a security zone along the border and the reconstruction of the Mexican state.
4. Ultimately, the bulk of the profits in Mexico's narcotics business – and thus the bulk of the incentives for gangs to continue to operate and to compete – comes from the U.S. and Canada. In many ways, the real answer to winning the drug war in Mexico may be found in reducing the illicit market in North America, whether by decriminalization, changing public attitudes or replacing hard drugs with safer, less addictive and legal synthetic alternatives.
5. Mexico's economy is growing, but there are still imbalances between legitimate and illegitimate economic opportunities, as well as massive cleavages between the urban and rural populations, northern and southern states and the rich and poor. Building a dynamic and inclusive private sector able to bridge these gaps is an essential precondition for the long-term defeat of the cartels. This requires not just reform in country's energy and telecommunications sectors, but also significant investment in current strengths such as the oil industry – which needs to spend more on exploration and exploitation – as well as also new sectors, in order to capture emerging markets for "green" products and materials.
6. Most solutions will, to a degree, require the creation of a supportive coalition of civil society groups. A particular role could be played by the Catholic Church, especially given that the new Pope (Francis I) is from Latin America and has already come out against drugs in his Easter address that included reference to "Peace to the whole world, torn apart by violence linked to drug trafficking..."

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This report was based on the collaborative efforts of more than 70 analysts.

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