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HAS MÉRIDA EVOLVED? PART ONE: THE EVOLUTION OF DRUG CARTELS AND THE THREAT TO MEXICO'S GOVERNANCE

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

AND THE

SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS

OF THE

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HAS MÉRIDA EVOLVED? PART ONE: THE EVOLUTION OF DRUG CARTELS AND THE THREAT TO MEXICO'S GOVERNANCE

TUESDAY, SEPTEMBER 13, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE AND
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:36 p.m., in room 2172, Rayburn House Office Building, Hon. Connie Mack (chairman of the Subcommittee on the Western Hemisphere) presiding.

Mr. MACK. The subcommittee will come to order. I first want to thank everyone, especially our witnesses, for joining us for our hearing today.

After recognizing myself and the ranking member, Mr. Engel, for 5 minutes each for opening statements, I will recognize the Subcommittee on Oversight and Investigations chairman, Mr. Rohrabacher, and the ranking member, Mr. Carnahan, for 5 minutes each for their opening statements. We will then proceed directly to hearing testimony from our distinguished witnesses. The full text of the written testimony will be inserted into the record. Without objection, members have 5 days to submit statements and questions for the record.

After we hear from our witnesses, individual members will be recognized for 5 minutes each for questions. I now recognize myself for an opening statement.

And again, I want to thank the witnesses for being here. I want to thank the members, also, who are here and those that are sitting in the audience.

Today's hearing will address the evolution of illegal activity in Mexico to determine if taxpayer-funded programs have evolved accordingly. The reality is clear, and while Mexico doesn't want to admit this, there is an insurgency taking place in Mexico along the U.S. border.

Since 2006, Mexican drug cartels have evolved into resilient and diversified transnational criminal organizations. The drug cartels have splintered into subgroups and expanded operations into human trafficking, kidnapping, extortion, weapons smuggling, and stealing resources such as oil. The result: A well-funded criminal insurgency raging along our southern border, threatening the lives of U.S. citizens and harming the U.S. Economy by undermining legal businesses.

The insurgent activities utilized by the cartel are aimed at undermining the government, protecting their illegal activity, and winning the support of the people. For example, one cartel has provided economic and social services in Mexico, and crossing over into Central America, where they build roads and provide housing, food, clothes, and toys to lower income residents in return for their loyalty. If they are unable to win the hearts and minds, these criminal organizations use extreme violence to instill fear in the population to undermine the Mexican Government's ability to control its territory. The violent display of over 40,000 deaths since 2007 is but one example.

It is time that our determination to eradicate the cartels matches the cartels' determination to undermine the freedom, security, and prosperity of the United States, Mexico, and the Western hemisphere. The United States has an important national security role to play in this fight as a result of our proximity to, and consumption of, the trafficked drugs. However, President Calderon's efforts to place all the blame on the United States is incorrect and counterproductive. The U.S. and Mexico must work together in a joint effort to stop illegal activity across our shared border while supporting trade and efficiency in transfer of legal goods. We must stop the drugs and criminals or terrorists coming north, and the money and guns traveling south on our border.

Addressing the illegal gun trade is something President Calderon has specifically asked us to jointly address. Little did we know that the U.S. Department of Justice funded a program called Fast and Furious that was sending guns into Mexico. This was an appalling, immoral act, and while we investigate and hold the administration accountable for implementing and hiding a dangerous and illegal program, we need to design a new, productive way forward.

This productive way forward is not, I repeat, is not the Merida Initiative. The State Department's Merida Initiative, originally a 3-year, $1.5 billion counterdrug plan with Mexico has seen chronic delays and implementation challenges. The Obama administration's Beyond Merida has failed to set target dates, tangible goals, or strategic guidance to ensure the successful use of these funds.

Showing up to a burning house late with a half assembled hose is a waste of time and taxpayer dollars. Meanwhile, the Mexican drug cartels continue to work in a coordinated strategy to undermine the Mexican state through insurgent activities that include violence, corruption, propaganda, asset control, and social and community programs. The current U.S. policy with Mexico does not seriously address the national security challenges we face.

It is time that we recognize the need for a counterinsurgency strategy that can combat the evolution and resilience of Mexico's transnational criminal organizations. The United States should support a targeted, yet comprehensive strategy that works with Mexico to secure one key population center at a time in order to build and support vital infrastructure and social development for lasting results.

The counterinsurgency measures must include, but not be limited to, an all U.S. agency plan including Treasury, DEA, CIA, ICE, and State to aggressively attack and dismantle the criminal networks in the United States and Mexico; second, doubling border pa-

trol agents, fully funding needed border protection equipment such as additional unmanned aerial vehicles, and the completion of a double-layered security fence in urban and hard-to-enforce areas of the border; and third, teaching the culture of lawfulness program to ensure local populations support the government and the rule of law over the cartels.

I look forward to the hearing today and the expert testimony on this topic, and it is the goal of these two subcommittees to advance the ball and finally have a program in the United States that correctly identifies the problem as an insurgency and, with your recommendations and others, help put a plan forward to combat the problem.

With that, I would like to recognize the ranking member, Mr. Engel, for his opening statement.

Mr. ENGEL. Thank you very much, Mr. Chairman. This is an important hearing on a key priority for United States foreign and domestic policy, and I am glad to be here with you today.

There is no more important relationship to the United States and the Western hemisphere than the one we have with Mexico. We share a very long border, a rich and intertwined history, deep cultural connection, and problems which extend to both sides of the border. In the last several years, the drug trade, which had once been the domain predominantly of South America, has moved north. It has taken hold in Mexico and ravaged the northern part of Central America. If nothing else comes out of today's hearing, I want it to be clear that the United States stands with our friends in the south in their efforts to fight the narcotrafficking.

We have come a long way since the Merida Initiative was first announced on October 22, 2007. Between Fiscal Year 2008 and Fiscal Year 2010, Congress appropriated $1.5 billion for Merida Initiative programs in Mexico, with the bulk of that funding dedicated to training and equipping Mexican security forces. The program got off to a slow start, and provision of our assistance was halted for the first couple of years.

I am glad to report that as of the beginning of last month, $473.8 million in assistance have been provided, and the State Department has committed to delivering another $500 million by the end of this year. This will include some of the big ticket items, four Blackhawk helicopters and a CASA 235 maritime surveillance aircraft.

Today, the Merida program is moving away from expensive equipment to a focus on institution building through training and technical assistance. I think this switch in emphasis is critical for a number of reasons. Technical expertise is not only less costly than helicopters or aircraft, but it is more flexible and can be provided more quickly. In addition, Mexico has long been plagued by corruption and weakness in state and local institutions. I believe it is a positive sign that we are moving to help in this area.

Among the areas I would like to explore further in the questioning are illicit weapons trafficking and the importance of reducing demand for illegal drugs here at home. First, I have long been concerned about the illegal flow of weapons crossing the border from the U.S. into Mexico and elsewhere in Latin America. President Calderon once told me that 90 percent of the weapons used

by the drug criminals come from the United States. That is simply unacceptable. In fact, the Bureau of Alcohol, Tobacco, and Firearms once called the trafficking an iron river of guns. Much more needs to be done by both countries to halt the illegal flow of these weapons.

Two ideas immediately come to mind, both of which are compliant with the Second Amendment. First, too many foreign-style assault weapons are being imported into the United States, and under the law and the Constitution, we can stop them before they enter our country. How? We should return to enforcement of the Gun Control Act of 1968, which authorizes the President to block the import of nonsporting weapons. The first President Bush and President Clinton enforced the law, and so should President Obama.

No new legislation is needed. This is a law on the books. It should be enforced. It doesn't impinge on Second Amendment rights. To me, it is just commonsense rights.

I am also hoping that at some point soon the Senate will ratify the American Convention against Illicit Manufacturing of and Trafficking in Firearms, also known as CIFTA. The State Department has repeatedly confirmed that the United States is in compliance with CIFTA. Its ratification will help stiffen our resolve to fight illegal weapons trafficking.

Secondly, helping Mexico combat the drug trade addresses only half of the problem. The other half, the demand for illicit, lies within our own borders. I have often thought that we were so busy trying to eradicate the supply side but not doing very much trying to eradicate the demand side. We need to do both.

The original joint statement from October 2007 announcing the Merida program said, and I quote, "The U.S. will intensify its efforts to address all aspects of drug trafficking, including demand-related portions."

Without demand for marijuana, cocaine, and methamphetamine here in the United States, there wouldn't be a problem in Mexico, Colombia, Guatemala, or elsewhere. We simply need to do more to drive down demand.

Again, Mr. Chairman, I thank you for holding this hearing, and I look forward to the statements by our distinguished panel of witnesses. I yield back.

Mr. MACK. Thank you, Mr. Engel, and I appreciate, as we have often said, our abilities to work together on these important issues. So thank you for being here.

Now, I would like to recognize Mr. Rohrabacher for 5 minutes for his opening statement.

Mr. ROHRABACHER. Thank you very much. Thank you very much, Chairman Mack. I appreciate your leadership, your willingness to take on some very tough issues, and you have jumped right into the fight in a number of areas. So I am very proud to be at your side.

Today, all of our witnesses are outside experts who have experience working with, and studying the Merida Initiative. I am interested in hearing your evaluation of how Merida is working. Obviously our southern border poses a serious threat to the well-being of the American people, and it is a growing threat. The more atten-

tion that we pay to it, the more dangerous it seems; yet, we have conflicting interests as to what new policies should be in place to meet that challenge.

Business interests seem to be unwilling to suffer any delays at the border to allow adequate inspections and safeguards in terms of new commerce going between our countries; thus, they are undermining perhaps the efforts that would uncover smuggling at ports of entry, and some of our own business interests actually see the uncontrollable flow of illegal immigrants as something that is positive in bringing down the wages that they have to pay their own people here in the United States. The initiative, for example, that we are talking about today seems silent about the border and of the lack of adequate barriers and controls. So what about that?

On the other side, of course, Mexican interests, commercial, governmental, and criminal seem united in their efforts to keep the border open at all points. The U.S. ran a $64 billion trade deficit with Mexico last year, which means the outsourcing of production is almost back to where it was before this great recession that we are suffering, even though American production and jobs are not back to that level. The Mexican Government and those commercial interests who benefit by this imbalance want it to continue. Mexico also gains over $20 billion a year in remittances sent home by people working in the United States, many of whom are illegal immigrants. Mexico has no incentive and has shown very little cooperation in helping close the border to illegal immigration, even though in a joint statement from April, the U.S.-Mexico conference talked of the shared responsibilities for a common border.

Then there is the question of criminal operations in dealing with drugs, weapons, and laundered money.

This initiative is meant to help Mexico build up its police and judiciary, but it is the open border that provides the cartels with money that is used to subvert police and courts and to fund an insurgency, as the chairman just noted, that threatens to make Mexico a failed state. How much cooperation between Mexico and the United States law enforcement organizations has been evident after we have already spent $1 billion on this program since 2008, which was supposed to promote such cooperation?

So I am interested in hearing the views of the witnesses and what they think is the appropriate policy and analyzing what is going on, and we need to know if they believe there is any real commitment on the part of Mexico to closing our border to illegal activity, and does this initiative do enough to move Mexico in the direction of border security?

And, finally, Mr. Chairman, let me just note that just beside those issues of the day, we have got some overreaching policies that have been with us for a long time that need to be addressed. One is the area of drugs which Mr. Engel noted, and as long as we are sending billions of dollars in drug money to the cartels in Mexico and throughout Latin America—we are sending that to them. It is coming from people in the United States directly to these criminal elements—I do not see how we are going to be able to match that or get the situation under control. I am interested in your opinions on that.

And, finally, I believe that we should not just ignore one of what I consider to be the most serious scandals that I have seen in Washington during my 30 years here. I worked at the White House prior to this, and I have been in Congress for 24 years, and that a bureau of the United States Government had sent over 3,000 weapons to the drug cartels and organized crime in Mexico has got to be one of the worst scandals that I have ever seen. We should not succumb to stepping away from this without demanding a full accountability and sending people to prison for doing this. We are talking about AK–47s, automatic weapons, sniper rifles—50-caliber sniper rifles sent to the drug cartel.

We understand that people are trying to say, oh, well, I didn't do it, he did it. We need to get to the bottom of this. It is not our hearing today, but this is one scandal that we cannot just overlook, and I would like to know what your opinions are of how the Fast and Furious Program and this disclosure, what does that mean in terms of our relations with Mexico and trying to get this situation under control.

Thank you very much, Mr. Chairman.

Mr. MACK. Thank you, Mr. Rohrabacher, and I would now like to recognize Mr. Carnahan for 5 minutes for an opening statement.

Mr. CARNAHAN. Thank you, Mr. Chairman. I want to just add my thanks to our chairs and my fellow ranking member that is here and the work that they have done on this issue, and I want to make just a few brief remarks and say that the time is right for Congress to be reviewing the success of the initiative to see what next steps are needed to improve it.

At its core, this Initiative acknowledges the challenges in Mexico and Central America that are in our direct interests to solve. My home State of Missouri continues to be plagued by a multitude of problems associated with meth, and continues to be one of the hardest hit States in our country year after year. We need to continue to attack this problem from all angles, both domestic and international.

According to the National Drug Intelligence Center's 2010 National Drug Threat Assessment, "Methamphetamine availability in the U.S. is directly related to methamphetamine production trends in Mexico, which is the primary source of methamphetamine consumed in the United States." While availability has previously declined, it began to rise again in 2008 and 2009. I specifically would like to hear the panel's testimony if these trends are continuing and the success of the initiative regarding meth.

So, again, thank you all for being here, and with that Mr. Chairman, I yield back.

Mr. MACK. Thank you, Mr. Carnahan.

And, now, I would like to introduce the witnesses quickly. First, Dr. Gary Shiffman. Dr. Shiffman is a professor for the Center for Peace and Security Studies at Georgetown University. Prior to teaching, Dr. Shiffman was the chief of staff at the U.S. Customs and Border Protection, and additionally, Mr. Shiffman is a U.S. Navy veteran. And just as a side note, Mr. Shiffman is someone who I think this committee can rely upon. He has got a great, vast knowledge of topics and he is a very thoughtful person. So I appreciate you being here, Mr. Shiffman.

Second, Dr. Andrew Selee is the director of the Woodrow Wilson Center's Mexico Institute which promotes dialogue and understanding between the United States and Mexico. Additionally, Dr. Selee is a professor of government at John Hopkins University in the advanced academic programs.

Third, Dr. Robert Bunker is a senior fellow for the Small Wars Journal. Dr. Bunker previously served as the chief executive officer of the Counter OPFOR Corporation and was a professor for the national security studies program at California State University, San Bernardino. Welcome.

And finally, Dr. Pamela Starr is the director of the U.S.-Mexico Network at the University of Southern California—Go Gators. Sorry. I hope my wife's watching. Additionally, Dr. Starr is an associate professor in public diplomacy and a university fellow at the USC Center of Public Diplomacy. Thank you for being here.

I would like to recognize Dr. Shiffman now for 5 minutes for his opening statement.

STATEMENT OF GARY M. SHIFFMAN, PH.D., ADJUNCT PROFESSOR, CENTER FOR PEACE AND SECURITY STUDIES, GEORGETOWN UNIVERSITY

Mr. SHIFFMAN. Chairman Mack, Chairman Rohrabacher, and Ranking members Engel and Carnahan, thank you very much for the opportunity to appear before you today to testify on the nature of violence taking place in Mexico today. I want to particularly thank this committee for its leadership bringing needed attention to the serious nature of the drug trafficking organizations in this hemisphere and their impact on U.S. national security.

Drug cartels are businesses run by individuals with specific goals most often related to power and wealth. It is important to understand the profit motive before discussing the violence. The drugs being trafficked by the kingpins represent a commodity, something to trade in order to create wealth and power. It is not the psychoactive impact of the commodity that the drug traffickers seek, simply the ability to sell for a profit. And violence is a byproduct of the nature of the marketplace in which they operate when individuals can take coercive power to extremes. As Michael Corleone calmly says to his hothead brother Sonny in Mario Puzo's "The Godfather," "It's not personal, Sonny. It's strictly business."

Let me make three brief points in summarizing my testimony. First, while the organized violence in Mexico may seem complex, it makes sense in the context of a battle between and among government and outlaw forces for the hearts and minds of local populations, sometimes we call this an insurgency. Second, once accepted, this insurgency framework can simplify the narrative of events taking place in Mexico. And finally, with this enhanced understanding, we can create better policies. So let me say at the outset, however, that I have been a supporter of Merida, but I agree with the desire to improve its implementation. In addition, I also support the efforts of President Calderon in Mexico.

I think it is important to note that countless brave and dedicated people in the United States and in Mexico have been working tirelessly to defeat the drug trafficking organizations, and we must recognize and commend those people.

My first point: Complex threat vectors. Since 2006, as the chairman said, nearly 40,000 people have been killed in Mexico as a result of drug-related violence. More recently, on February 15, 2011, members of the Zeta cartel, for example, ambushed two ICE agents driving in northern Mexico, unfortunately killing Special Agent Jaime Zapata. The common denominator among all of these cases of violence is not the drugs specifically, but the environment, the environment where people have the means and capability to use violence as a tool to advance their goals. We must address this environment that allows for the widespread use of extreme violence. Countering violence in Mexico requires diplomacy, intelligence, military, economic, and law enforcement capabilities.

Second, understanding the Mexican insurgency. The drug trafficking organizations, in fact, behave like an insurgency. In order to perform the business functions of a drug trafficker, one requires the ability to govern. Specifically, one would need resources, a place of business, a workforce, the ability to set and enforce rules, and the consent of the governed to abide by those rules.

The consent comes from the application of two tools: The provision of goods and coercion. As a drug trafficker, one would need political control, and as the state seeks to prevent that control, we could see a violent battle for political dominance of a location, an insurgency. Academics typically define a state as the institution with a monopoly control over the tools of violence. Clearly, the Government of Mexico lacks that control in some places.

The organizations, the drug trafficking organizations provide economic goods, social services, and jobs, as well as a social safety net. Simultaneously, they use violence and the threat of violence to coerce law enforcement, the population, and their enemies. The drug trafficking organizations use violence to flex their muscles, for example, the killing of ICE Agent Zapata, to coerce the local population and to battle each other and the Mexican Government for political control.

Implications for U.S. policy. The profit motive allows us to clearly see that insurgent-type behavior will take place when expected revenues exceed expected costs. Our policies must increase the cost of doing business for drug traffickers. Where the kingpins earn—today the kingpins earn the acquiescence of a local population, we want to see a strong support for the rule of law, security, and economic freedom. We must focus on the vicious cycle of the slow defeat of the Mexican authorities across local communities.

U.S. officials must accept the state of insurgency taking place in large parts of Mexico today and envision the counterinsurgency strategy to combat the evolution and resilience of the transnational criminal organizations operating on the border. In classic counterinsurgency theory, the battle space is not geography but the population, and only the Mexican Government can defeat these cartels. We must support the Mexican Government in these efforts.

And I will withhold the rest of my comments for the question-and-answer period.

Mr. MACK. Thank you very much, Dr. Shiffman.

[The prepared statement of Mr. Shiffman follows:]

PREPARED TESTIMONY OF

GARY M. SHIFFMAN, PhD

TO THE HOUSE COMMITTEE ON FOREIGN AFFAIRS,

SUBCOMMITTEE ON THE WESTERN HEMISPHERE,

SEPTEMBER 13, 2011.

"IT'S STRICTLY BUSINESS:

UNDERSTANDING THE EVOLUITON OF VIOLENCE IN MEXICO"

Chairman Mack, Ranking Member Engel, and distinguished Members of the Committee, thank you for the opportunity to appear before you today to testify on the nature of violence taking place in Mexico. I want to particularly thank this Committee for its leadership, bringing needed attention to the serious nature of the drug trafficking organizations in this hemisphere and their impact on US national security.

Drug cartels are businesses, run by individuals with specific goals, most often related to power and wealth. It is important to understand the profit motive before discussing the violence. The drugs being trafficked by the kingpins represent a commodity—something to trade in order to create wealth and power. It is not the psychoactive impact of the commodity that the drug trafficker seeks, simply the ability to sell for a profit. Violence is simply a byproduct of the nature of the marketplace in which they operate—coercive power taken to extremes. As Michael Corleone calmly says to his hothead brother Sonny in Mario Puzzo's The Godfather, when describing how he will kill Virgil 'The Turk' Sollozzo and Captain McCluskey, "It's not personal, Sonny. It's strictly business."

Let me make three points for the Committee today in support of this important series of hearings on the evolution of US policy toward Mexico. First, while the organized violence in Mexico may seem complex, it makes sense in the context of a battle between government and outlaw forces for the "hearts and minds" of local populations, sometimes called an "insurgency." Second, once accepted, this "insurgency" framework can simplify the narrative of events in Mexico. And finally, with this enhanced understanding, we can create better policies. I hope that this testimony will support the evolution of the efforts of the US and Mexican governments. Let me say at the outset, I have been a supporter of Merida, but agree with the desire to improve its implementation. In addition, I also support the efforts of President Calderon of Mexico. Countless brave and dedicated people in the US and in Mexico have been working tirelessly to defeat the drug trafficking organizations (DTOs) and must be recognized and commended.

1. Complex Threat Vectors. Countering transnational criminal organizations (TCOs) operating in Mexico requires diplomacy, intelligence, military, economic, and law enforcement

capabilities. Since December 2006, nearly 40,000 people have been killed in Mexico as a result of drug-related violence, a number that exceeds the combat-related casualties in both Iraq and Afghanistan. This violence directly impacts the US and our citizens. For example, on March 13, 2010, Mexican gunmen targeted El Paso residents Lesley Enriquez and her husband Arthur Redelf. Enriquez, an employee of the US consulate in Ciudad Juarez, was shot in the head, her husband in the neck, all while their baby sat in the back seat of the car.[i] Mexican gunmen also killed Jorge Alberto Salcido, the husband of another employee of the U.S. consulate, and wounded her two young children that same day. More recently, on February 15, 2011, members of the Zeta cartel ambushed two ICE agents driving in northern Mexico, killing Special Agent Jaime Zapata. What was the common denominator among all of these cases? Not drugs specifically, but an environment where people have the means and capability to use violence as a tool to advance their goals. We must address the environment that allows for the widespread use of extreme violence

2. Understanding the Mexican "Insurgency." The drug trafficking organizations in fact behave like an insurgency. In order to perform the "business" functions of a drug trafficker, one requires the ability to govern. Specifically, one would need resources, a place of business, a workforce, the ability to set and enforce rules, and the consent of the governed to abide by those rules. Consent comes from the application of two tools: the provision of "goods" and coercion. As a drug trafficker, one would need political control, and as the state seeks to prevent that control, we could see a violent battle for political dominance of a location—an insurgency. Academics typically define a state as the institution with monopoly control over the tools of violence. Clearly the government of Mexico lacks that control in some places.

Insurgency can be defined as a 'political-military activity by a criminal organization or organizations that attempt to roll back government power, preserve organizational assets, and win the loyalty and support of the people'.[ii] Activities of such an insurgency include: propaganda, recruitment, terrorism, guerrilla warfare, political mobilization and international activity.[iii] At the same time that they sell drugs to make money, Mexican DTOs battle for the hearts and minds of the Mexican population over vast regions of the country. The organizations provide economic "goods"—social services and jobs as well as a social safety net. Simultaneously, they use violence and the threat of violence to coerce law enforcement and their enemies. The drug trafficking organizations use violence to flex their muscles (for example, the killing of ICE Special Agent Zapata), to coerce the local population, and to battle each other and the Mexican government for political control of territory.

Mexican transnational criminal organizations (TCOs) like *Los Zetas*, the Gulf Cartel, *La Familia,* and the Sinaloa Cartel, battle each other and government forces, as we sit here today, in an effort to protect and grow their illicit businesses. They use coercion to increase power and profits—it's strictly business. Let me provide three examples.

- *Public Services*: President Obama's Transnational Organized Crime Strategy reported that criminal organizations are, ". . . positioning themselves as alternate providers of governance, security, services, and livelihoods."[iv] The Mexican criminal organization *Los Zetas* have moved into Guatemala's Petén region building clinics, wells, schools and roads to further gain local support.[v]
- *Organized and systematic use of violence and the threat of violence*: Criminal organizations are often shockingly violent, and they use the message of this violence for coercive purposes. More than 40,000 people have been murdered in Mexico since December of 2006.[vi]
- *Operating at a Profit:* The TCOs use the drug trade as their primary source of revenue, with roughly between $19 to $29 billion USD entering Mexico from the U.S. annually. By operating with apparent impunity across many locations, they demonstrate their ability to focus significant resources to winning the hearts and minds of the Mexican people, and gain credibility in the eyes of the public.[vii] The criminal organizations manage not only narcotics, but other business across the country, both legal and illegal.[viii] By controlling populations, Mexican TCOs are able to further facilitate the transit of illicit goods headed both north and south.[ix]

The Behavioral Science of Organized Violence. The academic literature on human behavior can further enhance our understanding, for those interested in the deeper explanations of observed behavior. For example, Adam Smith was a moral philosopher seeking to explain human behavior when we wrote *An Inquiry into the Nature and Causes of the Wealth of Nations* over 235 years ago. According to Smith, man has an almost constant need for help from others, and this consistent need for affiliations and exchange means allows us to construct a framework for explaining human behavior. For example, we know that people face scarcity, and so must make choices. And the places we live and people we live among shape the choices we make—they enable some actions and constrain others. And finally, people make choices even though we never have perfect information or insight.

In 1968 Gary Becker took the behavioral prediction emphasized by this economic insight and applied it to criminal behavior. Becker did not see criminality as abnormal behavior associated with the specific psychological malady, but instead as rational behavior in given goals and conditions. This describes today's drug kingpins everywhere, even in Mexico.

Similar to Becker's work, recent publications from social scientists such as Jacob Shapiro, Eli Berman, Larry Iannaccone, and David Laitin place the terrorist and insurgent decision making in the same framework—an individual making choices, maximizing something, within constraints and imperfect information. Iannaccone argues that people who join extremist religious terrorist and insurgent organizations do so for rational reasons, concluding that membership in radical religious groups is "costly, but *not* crazy." [x] Violence associated with

terrorism, insurgency, and crime represents a choice informed by expected payoff functions and the constraints facing the individual decision maker. The behavioral science framework allows us to clearly see when drug trafficking organizations will engage in insurgency to further their aims.

3. Implications for US Policy. The "insurgency" framework allows us to see that Mexican drug traffickers will engage in the provision of public goods and organized violence to gain political dominance in geographic locations. The profit motive allows us to clearly see that insurgent-type behavior will take place when expected revenues exceed expected costs. Analysis of goals and constraints, both formal and informal, inform the linkages between and across counter-crime, counterinsurgency, and even counterterrorism.

The implication of this analysis is that the Mexican government must earn the support of the Mexican people at the local level. Facts on the ground may indicate that the government of Mexico is losing. The amount of Mexican produced heroin, marijuana, and meth continues to increase. Widespread corruption undermines the credibility and capability of civic institutions, and growing violence discourages local economic growth. The effect of weak civic institutions and economic torpor is that the Mexican drug cartels have greater ability to provide social services in place of the Mexican government and to use violence at lower cost. In this situation, the drug cartels will find it increasingly feasible to attain the compliance, if not support, of the local residents. We must fear the vicious cycle of the slow defeat of the Mexican authorities across local communities.

I support the efforts to date, but believe we must do more. The Mérida Initiative, introduced in October of 2007, was originally a three year, $1.5 billion counterdrug and anti-crime assistance package for Mexico and Central America.[xi] In March of 2010, the Obama Administration put their stamp on President Bush's program by announcing the "Beyond Mérida" strategy, aimed at strengthening the Mexican judicial and law enforcement systems.

US officials must accept the state of insurgency taking place in large parts of Mexico today, and envision a counterinsurgency strategy to combat the evolution and resilience of the transnational criminal organizations operating along our border. Specifically, the United States should work with Mexico to secure one population center at a time. In classic counterinsurgency theory, the battle space is not the geography, but the population. This is truly a battle for the hearts and minds. If you convince the population to support the government and betray the cartels, business for the trafficker gets more expensive, profits drop, and their influence diminishes. I do not have a specific plan, but suggest the following elements be considered:

An all-of-government approach (federal, state, local, commercial, and tribal) to provide close coordination with Mexican authorities. Only Mexico can defeat the Mexican

cartels, but the US can support. Beyond Merida must consider all elements of US power.

Strong support for law enforcement. Individuals in contested locations must believe they are more secure siding with the government than with cartel officials. Specifically, significant emphasis should be placed on building the capability of State and Municipal Police, local governance, and the ability for local citizens to seek and obtain redress from grievance at the local level.

Thank you for the opportunity to testify before you today on this important issue. I welcome any questions you may have.

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Mr. MACK. Dr. Selee, you are recognized for 5 minutes.

STATEMENT OF ANDREW SELEE, PH.D., DIRECTOR, MEXICO INSTITUTE, WOODROW WILSON CENTER FOR INTERNATIONAL SCHOLARS

Mr. SELEE. Thank you, Chairman Mack. Thanks for the invitation to be here. Thank you, Chairman Rohrabacher. I want to recognize Ranking Member Engel, Ranking Member Carnahan, and the other members who are here. Congressman Payne, good to see you again. We share a past association with the YMCA. It is always great to see you in things outside of politics and policy.

There are few, if any, countries that matter more for the future of the United States than Mexico. It is our neighbor. We share a 2,000-mile border. It is our second destination for our exports. It is a state that matters economically, not only to Arizona and Texas and California and New Mexico but to States like Nebraska and Iowa and Indiana and New Hampshire, Michigan, and many other States far away from the border. It is an important trading partner. It is the country of heritage for one in 10 Americans and it is our ally on numerous issues of global concern from climate change to fighting terrorism.

Mexico is facing an unprecedented spike in violence, spurred by the power and ruthlessness of organized crime groups that traffic illegal narcotics into the United States, and these groups, as the chairman has said, receive billions of dollars from U.S. consumers for these illegal sales, about $6 billion to $9 billion in profit, about half of that in cocaine; about 20–30 percent in methamphetamine and heroin; about 20–25 percent in marijuana, for parenthesis.

Just to put this in perspective, we should say that Mexico has a much lower crime rate than El Salvador, Guatemala, Venezuela. It has a lower crime rate than Colombia or Brazil where the next Olympics will be held. That said, there are places in Mexico where the violence is extreme. There are places where the violence is critical. We saw a casino fire that took 52 innocent lives a couple of weeks ago in Monterrey, and this is serious business. We have both ethical and strategic reasons for being concerned about this as the two chairs have said. This is a circular trade. It is our consumers that fund this violence, but it is also a strategic violence. This is a country on our border and Mexico's ability to strengthen rule of law impacts us. Its ability to grow the economy impacts us.

So I would like to throw out four ideas that I think we can work on in partnership with the Government of Mexico. Like Dr. Shiffman, I want to say that I have also been a supporter of Merida. The Wilson Center takes no position on this, but personally, I think have been a supporter of Merida, but I think there are four ways that we could be looking at shifting our strategy that would be very helpful.

The first of these is to think about developing a strategic plan for intelligence sharing that reduces violence. Our strategy and strategy of the Government to Mexico to date has been to go after these organizations organically, try and take down criminals wherever they can find them, and by all means we should always capture criminals wherever we can find them. But in terms of giving priority, we should do—increasingly, we should work with Mexico

to develop the capacity to go after the worst groups first. The organization—the trafficking organizations that kill civilians, that kill mayors, that are willing to take on the military and execute Army officers, that kill journalists—which has become an increasingly large problem—that kill children and innocent civilians with no regard for life, these are the worst organizations. We should prioritize where the killing is worse, okay.

And this may sound like obvious things. This is what we do in the United States to a large extent, but instead of thinking about how we take down all these organizations, how we go after the most violent organizations, and we make an example every time that they do something like this, every time the worst kind of violence that destroys the civic texture of communities, that destroy innocent people's lives and that go against the state, we should be making an example of this, and we should help the Mexican Government.

There are two places where we have done this, in Tijuana and Ciudad Juarez, where we have worked very closely with the Mexican Government to look at how we reduce violence, specifically where it is not just going after the top of the cartel, but looking at how we take apart the whole structure of the most violent organizations. What we have seen is that violence has dropped dramatically in Tijuana, right across from San Diego, dramatically over the past 2 years. And Ciudad Juarez is down considerably but we still have to see if that holds.

Violence has now shifted to other parts of Mexico actually, but this is something we have to do systematically. Intelligence sharing has been key to this, and our ability to share intelligence, but share intelligence in a strategic way, not just when we get information on the traffickers, but to sit down and figure out who are the targets that we should be going after with the Mexican Government is critical.

Secondly, how do we map and target the trafficking organizations in the United States? The chair has already referred to this. We do not actually have a good mapping of how these organizations operate once they cross the U.S. border. We need to develop the map that allows us to know particularly how they move their money, as well as how they move weapons, but money critically. We need to see if we can get Treasury to do the same kind of things they have done on counterterrorism to do this on drug trafficking, begin to track how they move their money, and because sometimes they use bulk cash, ICE and DEA and local law enforcement—their local law enforcement are absolutely critical also in tracking the money.

Third, support reforms for police, prosecutors, and the courts. I am convinced that this is something that Mexico has to do. It is something we cannot do. The other we can do. We can certainly—sharing intelligence, mapping the traffickers in the U.S., this is under our control. In terms of police, prosecutors, and the courts, this is really on Mexico, but there is a lot we can do. Here, the Merida Initiative is critical, supporting the change agents within the Mexican Government and outside the Mexican Government that are trying to clean up the police, that are trying to support the courts, who are trying to change the courts, who are trying to

build a real prosecutorial system. The Merida Initiative has been very useful in funding projects that the Council of State Governments, the Conference of Western Attorneys Generals that have been doing this, as well as a number of—great deal of working with Federal and State authorities.

And finally, let me just say reducing the consumption of illegal narcotics, we are not going to start a huge new crusade on this in the U.S., but there are certain things we know that work. Eighty percent of the hard drugs—80 percent of the profits of the cartels are hard drugs; 80 percent of the consumption is 20 percent of the users. Most of these folks are in the criminal justice system. We know there are a number of things that work, like Project Hope did in Hawaii, like drug courts that can be very effective in investing to try and take care of that population. It is a small population of people that is driving this trade, and we need to focus on those people.

Thank you, Chairman.

Mr. MACK. Thank you, Dr. Selee.

[The prepared statement of Mr. Selee follows:]

U.S. House Committee on Foreign Affairs
Subcommittee on the Western Hemisphere
Chairman: Rep. Connie Mack

Testimony of Dr. Andrew Selee
Director, Mexico Institute, Woodrow Wilson Center

"Strengthening the Security Partnership with Mexico"

Hearing: "Has Merida Evolved: Part 1"
September 13, 2011, 2:00 pm

I would like to thank Chairman Connie Mack for the invitation to testify and recognize Ranking Member Eliot Engel.

There are few, if any, countries that matter more to the future of the United States than Mexico. It is our neighbor, with whom we share a 2,000 mile border; a hugely important trading partner, which receives more exports than any other country except Canada; it is the country of heritage for one in ten Americans; and it is an ally on numerous issues of global concern, from addressing climate change to fighting terrorism.

Mexico has been facing an unprecedented spike in violence spurred by the power and ruthlessness of organized crime groups that traffic illegal narcotics into the United States, and these groups receive billions of dollars from U.S. consumers for these illegal sales.

We have both ethical and strategic reasons for working together with the government and people of Mexico to confront this challenge. The drug trade is a circular one. Illegal narcotics flow north, while illegal money flows south. An estimated $6 to 9 billion in drug sales to U.S. consumers return to Mexico each year to support acts of extreme violence. We have a moral obligation to own up to this.

However, this is not just a moral question. We also have strategic interests in helping a neighboring country confront a crisis that is affecting its national security and the well-being of its citizens. We can benefit enormously from having a stable, prosperous, and democratic Mexico next door. An expanding market in Mexico raises living standards in the United States. Strong rule of law next door helps protect our shared border and ensure that we can focus together on external threats to our region.

We do not know why this wave of violence has overtaken Mexico. It is most likely linked to the long-term shift of cocaine trafficking to Mexico, the boom in methamphetamine use, and the increased difficulties in crossing the U.S. border. Recent actions by the Mexican government have certainly exacerbated this by striking blows directly at the trafficking organizations and their leadership, which has been gradually fragmenting these organizations. These groups have also gotten into new, more violent activities, such as extortion and kidnapping.

Violence in Mexico is at critical levels. While the overall homicide rate is below that of Colombia, Venezuela, Guatemala, or even Brazil, there are parts of the country where vicious fights among the trafficking organizations and increasingly with the government are particularly intense and affecting civilians more and more. Other kinds of crime have also risen throughout the country in the perceived atmosphere of impunity.

There are four things the United States government could do in partnership with the Mexican government to help limit the violence that is claiming lives south of the border and ensure that Mexico will have a more stable, democratic, and prosperous future. These four strategic steps should be part of any effort to put into practice our commitment to "shared responsibility" for dealing with organized crime groups.

1. Develop a Strategic Plan for Intelligence Sharing that Reduces Violence

One of the great successes in bi-national cooperation between the U.S. and Mexican governments has been intelligence sharing, which has allowed the Mexican government to arrest many of the top leaders of the trafficking organizations. Indeed, the Mexican government has been able to deal major blows to the leadership of almost all the trafficking organizations thanks to this intelligence, and in some border cities, this cooperation goes even deeper, allowing the Mexican government to dismantle lower levels of the trafficking structure as well, including some of the key hitmen who perpetrate much of the violence. The Mexican government has vastly improved their own capacities to obtain and process intelligence, but for the time being cooperation will be critical in this arena, especially given the binational and multinational structure of these organizations. The significantly diminished violence in Tijuana, across from San Diego, and somewhat diminished violence in Ciudad Juarez, across from El Paso, probably have something to do with close intelligence sharing and law enforcement cooperation between the two countries.

However, we could do a much better job at working with the Mexican government to ***develop a strategy that dissuades violence against civilians and public authorities***. The Mexican government should, of course, continue to pursue all illegal activity and to punish those responsible for it. But, much as we try to do in the United States, it is wise to go after the most violent groups more actively and to give particular priority to cases in which civilians and public authorities are targeted by the trafficking organizations. Killings of journalists, mayors, civic leaders, and innocent by-standers are particularly heinous crimes that threaten public speech and send a chilling message to society. The recent casino fire in Monterrey, Nuevo Leon that killed 52 people, a fire set by one of the trafficking organizations, is an example of this kind of chilling violence that deserves an especially intense response. So too the killings of journalists in many cities around the country. Placing greater emphasis on identifying, arresting, and prosecuting those who plan and execute these crimes would send a message to organized crime groups that it is in their interest to limit the kind of violent acts they engage in. Close collaboration between U.S. and Mexican agencies could help design and execute a strategy like this.

2. Map and Target the Trafficking Organizations' Activities in the United States

Strangely enough, we have only a limited idea of how the Mexican trafficking organizations operate in the United States. Our federal, state, and local law enforcement agencies have done an excellent job of developing operational intelligence about certain activities of these organizations, but we have little systematic idea about how they are organized in the United States. ***It is critical to develop a systematic mapping of transnational crime organizations in the United States that takes into particular account the way they move money southward.***

In contrast to terrorist financing, we have few sustained efforts to pursue drug trafficking financing in the same way. We have the know-how, but we haven't dedicated the funding to this. Since money is moved through both "bulk cash" shipments and sophisticated financial transactions, the key is developing a map of their operations both in the financial system (for which Treasury has particular expertise) and a map of how they gather cash at safe houses for shipments south (for which ICE and DEA have expertise). Attempts to do increased southbound border enforcement have largely failed to stem the money flow because cash is well-hidden by the time it reaches the border. We need better intelligence to capture cash flows before they reach the border and identify the complex financial transactions that allow for larger transfers of drug money south.

Similarly, we could do a far better job of intercepting illegal arms shipments headed south to Mexico. Even within existing law, we can do far more to develop an effective mapping of how the trafficking organizations purchase and move weapons across the border. Again, this requires intelligence on these activities before weapons reach the border itself.

3. Support Reforms of the Police, Prosecutors, and the Courts

The U.S. government can also do a great deal to help Mexico deepen its own reforms that strengthen rule of law. Without doubt, the most important challenge facing Mexico is how to create an institutional structure that makes it hard for organized crime groups to operate with impunity and for politicians and government officials to aid and abet them. The current Mexican government and citizen organizations have strongly promoted these efforts, but there is much the U.S. government can do to support these changes.

Through Merida Initiative funding, the U.S. government can support change agents in the federal and state governments who are seeking to reform the police, prosecutors, and courts. Recent constitutional reforms in Mexico have helped create the momentum for important changes, but implementing these reforms is not easy and there is a great deal of resistance to change. Finding and supporting those who are promoting meaningful change within the Mexican government, even with limited resources, can help lock in advances. Some of the most effective efforts are those carried out through direct people-to-people exchanges among judges, court clerks, prosecutors, and police officers, including those led by the Council of State Governments (CSG) and the Conference of Western Attorneys

General (CWAG), among others. Other efforts, including USAID funding to states implementing judicial reforms, and State Department support for the purchase of crime lab and inspection equipment and training for federal police investigators are extremely valuable efforts to bring about change in the institutional structure of rule of law.

Similarly, efforts to protect journalists, civic leaders, and local elected officials through early warning systems and temporary safe haven when they are under threat can help strengthen the local infrastructure that allows citizens to fight against organized crime groups and develop a civic response to the criminal organizations. Investments in youth and community programs in cities under particular stress, especially those on the border, can also help citizens reconstruct their own civic infrastructure and face down the criminals that have taken possession of their cities.

None of these steps are easy, but the U.S. government can play a constructive role in helping accelerate these changes and in supporting those in Mexico who have had the courage to push for change.

4. Reduce the consumption of illegal narcotics in the United States.

Finally, we can do far more to reduce drug demand in the United States. According to a recent Rand study, cocaine appears to represent half of the profits that the Mexican trafficking organizations receive, while heroin and methamphetamines make up another quarter or more. ***Therefore, a particular concentration on prevention and treatment of heavy cocaine, meth, and heroin use could be especially useful in limiting the profits these organizations have.*** Since a large number, if not the vast majority, of heavy users are involved with the criminal justice system, interventions like Project HOPE in Hawaii and drug courts have been shown to be effective in reducing drug use by heavily dependent users and could help cut demand significantly over time. This is a question of redirecting existing resources to programs that work rather than an infusion of new resources.

Conclusions

There is no magic bullet for reducing crime in Mexico or dismantling the international criminal organizations that are responsible for it. However, working in partnership with Mexicans – both the federal and state governments and civic organizations – we can make a significant difference. And addressing the structure of organized crime and its resource flows in the United States and the demand for drugs on this side of the border we can also strike a significant blow to these organizations and perhaps avoid sending the problem elsewhere, even if the strategy in Mexico is successful.

What is perhaps most surprising is that we actually don't need an infusion of new resources to address this problem. What we need is continuous commitment and careful adjustments to existing strategies. Both are a question of political will and policy design more than of new appropriations of public funds or radical changes in focus.

Mr. MACK. Dr. Bunker, you are recognized for 5 minutes.

STATEMENT OF ROBERT J. BUNKER, PH.D., SENIOR FELLOW, SMALL WARS JOURNAL EL CENTRO

Mr. BUNKER. Thank you, sir.

It is great privilege to provide testimony before the esteemed members of the House Foreign Affairs Subcommittee on the Western Hemisphere. I will quickly paraphrase the high points and takeaways for the subcommittee.

We need this basic premise to be clear: That Mexico is facing something way beyond an organized crime threat. With this as a premise from which it starts, this congressional testimony will posit that the Merida Initiative, as it stands, is too myopic in nature, given the on-the-ground realities currently present in Mexico. These two contentions will hereby be discussed in more detail and their merits supported by evidence from my own work and that of other subject specialists.

Of necessity, therefore, this testimony will focus upon the broader security environment and the policy and strategic levels of analysis. It integrates writings that I have done previously, both on my own and in collaboration with my colleague, John Sullivan, a law enforcement officer, and others on this topic. The analysis is divided into two sections addressing first the narco-criminal threat and then governmental policies. Each section, in turn, is divided into two main themes.

Within the first section of narco-criminal threat, the themes that I addressed were the increasing cartel and gain evolution toward new warmaking entities. The second is the rise of both criminal and spiritual insurgencies; hence, societal warfare starting to break out in Mexico.

The second section that I address was governmental policies. I went back about 30 years, and there is essentially an ongoing cycle of countermoves and unintended consequences, second order effects, stemming from our own and allied governmental policies in this area. The second is the myopic nature of the Merida Initiative versus the need for a Western hemispheric strategy against cartel and gangs.

Time limitations restrict me from detailing these themes. Hopefully, you have reviewed my written arguments and analyses and have found them to have merit.

The key policy suggestion that I offer is this: Due to the evolution of the cartels and gangs into new warmaking entities, the rise in new forms of criminal and spiritual insurgencies promoting societal warfare, and the ongoing cycle of countermoves and unintended consequences confounding our own and allied governmental policies, the Merida Initiative and others like it directed at Colombia and Central America need to evolve to a more encompassing scope and scale and with a greater sense of strategic urgency than most congressional policymakers might a priori think is necessary.

Following the 10-year anniversary of 9/11, the key strategic insight that I offer is this: Without a new strategic imperative for the United States, which requires the realignment of our national threat perceptions, is needed. This is very serious, folks. The cartels and narco-gangs of the Americas, with those in Mexico of the

highest priority, must now be elevated to the number one strategic threat to the United States. While the threat posed by al Qaeda and radical Islam is still significant, it must be downgraded presently to that of secondary strategic importance.

Thank you, sir.

Mr. MACK. Thank you, Dr. Bunker.

[The prepared statement of Mr. Bunker follows:]

Criminal (Cartel & Gang) Insurgencies in Mexico and the Americas: What you need to know, not what you want to hear

"Testimony before the House Foreign Affairs Subcommittee on the Western Hemisphere at the Hearing 'Has Merida Evolved? Part One: The Evolution of Drug Cartels and the Threat to Mexico's Governance.'"

13 September 2011

Dr. Robert J. Bunker ©
Senior Fellow
Small Wars Journal El Centro
http://www.smallwarsjournal.com

We need this basic premise to be clear—that Mexico is facing something way beyond an organized crime threat. With this as the premise from which it starts, this congressional testimony will posit that the Mérida Initiative as it stands is too myopic in nature given the on-the-ground realities currently present in Mexico. These two contentions will herein be discussed in more detail and their merits supported by evidence from my own work and that of other area and subject specialists. Of necessity, therefore, the testimony will focus upon the broader security environment and the policy and strategic levels of analysis. It integrates writings that I have done previously, both on my own and in collaboration with my colleague John Sullivan and others on this topic. The analysis is divided into two sections addressing, first, the narco (criminal) threat and, then, governmental policies. Each section, in turn, is divided into two main themes. The themes covered in this testimony are as follows:

Narco (Criminal) Threat

- *Increasing cartel and gang evolution towards 'new warmaking' entities*
- *The rise of criminal (& spiritual) insurgencies—societal warfare— in Mexico*

Governmental Policies

- *An ongoing cycle of countermoves and unintended consequences (second order effects) stemming from our own and allied governmental policies*
- *The myopic nature of the Mérida Initiative vs the need for a Western Hemispheric Strategy against cartels and gangs*

The testifier's intent by selecting these themes is to better inform the members and staff of the House Foreign Affairs Subcommittee on the Western Hemisphere concerning the Mérida Initiative within the context of the present security environment in Mexico and to some extent in other Central American states of concern. For some Subcommittee members and staff, this testimony might end up being 'what you need to know, not what you want to hear.'

The Narco (Criminal) Threat

Increasing cartel and gang evolution towards 'new warmaking' entities

In many ways, aspects of this testimony are extremely unpleasant since the security environment in Mexico has become so barbarized. We are now witnessing horrendous crimes against humanity undertaken by the cartels and gangs not only against each other but against Mexican governmentl agencies throughout that nation from the local through Federal level and against the public, including innocent children. Over 40,000 individuals have now been killed in this conflict in Mexico alone over the last four-and-a-half years with tens-of-thousands more killed throughout Central America, primarily from the gang warfare and street crime endemic to some locales. In reaction to a series of seemingly endless twitter and social-media feeds graphically describing unfolding events in Mexico which we witnessed on a particular occasion, my colleague John P. Sullivan and I recently described the imagery as follows:

> If Dante had been our contemporary, we fear he could just have easily have taken a stroll through some of the cities and towns of Mexico and, using those news feeds, could have substituted the imagery for the circles of hell he described in his early 14th century work the *Divine Comedy*.[1]

The primary intent of this testimony is not to forensically dissect the Hobbesian reality on the ground in many regions of Mexico but it must be acknowledged up front in this testimony that torture and beheadings are an everyday occurrence in this conflict, going well beyond the endemic quick and dirty assassinations or engagements between rival cartel/gang forces or between cartel commandos and Mexican police or military forces. For over a decade, ongoing research has been taking place contending that some

street gangs and drug cartels are evolving and, essentially, becoming more sophisticated and deadly organizations as they do so. This research has been published in both academic journals and professional (law enforcement and military focused) publications and is a component of broader future war and conflict research. The main forms of this research are focused on 3rd Generation Gangs (3GEN Gangs), initially conceived by John Sullivan in 1997, and Third Phase Cartels, initially conceived by Robert Bunker and John Sullivan in 1998, in the journal *Transnational Organized Crime*. Other scholars, including Max Manwaring— US Army War College, have extended this research as it pertains to gang generations. Basic overviews of the earlier research model typologies quoted from a forthcoming essay are:

> The 3rd generation model— using politicization, internationalization, and sophistication criteria— views the evolution of these gangs as follows:
>
> • ***Turf:*** *First Generation Gangs* are traditional street gangs with a turf orientation. Operating at the lower end of extreme societal violence, they have loose leadership and focus their attention on turf protection and gang loyalty within their immediate environs (often a few blocks or a neighborhood). When they engage in criminal enterprise, it is largely opportunistic and local in scope. These turf gangs are limited in political scope and sophistication.
>
> • ***Market:*** *Second Generation Gangs* are engaged in business. They are entrepreneurial and drug-centered. They protect their markets and use violence to control their competition. They have a broader, market-focused, sometimes overtly political agenda and operate in a broader spatial or geographic area. Their operations sometimes involve multi-state and even international arenas. Their tendency for centralized leadership and sophisticated operations for market protection places them in the center of the range of politicization, internationalization, and sophistication.
>
> • ***Mercenary/Political:*** *Third Generation Gangs* have evolved political aims. They operate—or seek to operate—at the global end of the spectrum, using their sophistication to garner power, aid financial acquisition, and engage in mercenary-type activities. To date, most third generation (3 GEN) gangs have been primarily mercenary in orientation; yet, in some cases they have sought to further their own political and social objectives. A shift from simple market protection to power acquisition is characteristic of third generation activity. A key indicator of gang evolution is internationalization. Transnational gangs in Los Angeles and on the border have been notable in this regard…Third generation

gangs can be considered netwarriors and networked organizational forms contribute to the rise of non-state or criminal-soldiers.[18 org]

The third phase cartel model—using a number of metrics including organizational form, type of violence/corruption utilized, level of public profiting, product range, technology use, and mercenary use— describes the evolution of these cartels as follows:

• ***1st Phase Cartel*** *(Aggressive Competitor):* The first phase cartel form originated in Colombia during the 1980s and arose as an outcome of increasing US cocaine demand. This type of cartel, characterized by the Medellín model, realized economies of scale not known to the individual cocaine entrepreneurs of the mid-1970s. This early cartel was an aggressive competitor to the Westphalian state because of its propensity for extreme violence and willingness to directly challenge the authority of the state. The Medellín model, pioneered by Pablo Escabar, was hierarchical and revolved around Escobar as the kingpin…In retrospect, the Medellín model represented a very successful, albeit short lived, form of criminal entity…Their attempt at directly taking on a Westphalian state, politically and militarily, was both organizationally and individually suicidal as witnessed by the successful decapitation of the top Medellín leadership ranks by governmental forces in the early 1990s. Against the resources and legitimacy of the Colombian state, this emerging netwarrior ultimately was crushed.

• ***2nd Phase Cartel*** *(Subtle Co-Opter):* The second phase cartel form also originally developed in Colombia, but in this instance is centered in the city of Cali. Unlike their Medellín counterparts, the Cali cartel was a shadowy organization and the actual kingpins remained as anonymous as possible. Its organization was more distributed and network based, relying on terrorist-like cell structures, rather than being hierarchical. Many of its characteristics and activities were dispersed and stealth-masked, which yielded many operational capabilities not possessed by the first phase cartel form. Specifically, it possessed leadership clusters that are more difficult to identify and target with a decapitation attack…This cartel form has also spread to Mexico with the rise of the Mexican Federation, an alliance of the "big four" mafias based in Tijuana, Sonora, Juárez, and the Gulf.

• ***3rd Phase Cartel*** *(Criminal State Successor)*: Third phase cartels, if and when they emerge, have the potential to pose a significant challenge to the modern nation-state and its institutions. A Third Phase Cartel is a consequence of unremitting corruption and co-option of state institutions. While this "criminal state successor" has yet to emerge, warning signs of its eventual arrival are present in many states worldwide. Of current importance to the United States are the conditions favoring narco- or

> criminal-state evolution in Mexico. Indeed, the criminal insurgency in Mexico could prove to be the genesis of a true third phase cartel, as Mexican cartels battle among themselves and the state for dominance. Essentially, third phase cartels rule parallel politics or criminal enclaves, acting much like warlords.[19 org]
>
> Non-state threat groups, such as Los Zetas and La Familia Michoacana, have made for an interesting hybrid case as they have attributes representative of both 3rd generation gangs and 2nd phase cartels, with evolving 3rd phase cartel attributes, that include emergence of forms of spirituality and governance that compete with traditional Mexican state values and political structures.[2]

It should also be noted at this point that, in the case of the Mexican cartels, these organizations are no longer just narcotics or drug revenue focused. They have evolved to the point that any form of criminality goes as long an illicit market exists for it. If the cartels or gangs can profit from the body part trade or human trafficking (for labor or sexual exploitation), they are increasingly likely to do so. This is especially true for a group such as Los Zetas. Forcing slave laborers to dig drug tunnels and then killing them afterward is not unheard of. As a result, very few people discuss the threat posed by 'Mexican drug cartels.' [Note: Even though the bulk of cartel revenue still comes from the sales of illicit narcotics, the term 'Mexican cartels' is used due to the polygot nature of these criminal organizations.]

At some point in the recent past, the Mexican cartels (and some gangs) crossed a 'firebreak' between our perceptions of what is 'organized crime' or even 'transnational organized crime'— a criminal threat and law enforcement concern—and what is 'insurgency' —a military threat and national security/military concern (though law enforcement plays a partnership role with the military in responding to such a threat). Essentially, we are seeing criminal organizations in Mexico morph into new warmaking organizations. The problem we find ourselves with is that, since the academic disciplines studying these subjects are relatively mature, their prevailing wisdom holds that existing constructs can explain every phenomenon with many disciplines unable or unwilling to recognize that certain phenomena are evolving past what a single discipline can explain or understand. Take, for example, the existing gang and organized crime literature on the security environment in Mexico. Its prevailing perceptual lens dictates

that street gangs engage in petty street crime and that organized criminals engage in organized crime and, therefore, it may fail to recognize important linkages between the two. With due respect to the many esteemed scholars in that area, it is but one of many such disciplines that are stovepiped in structure and thus alone cannot comprehend the true nature of the problem faced by Mexico today.

Rather we must take a multidisciplinary approach and look at other disciplines and analytical tools that we can draw upon to better understand what is taking place in Mexico. In this instance, I have found it fruitful to draw upon the warmaking and statemaking literature that exists. In regard to cartel and gang evolution, the following short excerpt from the essay quoted previously highlights Vanda Felbab-Brown's current thinking concerning competition in state-making and then ties it back to Charles Tilly's earlier groundbreaking work:

> It is thus important to stop thinking about crime solely as aberrant social activity to be suppressed, but instead think of crime as a competition in state-making. In strong states that effectively address the needs of their societies, the non-state entities cannot outcompete the state. But in areas of socio-political marginalization and poverty— in many Latin American countries, conditions of easily upward of a third of the population—nonstate entities do often outcompete the state and secure the allegiance of large segments of society.[21 org]
>
> Implicit in this line of reasoning, though unstated, are parallels to the work of Charles Tilly concerning 'Warmaking and Statemaking as Organized Crime' published in 1985. The agents of states that engage in organized violence focus primarily on four activities:
>
> 1. War making: Eliminating or neutralizing their own rivals outside the territories in which they have clear and continuous priority as wielders of force.
> 2. State making: Eliminating or neutralizing their rivals inside those territories.
> 3. Protection: Eliminating or neutralizing the enemies of their clients.
> 4. Extraction: Acquiring the means of carrying out the first three activities—war making, state making, and protection.[22 org]
>
> Historical parallels and lessons learned suggest that early European dynastic states were ruled by leaders, such as Brandenburg under the Hohenzollern warlords of the 15th century, whose initial activities to secure wealth and power, and their later gaining of political legitimacy due to the passing of time in which they possessed lands and resources, were little

> different in character than contemporaries personages such as the late Pablo Escobar (Medellin Cartel) and Joaquin 'El Chapo' Guzman (Sinaloa Cartel). The Americas are now witnessing the painful birth of new proto-states, branded anathema by the established order, much in the same manner as Europe did as it transitioned from the Medieval to the early Modern era.[3]

Something very old historically, and at the same time very new, is thus taking place in Mexico. To use a biological metaphor, we are winessing 'cancerous organizational tumors' forming in Mexico both on its encompassing government and its society at large. These tumors have their roots intertwined throughout that nation and, while initially they were symbiotic in nature (like traditional organized crime organizations), they have mutated to the point that they are slowly killing the host and replacing it with something far different. These criminalized tumors draw their nourishment from an increasingly diverse illicit economy that is growing out of proportion to the limited legitimate revenues sustaining the Mexican state. These tumors do not bode well for the health of Mexico or any of its neighboring states.

The rise of criminal (& spiritual) insurgencies—societal warfare— in Mexico

The preceding theme discussed gang and cartel evolution and the eventual rise of new warmaking entities. Al Qaeda is a perfect example of another such entity. Americans have yet to realize that, while Al Quaeda was the first to rise, others are now following. In fact, the 9/11 attack is viewed as both a criminal act and an act of war—utterly confounding for modern states to easily pigeonhole within the context of international law. The US and its allies went to war against Al Qaeda and its allies and are still locked in that global struggle ten years later. Ultimately, the emergence of Al Qaeda, along with many other triggers, has helped to turn our understanding of the nature of war on its head and is forcing security scholars to ask many difficult questions. As these questions get asked (e.g. Can only states engage in war?) , anomalies arise in the security environment triggering more questions (e.g. Why have mercenary armies come back to the battlefield?).

It has been proposed for over two decades now by an increasing body of security scholars (including Martin van Creveld and the 4th Generation and Fourth Epoch

theorists) that the traditional understanding and parameters which define what we call "war" are rapidly becoming obsolete. While they may more or less accurately describe the war presently waged between modern states, they cannot account for the rise of war directed by non-state entities against modern states. Our understanding of this new and developing form of warfare is still somewhat limited.

It has, however, resulted in questions pertaining to the very nature of insurgency being raised. In a forthcoming edited work, my colleague John Sullivan and I contribute an essay discussing the changing nature of insurgency and how scholarly perceptions have been maturing. That essay will be only paraphrased briefly here but its introduction sets the stage for the context within which new forms of insurgency emerge:

> The shift of government authority from the state to "para-states" (aka, non-state actors/non-state armed groups or criminal netwarriors) is a consequence of globalization, networked organization, and the exploitation of regional economic circuits to create a new base of power. These new power configurations may result in the decline of the state and new forms of sovereignty/new state forms. As such, criminal gangs and cartels would be acting as new state-making entities.[6 org] These networked cartels and gangs are challenging the existing power structure(s). Their challenge involves the impact of high levels of violence, barbarism, attacks on journalists,[7 org] police, and mayors, the use of information operations[8 org] and, increasingly, the use of what we call social/environmental modification. Social/environmental modification includes the instrumental use of *narcocultura*, including religious cults or spiritual symbolism, to secure legitimacy, justify atrocity, and form social cohesion (in effect, combat power) among criminal soldiers. No longer is insurgency viewed from a purely political or ideological lens; it now has post-modern implications.[9 org][4]

Mexico can be considered an initial archetype for two forms of insurgency that were once—as far back as the early 1990s— something just theorized. The first is known as 'criminal insurgency' (then known as 'commercial insurgency') and the second is known as 'spiritual insurgency'. Steven Metz, US Army War College, in *The Future of Insurgency* in December 1993 provided much of the conceptual basis of these forms of insurgency. Stephen Sloan, W.G. Thom, and Ralph Peters all contributed early on to the thinking concerning criminal insurgency with John P. Sullivan becoming in 2008 the first scholar to fully articulate the criminal insurgency construct and broadly promote its usage:

Criminal insurgencies are the result of criminal enterprises competing with the state. Their competition is not for traditional political participation within state structures, but rather to free themselves from state control so they can maximize profits from illicit economic circuits. As defined by Sullivan, criminal insurgencies can exist at several levels:[28 orgl]

- *Local Insurgencies:* First, criminal insurgencies may exist as 'local insurgencies' in a single neighborhood or 'failed community' where gangs dominate local turf and political, economic and social life. These areas may be 'no-go zones' avoided by the police. The criminal enterprise collects taxes and exercises a near-monopoly on violence. A large segment of the extreme violence in Mexico is the result of 'local insurgencies.' Municipalities like Ciudad Juárez or portions of some states, like Michoacán, are under siege. The cartels and other gangs dominate these areas by a careful combination of symbolic violence, attacks on the police, corruption, and fostering a perception that they are community protectors (*i.e.*, 'social bandits'). Here the criminal gang is seeking to develop a criminal enclave or criminal free-state. Since the nominal state is never fully supplanted, development of a parallel state is the goal. In a federal state, the erosion of control at sub-state levels (municipalities, states or provinces) can marginalize the capacity of the federal entity and create zones of impunity which enhance criminal capacity in other politics.

- *Battle for the Parallel State:* Second, criminal insurgencies may be battles for control of the 'parallel state.' These occur within the parallel state's governance space, but also spill over to affect the public at large and the police and military forces that seek to contain the violence and curb the erosion of governmental legitimacy and solvency that results. In this case, the gangs or cartels battle each other for domination or control of the criminal enclave or criminal enterprise. The battle between cartels and their enforcer gangs to dominate the 'plazas' is an insurgency where one cartel seeks to replace the other in the parallel state.

- *Combating the State:* Third, criminal insurgencies may result when the criminal enterprise directly engages the state itself to secure or sustain its independent range of action. This occurs when the state cracks down and takes action to dismantle or contain the criminal gang or cartel. In this case, the cartel attacks back. This is the situation seen in Michoacán where La Familia retaliated against the Mexican military and intelligence services in their July 2009 counterattacks, and the July 2011 battles between Los Cabelleros Templar against state forces. Here the cartels are active belligerents against the state.

- *The State Implodes:* Fourth, criminal insurgency may result when high intensity criminal violence spirals out of control. Essentially this would be

> the cumulative effect of sustained, unchecked criminal violence and criminal subversion of state legitimacy through endemic corruption and co-option. Here the state simply loses the capacity to respond. This variant has not occurred in Mexico or Central America yet, but is arguably the situation in Guinea-Bissau where criminal entities have transitioned the state into a virtual narco-state. This could occur in other fragile zones if cartel and gang violence is left to fester and grow.[5]

Sullivan has since been actively developing this line of research with some co-writers, the earliest being Adam Elkus, and later this author. Additionally, Bob Killebrew, Jennifer Bernal, Tom Ricks, Juan Castillo, and Hal Brands have also all touched upon this concept in one manner or another. Steven Metz has also revisited the original commercial insurgency construct but his new work articulated in a 2010 conference paper has not been released.

Spiritual insurgency, also originally theorized by Steven Metz, has witnessed less development over the years than his economic based one, but this has significantly changed in the last few years given the darkening situation in Mexico. While Pauletta Otis also wrote on religion and violence for years, it was not until 2009 that Matthew Lauder resurrected the actual construct. Pamela Bunker, Lisa Campbell, and Robert Bunker then wrote on this topic in various combinations in 2010. Their works:

> ...raised concerns over a real cultural shift in Mexico to a 'narcocultura' stemming from societal corruption via the drug cartels and drug culture. Such a cultural shift, it was feared, would result in a spirituality that included a belief in 'supernatural forms of protection' and 'their own higher morality' by those engaging in narcotics trafficking and concomitant and heinous acts such as torture and beheading.[6]

and that

> this insurgency [in Mexico] has at its basis a spiritual, if not religious, component that threatens the underlying foundations of our modern Western value system.[7]

Sullivan was later brought into these writings in 2011 and both forms of insurgency—criminal and spiritual— started to become integrated. Metz did not foresee this possibility in his earlier work but times have since radically changed. These two forms of insurgency when blended together, as we are seeing happen in Mexico, also make a strong case for the perception that societal warfare is now taking

place within that nation. The more advanced cartels and gangs, representative of new warmaking entities, are utilizing environmental modification to change the institutions and structures of Mexican government and society and, in the process, create their own vision of what the human condition and relationships should be. This is much like a street gang—if viewed as a cancerous form of deviant and criminal values— changing a street over time to mirror its own system of twisted norms and codes of behavior wherein graffiti marks the turf, the strong prey on the weak, public spaces such as street corners are taken over, and young girls are viewed as gang property. This process in Mexico is taking place writ large with the rise of a narcocultura. We are seeing the glorification of narco-violence, narco-corruption, narco-songs, narco-mansions, and narco-saints. Where this process is most pronounced is in the territories held by the La Familia cartel, though the Mexican government has been severely targeting its leadership due to the recognition of the extreme threat it represents. Various forms of narcocultura permeate all cartel held territories, even the more secular Sinaloa cartel with its more benign Jesus Malverde spirituality.

Thus, what can be considered more restrained Mexican society is now in a battle for the hearts, minds, and souls of its citizens against a new and deviant form of Mexican society that is on the rise. Ultimately, the bonds and relationships that hold the Mexican government, its people, and the military/police of the state together are under siege by the criminal and spiritual insurgencies taking place. If that were not enough, those cartel and gang insurgent groups have built up parallel narco bonds and relationships to solidify the rise of shadow states within Mexico. They have the money and the coercive power to sustain such a strategy. This results in dual sovereignty arising along with varying mixtures of legitimate and illegitimate structures in the hundreds of 'zones of impunity' found across Mexico. No one in these locales know who to trust. Many persons assume dual roles, seeming to representing the Federal government on the one hand and the cartel presently holding local power on the other. Narco (criminal) cities are emerging in Mexico with Nuevo Laredo the largest and most pronounced. In cities not as far gone such as Ciudad Juárez, anarchy reigns with tens of thousands of homes now left vacant and as many as 200,000 people having fled that city.

Warlordism, advanced forms of social banditry, cult-like behaviors, the pervasive use of the bribe (silver) and the threat (lead), and the use of child soldiers have also arisen and blended in such locales. The end result at minimum is a laundry list of horrors related to targeted killings, torture sessions, and beheadings carried out in a secular 'it's only business' manner taking place. Somewhere in the middle, we are seeing the use of fragmentation grenades and car bombs (so far limited), arson to burn out neighborhoods, improvised armored fighting vehicles, and heavier infantry combat weaponry (rocket propelled grenades, anti-tank rockets and .50 cal sniper rifles). At the extreme end of this process, we can now add in sadistic (pleasure killing) and human sacrifice (ritualized killing) taking place. Should these be thought to be an exaggeration, some of the numerous examples of these activities now taking place include:

- The stacking of headless bodies and the staged placement of body parts.
- The staging of a skinned skull resting on severed arms with the victim's male genitalia held in the palm of one of their hands.
- Decapitated heads left at the tombs of deceased drug lords—implicated as Santa Muerte worshipers— as sacrificial offerings.
- Decapitated heads offered directly to Santa Muerte by her worshipers.
- Victims killed at Santa Muerte altars/shrines.
- The ritual burning of decapitated heads as offerings.
- The removal of the hearts of victims.
- The skinning of victims while alive.
- The castration and then decapitation of victims while alive.
- The desecration of at least one shrine belonging to a more benign Saint with the body parts of the victims strew over it and their heads line up on the roof.
- The use of black candle magic to request that the deity kill one's enemies.
- The threatening of a kidnap victim at a Santa Muerte altar with divine wrath if they failed to cooperate with their captors.
- The alleged smoking of a victim's ashes mixed with cocaine in a 'smoking death' ritual.
- The likely rise of cannibalistic rituals during cartel-led 'spiritual' retreats. [8org] [8]

While they are unfortunately necessarily graphic, these examples clearly show that something dark and sinister is taking place within the broader security environment.

Mexico even has *Los Caballeros Templarios* ("The Knights Templar") and *Manos con ojos* ("Hands with Eyes") now deploying fighters on the battlefield. These groups, breakaways from the La Familia and Beltrán Leyva cartels, are extremely violent and, in the case of the Templarios, have the very real potential of carrying out future

suicide (martyrdom) attacks for god and cartel. I never thought we would contemplate the day when 'true believers' from a Mexican cartel would start looking a lot like jihadists fighting for Al Qaeda—instead representing a perverted form of Christianity—but such a day appears very close at hand.

For whatever reason, however, unwillingness still exists by many to call what is taking place in Mexico what it is. Because the insurgencies taking place do not look like traditional Maoist insurgencies, many scholars have summarily discounted them as insurgencies at all. Further, a fight against "organized crime," as many attempt to label the conflict waging in Mexico, is a politically expedient strategy that benefits the Calderon administration and a term that is less unnerving to an increasingly threatened and demoralized citizenry. It is understandable that the Calderon administration has simply called the cartels and gangs 'organized criminals' since it denies them any form of legitimacy. After the recent casino torching and mass murder in Monterrey, his shift to characterizing the perpetrators as 'terrorists', though the rhetoric was quickly downplayed, is also understandable due to the horrific nature of the act. Despite the "criminal" label, which would imply a law enforcement response, President Calderon nonetheless introduced ground troops into this conflict with the cartels in December 2006 shortly after his inauguration because Mexico was beginning to lose control over parts of its sovereign territories. Organized criminals represent a law enforcement issue and do not seize control of states, however, insurgents and criminal-soldiers do and this is the reality of what we are witnessing in Mexico. Such seizure of the reigns of power— albeit in the shadows—can take place both purposefully and accidentally but results in the same end state of de facto political control. With the achievement of economic (loads of narcotics money) and military (standing armies of gunmen) power comes the eventual attainment of political power, plain and simple.

It is thus imperative that US Congressional members and their staffs accurately understand the threat Mexico, and some of the Central American states, face. Secretary of State Hillary Clinton in September 2010 alluded to an insurgency in Mexico taking place (it kind of looks like Colombia…) as did Undersecretary of the Army Joseph Westphal in February 2011 who actually said it was the case. Both utterances of the "I" word were quickly retracted and apologies made. While the Calderon administration

would prefer that we did not start using the "I" word openly I think we owe it both to the American and Mexican peoples to call it what it is. Failure to properly define what is taking place means that both this threat and its severity will be misdiagnosed and, as a result, the policies enacted to respond to it will be inappropriate and ineffective and Mexico and its allies will spend countless amounts of precious funding on useless mitigating measures.

Still, once we do accept that criminal and spiritual insurgencies are now taking place in Mexico— and even the beginnings of societal warfare between traditional values and narcocultra (an ideological component of the new warkmaking entities)— great problems still exist in regard to past governmental policies enacted. Not only do we have to get the threat right but we also have to get the policies right too. As is covered in the next section, so far this has proved to be a major impediment stretching back decades within the broader cartel and gang threat and illicit narcotics market that exists.

Governmental Policies

An ongoing cycle of countermoves and unintended consequences (second order effects) stemming from our own and allied governmental policies

In creating policies to mitigate and suppress the cartel, gang, and narcotics threat, an ongoing 'policy spoiler' effect has taken place representative of an inhibiting action-reaction dynamic. For every move the US and other governments (e.g. Mexico), have made either intentional countermoves and/or unintended consequences (second order effects) have come about. Seven examples of this policy spoiler effect occuring over the course of several decades have been highlighted and are illustrative of what has been taking place:

- 1970-1990: The US victory in the maritime drug war centered in the Gulf/Caribbean resulted in overland (and air and border tunnel) routes through Mexico into the United States becoming dominant. The unintended second order effect was to strengthen the position of the illicit narcotics smugglers (pre-cartel formation) in Mexico.

- 1985-1989: The DEA response (Operation Leyenda) to the death of Enrique 'Kiki' Camarena at the hands of Mexican traffickers resulted in 'El Padrino' Felix Gallardo in 1987 establishing the *plaza* system as an intentional defensive countermove. This countermove established the cartel system in Mexico, divided

into the Tijuana, Ciudad Juarez, Sonora, Matamoros, and Sinaloa cartels and operated by prominent trafficking families. Prior to that time, the "godfather" was running an illicit business from which the PRI/other Mexican elites were quietly profiting.[9]

• 1981-1996: Colombia was victorious (with US DEA/CIA/military aid) over the Medellin and Cali Cartels. Over the course of this conflict, the power relationship between the Colombian cartels and the new Mexican cartels shifted as the Colombian cartels were eventually dismantled. The unintended second order effect was solidifying the power of the new Mexican cartels.

• 1988: The US Congress enacted the Anti-Drug Abuse Act of 1988 and thereby made illicit narcotics users accountable for their actions. Prior to this time, sellers were the primary target of US enforcement operations. While some positive benefits have resulted from this policy in that user % rates are down, the unexpected second order effects are the filling of our nation's federal and state prisons with narcotics offenders (at great economic cost) and the US having gained the dubious distinction of incarcerating more people than any other nation in the world.

• Early through late 1990s: Central American and Mexican gang members living illegally in Los Angeles belonging to Mara Salvatrucha (MS-13) and 18th Street were deported back to their home countries, typically as teenagers. Getting rid of these hardcore gang members helped to reduce crime in Los Angeles but resulted in an unexpected second order effect. The maras established themselves in El Salvador, Guatemala, other Central American countries, as well as in in Mexico and their members now number in the tens-of-thousands. These gang members and the new members that they recruited then immigrated to the US East Coast and other parts of the United States further spreading the maras in the Western Hemisphere.

• Late 1990s: The use of Mexican special forces to locate and apprehend cartel members resulted in a countermove by the Gulf Cartel. Thirty-one of these elite soldiers were fully corrupted and became the nucleus of the Zetas—initially the enforcer arm of the Gulf Cartel and now an independent cartel in their own right. This countermove resulted in the militarization of all the cartels in response to the Zetas initial 'battlefield' dominance. The ensuing arms race is still taking place with cartel use of heavier military weapons and, more recently, improvised armored fighting vehicles (IAFVs). A side effect of this process has been to make local and state Mexican police forces—those not already corrupted by the cartels—totally outclassed in engagements with cartel enforcer and commando units.

• December 2006-Present: Calderon has turned the Mexican military loose on the cartels and, in essence, 'declares war'. Numerous countermoves and second order effects have taken place—understandable given that the cartels represent

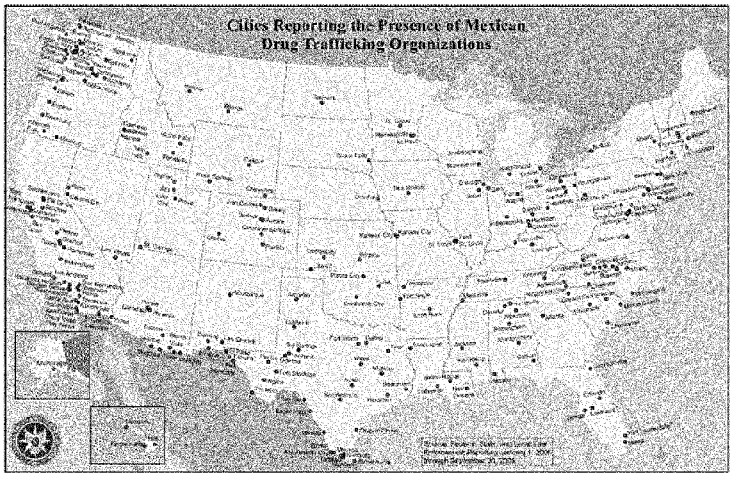
> extremely violent, sentient, and formidable opposition forces. One notable countermove by the cartels (primarily from the Zetas and Sinaloa) is their seeking safe haven in Central America. This phenomena, coupled with the growth of the maras in various Central American states, has resulted in a bottom up gang and top down cartel assault on nations such as Guatemala, Honduras, and El Salvador.

The existence of this continuing policy spoiler issue makes perfect sense in hindsight given the intractability of the illicit narcotics market. When governmental policies have been enacted, they are typically directed at only a component (in time, geography and/or market sector) of the broader illicit narcotics market and non-state entities associated with it. It is reminiscent of the 'squishy balloon' analogy wherein a balloon when pushed will typically bulge in another area not undergoing immediate pressure. Further, these governmental policies are generally not analytically 'red-teamed' or even gamed or analyzed to determine which countermoves and/or unintended consequences (second order effects) could be projected as a likely outcome. The creation of governmental policy thus exists in a 'strategic vacuum' and does not benefit from the larger historical context of what has been taking place in the Western Hemisphere. Even when a well thought out strategy is actually utilized, as in the case of maritime battle against illicit narcotics coming through the Gulf/Caribbean region, it only pushes the problem into unexpected areas or creates fundamentally new problems in its wake. The rise of the Maras in Central America and Los Zetas in Mexico are but two examples of the latter.

Decades of policy formulation and implementation in this arena, however well-intentioned, suggest that the complex and adaptive illicit markets and evolving threats that we have been facing, on the whole, have not been severely challenged by our efforts. While we can agree that Colombia is now better off than it was in the 1980s when besieged by the Medellin and Cali cartels, that Miami is much quieter with Colombian operatives no longer fighting for market share, and that African American gangs (such as the Crips and Bloods) are no longer openly fighting in some of our inner cities over crack distribution, instead we find that Mexico, a number of states in Central America (including Honduras, Guatemala, and increasingly Belize), and the US Southern Border are now imperiled. Certain areas, including entire cities, are no longer under the

governance of Mexico and other Central American states and instead have become true criminal cities, enclaves, and para-states. Additionally, the United States is now peppered with Mexican cartel operatives and gang contractors (see Map 1):

Map 1. Situation Report: Cities in Which Mexican DTOs Operate Within the United States



National Drug Intelligence Center (NDIC), 11 April 2008, www.usdoj.gov/ndic/pubs27/27986/appenda.htm#Map.

On balance, over the last 30 years, the strategic situation has not improved for the better. Even if some of our urban streets presently appear safer, with illicit narcotics still actively flowing into the US, Mexican cartel operatives and contractors embedded in hundreds of our cities, and cartel and gang threat groups in many Latin American regions flourishing and mutating quicker than US and local sovereign state public policy processes can contend, the situation has actually degraded. Congress needs to recognize this ongoing and much larger 'policy spoiler' issue that we contend with when formulating our policies in this arena. High national debt levels and shrinking revenue issues will likely only exacerbate the situation as our funding mandates for US security policy implementation become increasingly constrained.

The myopic nature of the Mérida Initiative vs the need for a Western Hemispheric Strategy against cartels and gangs

Because of the inhibiting action-reaction 'policy spoiler' dynamic, derived from either intentional countermoves and/or unintended consequences (second order effects) identified previously, the Mérida Initiative which this hearing is focusing upon should be considered—devoid of any link to a more encompassing strategy— too myopic in scope to be of any lasting benefit in our response to the cartel/gang threats and illicit narcotics market that we have been facing. A far more encompassing approach must be undertaken. In an earlier *Narcos Over the Border* (Routledge 2011) work, this author identified six trans-operational environments within which the US is now engaging the cartels and gangs. An initial description of these environments from that work is as follows:

US Engagement in Trans-Operational Environments

> A component of the strategic threat that the Mexican cartels and their associated mercenary and gang affiliates pose to the US is the numerous operational environments in the Western Hemisphere in which they are now being engaged. These six trans-operational environments can be viewed in Table 4. These operational environments can be characterized by the environment itself, the location of the physical threat, the narco-opposing force (NARCO-OPFOR), a typology of the criminal-combatants engaged, and the US responding forces. The most basic environment is that of crime taking place within the US. Local and state law enforcement respond to the threats that exist in this environment—threats which are basically low level street and prison gangs and individual members of the Mexican cartels. The next environment type is that of high intensity crime taking place in the US. This threat is derived from more organized entities such as the Mexican cartels themselves and actual drug trafficking gangs who have access to better weapons and employ more sophisticated tactics. The responding forces are specialized law enforcement units and task forces and federal law enforcement agencies such as the DEA, FBI, and ATF.
>
> The third operational environment is characterized by threats to US homeland security. This is a new environment that has been created in response to the 9-11 attacks and is focused on protecting the US from threats of terrorism and insurgency taking place within its borders. The primary responding forces are drawn from federal law enforcement agencies and components of the still relatively new Department of Homeland Security. Some specialized units created by the larger cities,

especially New York and Los Angeles, will also be operating in this environment though, from a support and consequence management perspective, all levels of law enforcement and other responder groups will also be involved. The next operational environment is homeland defense support against terrorism and insurgency taking place on US soil. The military corollary to homeland security with the operating environment and response requirements also articulated since the 9-11 attacks. The creation of US Northern Command and US Army North are integral components of the federal military response with these entities presently providing a stability and support and consequence management support role due to *Posse Comitatus*.

The fifth operational environment is found in Mexico and Latin America and pertains to foreign military support. Specifically the US military is providing allied military forces, predominately the Colombian and Mexican militaries, with the training, resources, and hardware necessary to respond to the drug cartels who are waging campaigns of narco-terrorism and narco-insurgency throughout large swaths of Latin America. This response from the US side falls predominantly upon US Northern Command and US Army North in regards to Mexico and US Southern Command and US Special Forces in regards to Latin America. The final operational environment is also primarily found in Mexico and Latin America. It pertains to foreign law enforcement support to allied nations facing what is generally considered to be an operational environment challenged by cartel, mercenary, and gang generated high intensity crime. Federal law enforcement agencies and specialized law enforcement units, such as Los Angeles based gang task forces, are principally involved in providing this foreign support.

Of concern with regard to the trans-operational environments the US is engaging in is the lack of any form of comprehensive hemispheric strategy coordinating these multiple efforts. Because the threats are principally non-state, criminal, and more networked than hierarchical in nature, they continue to defy US national security perceptions. This should be somewhat of an amazing occurrence given the recent passing of the 8th anniversary of 9-11 but ultimately it is not. The US response to the threats posed by the Mexican (and Colombian) cartels and their mercenary and gang associates is being responded to in a federally mandated 'stove pipe' manner. This is the process the US followed for decades during the Cold War—though an overarching strategy existed— and ultimately yielded victory over the Soviet Union. This same process is now being taken into the 21st Century and applied to very different types of threats. In this new conflict in the Americas, we are still very much in the opening rounds so caution concerning the future is warranted. At the very minimum, the US critically needs an organizing hemispheric strategy to be developed which coordinates the current 'stove pipe' response.[39 orgl] More than likely, however, given the fundamentally different nature of the new non-state threats and opposing networks (the NARCO-OPFOR) developing in the

Americas, a hemispheric strategy combined with a new process, drawing upon network response capabilities, will be required to meet this new challenge— a war this author views will be fought over humanity's new forms of social and political organization.[10]

Table 4. Six Trans-operational Environments

Table 4. Trans-operational environments involving US engagement with Mexican cartels, mercenaries and Sureños gangs

Operational environment	Crime	High intensity crime	Homeland security (terrorism and insurgency)	Homeland defense (terrorism and insurgency)	Foreign military support (terrorism and insurgency)	Foreign law enforcement support (high intensity crime)
Physical threat location	United States	United States	United States	United States	Mexico Latin America	Mexico Latin America
NARCO-OPFOR Criminal-combatant Typology	Street and prison gangs, individual cartel members, 1st GEN. gangs, individual members of more advanced gangs or cartels and mercenary groups	Mexican cartels, street and prison gangs 1st–2nd phase cartels, 2nd GEN. gangs	Mexican cartels, Mexican/US street and prison gangs 2nd–3rd phase (emergent) cartels, 3rd GEN. gangs, narco-terrorists, narco-insurgents, narco-mercenaries, criminal-soldiers	Mexican cartels, Mexican/US street and prison gangs 2nd–3rd phase (emergent) cartels, 3rd GEN. gangs, narco-terrorists, narco-insurgents, narco-mercenaries, criminal-soldiers	Mexican and Colombian cartels, Latin American street and prison gangs 1st–3rd phase (emergent) cartels, 3rd GEN. gangs, narco-terrorists, narco-insurgents, narco-mercenaries, criminal-soldiers	Mexican and Colombian cartels, street and prison gangs 1st–3rd phase (emergent) cartels, 2nd GEN. gangs
US responding Forces	Local and state law enforcement	Special LE units and task forces and federal law enforcement (DEA, FBI, ATF)	Federal law enforcement (DEA, FBI, ATF), Department Of Homeland Security (DHS)	U.S Northern Command, US Army North	US Northern Command, US Army North, US Southern Command, US Special Forces	Special LE units and task forces and federal law enforcement (DEA, FBI, ATF)

Source: ©Counter-OPFOR Corporation, September 2009.

Another way of characterizing the more encompassing threat is derived from viewing the Mexican cartel debate through five fields of security studies. The author wrote an essay in February 2011 in *Small Wars Journal* addressing this issue:

Divergent Fields of Security Studies

Five primary fields of security studies are presently engaged, to one extent or another, in research and publication on the Mexican cartel phenomena and on the threat that this phenomena poses to that country, to the United States, and to other Western Hemispheric nations. Each field of security study will be summarized and its major assumptions, concerns, and authors highlighted:[1 org]

• *Gang Studies*: These studies fall primarily under the disciplines of sociology and criminal justice. Law enforcement practitioners in gang units, such as Wes McBride (Sgt. LASD, Ret), and university academics have long dominated this field. This field focuses on generic street and drug gangs, prison gangs, geographically focused (e.g. New York, Chicago, Los Angeles) gangs, specialized ethnic (e.g. Hispanic, African American) gangs and gender (female) gangs. Gangs with more organized structures— such as Asian and Outlaw Motorcycle— also fall into this field with some overlap into organized crime studies. The basic

assumption is that street, drug, and prison gangs engage in low intensity crime activities and therefore they are a local law enforcement problem—though regional and national gang investigators associations have emerged for information sharing and coordination purposes due to the spread of these groups throughout the United States...

• *Organized Crime Studies*: This field, which covers both domestic and transnational (or global) organized crime, draws normally upon the disciplines of political science, history, and criminal justice. Organized criminal organizations and illicit economies are the center focus of these studies. It should be pointed out that the Mexican cartels are still drawing the bulk of their resources presently from illicit narcotics sales, but have also branched out into numerous other illicit endeavors including human trafficking, kidnapping, and street taxation. The basic assumption of this field is that organized crime entities seek to establish a parasitic (and symbiotic) relationship with their host state(s) and simply obtain freedom of actions for their illicit activities. Such criminal entities are viewed as solely money making endeavors, are not politicized, and have no intention of creating their own shadow political structures or taking over the reigns of governance. These studies view organized crime as the purview of law enforcement with specialized units (i.e. FBI and DEA task forces) required to dismantle the more sophisticated and dangerous criminal organizations. The conflict environment is said to be that of crime or organized crime with the extreme operational environment now found in Mexico being labeled as that of 'high intensity crime'…

• *Terrorism Studies*: This field of studies emerged out of the late 1960s— as urban guerillas became politically motivated terrorists—with initial terrorism courses taught in the midto-late 1970s in political science and international relations departments. This field has had its assumptions shift from limited levels of violence utilized and the use of kidnappings as theater plays; hence "terrorists want lots of people watching not dead"[3 orgl to religiously motivated terrorists who seek to engage in killing on a mass scale. The basic assumption is that terrorists, both politically and religiously motivated, engage in destructive attacks that generate -terror (a form of disruptive societal targeting) in order to change governmental policies. Further, terrorism is considered a technique that, when utilized in a revolutionary or insurgent setting, can help to create a shadow government and/or overthrow a government in power. Narco-terrorism would be considered a subfield of terrorism studies—though utilizing terror to promote criminal objectives. To date, many of the best and brightest terrorism scholars— except for Brian Jenkins who possesses insurgency expertise from the Vietnam era— have not made an attempt to engage in this area of research as it pertains to the cartels in Mexico. Depending on its severity and where it takes place, terrorism can be

considered a law enforcement problem, a homeland security problem, and/or a military problem…

• *Insurgency Studies*: These studies are politico-military based and undertaken at think tanks, in some university departments, and at U.S. military and governmental institutions...and get us into topical areas including revolutionary warfare, insurgency, guerrilla warfare, low intensity conflict, operations other than war, shadow governmental structures, and a host of other terms for this level of conflict and/or techniques. Since terrorism is also common as an insurgency technique, some bleed over from this field to terrorism studies exists as do some forays into organized crime studies, due to the benefits illicit economies provide to insurgents (for example, we might ask where the Taliban would be without its illicit narcotics income). This field predates Mao Zedong's works of the late 1930s and has been developing for over a half-century with key interest during the Vietnam era. The field is especially vibrant now with American involvement in Iraq and Afghanistan-Pakistan. Assumptions and concerns focus on political change and revolution, that is, how groups out of power in a country seize control of a government by indirect and irregular means not conventional military conquest. The latter may, however, be considered the final phase of revolutionary warfare so clearly the techniques used vary widely. Insurgency itself, if allowed to gain strength, is viewed as a national security threat to a state. This field of study is undergoing its own internal debate concerning the primacy of political based insurgency vs. broadening the definition of insurgency to include other forms derived from religion and/or criminality. The threat posed by the Mexican cartels encompasses this internal debate and raises the question as to whether Mexico is or is not facing "criminal insurgencies"...

• *Future Warfare Studies*: The areas of military and strategic studies, political science, international relations, and military history (via trend analysis) have all contributed to the study of future warfare. This form of study assumes that -modes of warfare or -coherent warfare practices exist and that warfare is continually evolving. Typically, this is attributed to the introduction of new forms of technology (such as the stirrup or gunpowder), an expansion of the battlespace into new temporal and spatial dimensions (such as the domain of cyberspace), or the rise of new military organizational forms (such as the legion or modern divisional structure). Multivariate explanations for the evolution of warfare also readily exist in this field of study. The threat represented by the Mexican cartels would therein be considered part of a modal warfare shift. This shift would, at a minimum, elevate the threat the Mexican cartels represent to that of a national security threat as the cartels would be engaging in a new form of warfare against the Mexican state—though a

> number of scholars would argue such a threat transcends national security and represents a threat to the nation-state form itself…[11]

The Mérida Initiative from a Western Hemispheric Strategy perspective currently only exists in two trans-operational environments (primarily in Mexico via US military and law enforcement foreign support—the 5th and 6th operational environments) and mainly within only some of the security fields—probably only gangs and organized crime and possibly terrorism to some extent. Mexican political authorities have fully rejected the notion that a criminal insurgency is actually taking place in their country and the conflict as an element of emergent forms of future warfare based on new warmaking entities challenging the nation-state form is a totally alien concept to their present thinking.

The Mérida Initiative as presently articulated is simply too myopic to do much good by itself—it misses much of the bigger threat picture that exists. On its own, it will only help to promote the 'squishy balloon' phenomena or result in additional cartel countermoves and/or unintended consequences taking place. The Mérida Initiative thus needs to evolve—or more accurately the Mérida Initiative, Plan Colombia, and increasing levels of US aid to Central America (about $300 million in 2011) need to be merged together into nucleus of a more encompassing Western Hemispheric Strategy. That strategy, as this testifier argued in 2010, needs to be part of a new strategic imperative for the United States which requires the realignment of our national threat perceptions:

> The drug cartels and narco-gangs of the Americas, with those in Mexico of highest priority, must now be elevated to the #1 strategic threat to the United States. While the threat posed by Al Qaeda, and radical Islam is still significant, it must be downgraded presently to that of secondary strategic importance. Europe, due to the threat derived from changing demographics, larger numbers of citizens radicalized, and proximity to Islamic states, many of which contain Islamist insurgent forces, will continue to identify the threat of radical Islam as their #1 strategic imperative and should be allowed to take the opportunity to share, if not take the strategic lead, in this important area of concern. The recently heightened tensions in Europe with the threat of Mumbai style attacks directed at a number of its capital cities are indicative of the mandate which should now be provided to allied states such as Great Britain, France, and Germany and that of the more encompassing

> European Union. The US must help defend the line in Europe against terrorist attack, the imposition of Sharia law, and other threats to the social organization of our allies such as the disenfranchisement of women, while acknowledging for the immediate future, we have ignored for too long a new type of threat which has arisen far closer to home.[12]

In sum, due to the evolution of cartels and gangs into new warmaking entities, the rise of new forms of criminal and spiritual insurgencies promoting societal warfare, and the ongoing cycle of countermoves and unintended consequences confounding our own and allied governmental policies, the Mérida Initiative, and others like it directed at Colombia and Central America, need to evolve to a more encompassing scope and scale and with a greater sense of strategic urgency than most Congressional policy makers might *a priori* think is necessary.

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Notes

1. Robert J. Bunker and John P. Sullivan, "Extreme Barbarism, a Death Cult, and Holy Warriors in Mexico: Societal Warfare South of the Border?" *Small Wars Journal*. 22 May 2011, http://smallwarsjournal.com/jrnl/art/societal-warfare-south-of-the-border.
2. Robert J. Bunker and John P. Sullivan, "Integrating feral cities and 3rd phase cartels/3rd generation gangs research: the rise of criminal (narco) city networks and BlackFor." Robert J. Bunker, ed., "Criminal Insurgencies in Mexico and the Americas: The Gangs and Cartels Wage War" special issue of *Small Wars & Insurgencies*. Vol. 22, No. 5, 2011 (*Forthcoming*).
3. *Ibid.*
4. John P. Sullivan and Robert J. Bunker. "Rethinking insurgency: criminality, spirituality and societal warfare in the Americas." Robert J. Bunker, ed., "Criminal Insurgencies in Mexico and the Americas: The Gangs and Cartels Wage War" special issue of *Small Wars & Insurgencies*. Vol. 22, No. 5, 2011 (*Forthcoming*).
5. *Ibid.*
6. Pamela L. Bunker, Lisa J. Campbell, and Robert J. Bunker, "Torture, beheadings, and narcocultos." Robert J. Bunker, ed., *Narcos Over the Border*. London: Routledge, 2011: 172.
7. Pamela L. Bunker and Robert J. Bunker, "The Spiritual Significance of ¿Plata O Plomo?" *Small Wars Journal*. 27 May 2010, http://smallwarsjournal.com/jrnl/art/the-spiritual-significance-of-%C3%A2%C2%BFplata-o-plomo.
8. See Robert J. Bunker and John P. Sullivan, "Extreme Barbarism, a Death Cult, and

Holy Warriors in Mexico: Societal Warfare South of the Border?" This listing has been updated via incidents posted at *Borderland Beat* and *Blog del Narco*. The initial concerns over cannabilism arise from George Grayson, *La Familia Drug Cartel: Implications for U.S.-Mexican Security*. Carlisle: Strategic Studies Institute, US Army War College, 13 December 2010, http://www.strategicstudiesinstitute.army.mil/pubs/people.cfm?authorID=797. Recently rumors of the now deceased cartel leader Arturo Beltran Leyva dabbling in cannabilism have also been made. See Vanessa Grigoradis and Mary Cuddehe, "An American Drug Lord in Acapulco." *Rolling Stone Magazine*, 25 August 2011, http://www.rollingstone.com/culture/news/an-american-drug-lord-in-acapulco-20110825.

9. For the origins of the plaza system in Mexico see Malcolm Beith, *The Last Narco*. New York: The Grove Press, 2010: 40-55.
10. Robert J. Bunker, "Strategic threat narcos and narcotics overview." Robert J. Bunker, ed., *Narcos Over the Border*. London: Routledge, 2011: 21-24.
11. Robert J. Bunker, "The Mexican Cartel Debate: As Viewed Through Five Divergent Fields of Security Studies." *Small Wars Journal*. 11 February 2011, http://smallwarsjournal.com/jrnl/art/the-mexican-cartel-debate.
12. Robert J. Bunker, "The U.S. Strategic Imperative Must Shift From Iraq/Afghanistan to Mexico/The Americas and the Stabilization of Europe." *Small Wars Journal*. 6 October 2010, http://smallwarsjournal.com/jrnl/art/the-us-strategic-imperative-must-shift.

Mr. MACK. Dr. Starr, you are recognized for 5 minutes.

STATEMENT OF PAMELA STARR, PH.D., ASSOCIATE PROFESSOR IN PUBLIC DIPLOMACY AND THE SCHOOL OF INTERNATIONAL RELATIONS, DIRECTOR OF THE U.S.-MEXICO NETWORK, UNIVERSITY OF SOUTHERN CALIFORNIA

Ms. STARR. Thank you, Chairman Mack, and thank you, Chairman Rohrabacher as well, and Ranking Members Engel and Carnahan for the invitation to address the committee members today.

I would like to look a little bit more at the background of the issue and look at how the situation in Mexico has changed on the ground since the initiation of the Merida Initiative and how that then—what lessons that tells us how about we need to think about changing the Initiative itself so that it more effectively addresses the situation on the ground.

Mexico has long been a source for illicit drugs entering U.S. markets. This is nothing new, but it is only in the last generation that this cross-border contraband trade has given rise to organized crime syndicates that threaten Mexican national security and pose the single most important criminal threat to United States' well-being.

The forces that produce these criminal organizations are many. They include obviously demand for the products they produce in the United States and a good operating environment in Mexico. But another key factor, without a doubt, has been the previous successes of U.S. anti-drug policies at closing the transshipment routes through the Caribbean Sea, at helping Colombia disarticulate its drug cartels, and most recently, at closing down meth labs in the United States. These successes ultimately rerouted Andean cocaine destined for the U.S. through Mexico. They shifted control over these transshipments to Mexican drug cartels, and they opened the new markets to these cartels to supply the U.S. market for meth.

At the same time that the power of the Mexican cartels consequently grew, Mexico democratized. While democratization in Mexico is undoubtedly a very good thing, it distracted Mexican politicians from a brewing national security problem, and it weakened a previously all-powerful Presidency without creating democratic institutions to take its place. Instead, democratic Mexico inherited from generations of authoritarian rule profoundly weak law enforcement institutions: Police, prosecutors, courts, and jails.

When President Felipe Calderon launched his Federal offensive against Mexican drug trafficking organizations in 2006, he thus faced a formidable adversary with a limited supply of policy tools. The Merida Initiative was designed at Mexico's request to help address this challenge. Mexico's anti-cartel strategy relied on its military and incipient professional Federal police force to disrupt the operational capacity of the Mexican cartels by targeting their leaders and other critical employees. The United States assisted this effort by providing material, equipment, intelligence, and police training.

Mexico's Merida supported fight against organized crime has registered significant successes, but these successes have modified the operating environment in Mexico, making the shortcomings of the

strategy that were always there increasingly evident. Four changes in this operating environment stand out in particular.

First, to an important extent, this strategy is successfully, albeit gradually, transforming a national security challenge in Mexico into a policing problem, but as it does so, the acute weakness of Mexican law enforcement is increasingly placed on full display.

Second, success at weakening some crime syndicates seems to have emboldened their competitors, reinforced existing rivalries, and thereby provoking further violence. Indeed, the vast majority of violence in Mexico is cartel-on-cartel.

Third, criminal organizations with a weakened capacity to transport drugs into the United States because of the Mexican Government's efforts have increasingly moved into retail drug sales in Mexico and other lines of business including extortion, kidnapping, armed robbery, human smuggling, and such.

But fourth and most troubling, the weakened crime syndicates did not turn into disarticulated criminal gangs as was hoped. They, instead, have morphed into international criminal networks whose structure is more amorphous than in the past, whose operational capacity is less susceptible as a result to strategies designed just to take out key operatives. This is challenge to which Mexico, with our support, must now respond. It is, above all, a law enforcement problem. It is not a military problem, and it is one which now extends well into Central America. It, thus, requires law enforcement solutions: A redoubled emphasis on police training, especially at State and local levels where law enforcement is extremely weak, and a significantly expanded effort to improve the quality of Mexican legal and penal systems, and Merida must expand its efforts to address a now well-established operation of Mexican criminal networks in Central America.

We need to mend Merida. We do not need to end the program. Our long-term national security depends on this success.

Thank you, Mr. Chairman.

Mr. MACK. Thank you, Dr. Starr.

[The prepared statement of Pamela Starr follows:]

Testimony before the Subcommittee on the Western Hemisphere
Committee on Foreign Affairs
U.S. House of Representatives

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September 13, 2011

Summary

The rise of powerful international crime organizations based in Mexico during the last decade poses a real and direct national security threat to Mexico, to Central America, and the top criminal threat to U.S national well-being. Mexican President Felipe Calderon launched the country's first ever direct assault on organized crime in late 2006 and requested limited U.S. assistance for this effort in early 2007. The resulting Mérida initiative, as designed during the Bush administration and reformulated during the Obama administration, has been a powerful resource for the Mexican government while promoting a level of security cooperation never previously seen in the bilateral relationship. This Mexican-led cooperative effort has produced real successes, but it also exhibits profound weaknesses that have become increasingly evident as the operating environment in Mexico has changed.

Mexican crime syndicates are morphing into criminal networks increasingly involved in extortion, kidnapping, robbery, retail drug sales, human smuggling, and other common crimes. The structure of these criminal networks is more amorphous than in the past, making their operational capacity less susceptible to a centralized strategy designed to eliminate key leaders. And their move into common crime transforms their activities into a daunting challenge for Mexico's weak state and local police forces and ineffective legal system. Mérida must adapt to the evolution of the threat it addresses. While sustaining current levels of intelligence cooperation, Mérida must redouble its emphasis on police training, markedly increase efforts to improve the quality of the Mexican legal system, and dramatically expand its efforts in Central America. Our long-term mutual security depends on our success.

Has Mérida Evolved?
The Evolution of Drug Cartels and the Threat to Mexico's Governance

Mexico is a place of contrasts: It is a place of state of the art production facilities that exist alongside women selling tamales in the street out of tin buckets; of a modern agricultural sector that produces fresh vegetables for the US market alongside some of the most backward peasant farming in the Western Hemisphere; of some of the richest people in the world alongside millions of poor; and of serene beaches, snow-capped mountains, and colonial towns alongside the extreme violence that dominates the headlines.

The level of violence and insecurity in Mexico is disconcerting. Since December 2006 criminal networks have killed 35,000 Mexicans including over 9,000 so far this year. The fact that this violence tends to be highly concentrated – two-thirds of drug-related murders take place in just five of Mexico's thirty-two states – and that Ciudad Juarez is one the most dangerous cities in the world masks a national murder rate that is well below Brazil's and less than half of Colombia's. Still, **violence in Mexico is bad**, expanding in geographic scope, and escalating annually in numbers, brutality, and sophistication of weaponry used. There has also been a marked increase in armed robberies, extortion, blackmail, kidnapping, and human trafficking undertaken by criminal organizations formally dedicated almost exclusively to drug-trafficking. And most troubling, there has recently been an explosion of indiscriminate violence against Mexican citizens and attacks targeting U.S. government employees in Mexico.

Despite this situation, **Mexico is not on the verge of becoming another Pakistan or even another Colombia for one simple but powerful reason – Mexican organized crime is focused on profits not political change.** There is thus no risk of Mexico becoming a "failed state", but this fact ultimately offers little solace. **Mexican criminal networks still pose a grave threat to governance, human security, and economic well-being in Mexico**. Their wealth gives them the power to corrupt public officials and potentially influence election outcomes; their growing use of terrorist tactics and expansion into criminal activities other than the drug business increases their impact on the everyday security of Mexican citizens; and their activities create a disincentive for essential investments in the Mexican economy. **They pose a threat to security and political stability throughout Central America** as Mexican efforts to confront them create a less hospitable operating environment pushing their criminal activity further to the south. **And they represent the top criminal threat to U.S national well-being.**

The interdependencies between the United States and Mexico make this bilateral relationship arguably the most important one to the everyday lives of Americans. Mexico matters for our ability to protect public health, provide environmental protection, ensure energy security; it affects prices, salaries, job creation, and the evident demographic shift in the United States; and most relevant for the subject of this hearing, **Mexican criminal organizations are the dominant organized crime threat in the United States today.** And while the situation in Mexico has produced very little spill-over violence into the United States, **important pockets of lawlessness and criminal influence in state and local government directly impacts U.S. national security**. A weakened Mexican state would make it more difficult to control our nearly two-thousand mile southern border, to sustain healthy economic ties on which both our countries rely and deal with other bilateral issues that directly affect U.S. citizens, and to have a reliable partner to address broader regional issues. **Finally, the United States has helped cause the problem** as the main market for the drugs that still account for the vast majority of the profits and main source for the arms that help fuel the violence. It is thus in our interest and our responsibility to help Mexico respond effectively to the challenge posed by these criminal networks.

Mexican President Felipe Calderon launched the country's first ever direct assault on organized crime in late 2006 designed to disrupt their capacity to operate by eliminating leaders and other critical employees of these illicit "firms". As part of this effort, his government requested limited U.S. assistance in early 2007. The resulting Mérida initiative, as designed during the Bush administration and reformulated during the Obama administration, has been a powerful

resource for the Mexican government while promoting a level of security cooperation never previously seen in the bilateral relationship.

Although delayed repeatedly by bureaucratic procedures, Mérida funding has complemented the Mexican government's $4.3 billion annual security budget. Initially it focused on providing equipment and material the Mexican government lacked for its police/military assault on organized crime along with intelligence sharing and police training. **The resulting Mexican-led cooperative effort produced real successes.** Partly in recognition of this, Mérida's 2009-2010 reauthorization reduced the emphasis on equipment and increased the focus on building institutional capacity for the rule of law while adding additional efforts to facilitate legitimate cross-border trade and build "strong and resilient" communities. But Mérida and the Mexican strategy to weaken organized crime that it supports also exhibit **profound weaknesses that have become increasingly evident in the past two years as the operating environment in Mexico has changed**.

Mérida was designed to support a policy dedicated to breaking down large international criminal organizations, whose power posed a direct threat to the Mexican state, into smaller more local criminal gangs. The aim was to transform a national security threat into a policing challenge. This approach has had significant success. Several organized criminal operations have been completely disarticulated and others seriously weakened. But what has been left behind is equally troubling in at least three ways. **First, as a national security challenge gradually becomes a policing problem, the acute weakness of Mexican law enforcement is increasingly placed on full display.** Democratic Mexico inherited from the country's extensive authoritarian past an extremely underdeveloped system of law enforcement including underpaid, poorly educated, trained and equipped police and a largely dysfunctional legal system. In recent years Mexico has developed a modern, professional, and effective federal police force of 35,000, but most state and local police remain weak, ineffective and vulnerable to extortion and corruption at the hands of criminal organizations. Mexico also has a professional and relatively effective Supreme Court, but the nation's prosecutorial capacity and penal structure is profoundly problematic. As a result, criminal impunity is pervasive.

Second, government success at weakening some crime syndicates seems to have emboldened their competitors, reinforced existing rivalries, and provoking further violence. Additionally, weakened syndicates have moved into new lines of business including extortion, kidnapping, robbery, retail drug sales, human smuggling, and other common crimes. Since **exploiting these new opportunities often depends on controlling physical territory instead of merely transporting product from producer to consumer, this shift has reinforced the violence as criminal organizations fight over market share.** And it has further complicated the policing problem since non-drug offenses are the exclusive responsibility of the country's weak state and local police forces.

Third and most troubling, **these weakened syndicates did not turn into disarticulated criminal gangs as hoped. They have instead morphed into international criminal networks whose structure is more amorphous than in the past and whose operational capacity is less susceptible to a strategy designed to remove key criminal operators.** These networks have increasingly incorporated preexisting street gangs into their ranks to better conduct their new, local business ventures, and in the process they have incorporated a culture of indiscriminate violence common among these gangs. And these networks have aggressively expanded their

operations into safer locations, most notably northern Central America where the governments' ability to confront them is feeble at best.

The Mérida Initiative must adapt to this shifting operational environment. The United States must sustain the current levels of intelligence and intra-agency cooperation that have been critical to the successes achieved so far in disrupting the operational capacity of organized crime. But it must also redouble Mérida's emphasis on police training and expand significantly its attention to improving the quality of the Mexican legal and penal systems. And Mérida must expand dramatically its attention to the now well-established operations of Mexican criminal networks in Central America.

The challenge in Mexico is no longer merely about drugs. It is about international criminal networks that are threatening stability and security on our border, in our country, and in our hemisphere. In this context, we cannot end our support for Mexico's battle against these criminal networks despite the evident shortcomings in the Mérida-supported strategy. We must instead mend Mérida so it adapts to the evolution of the threat it addresses. And we must make certain that success in Mexico does not come at the expense of its southern neighbors. **Our long-term mutual security depends on our success.**

Mr. MACK. We now will move into questions, and I recognize myself for 5 minutes.

I think, just to give a kind of little premise here, I think all of us, everyone, recognizes the importance of our relationship with Mexico, the shared responsibility that we have to the citizens of the United States and to Mexico and to the hemisphere. I think one of the things that at least I am looking at is where have we been and what is it that we are trying to accomplish and have we defined the problem correctly, because if you don't define the problem correctly, you can't put a solution to it unless you understand the problem, and that is really what we are charged with hopefully today.

So my first question is this—and I will ask it of Dr. Shiffman. I am used to calling you Gary, but I guess for today I will call you Dr. Shiffman. The Mexican's transnational criminal organizations have become much more resilient since 2007 when Mexican President Mr. Calderon announced his campaign on the drug trafficking. They have diversified and expanded their operation into a wide variety of illicit activities such as human smuggling, the sale of stolen oil, extortion, weapons trafficking, kidnapping, sex trafficking, and cyber crime. The Mexican transnational criminal organizations have also organized, strengthened, and expanded their operations into Central America. So the first question is simple. Do you believe that the Mexico's governance and rule of law is threatened, and if so, is it more in jeopardy today than it was in 2007?

And before you answer, again, I am trying to get to this idea that the difference between just the illegal drug activity that is happening and now into a insurgency and what that definition of insurgency is and what it means. So Mr. Shiffman, if you could maybe answer that.

Mr. SHIFFMAN. Thank you, Mr. Chairman, and first of all, the testimony you received today is excellent. I congratulate everybody else. I think they have laid down really a nice predicate for what you are trying to accomplish.

The argument that I am trying to give you today is that these are complex businesses. Now, the amount of money at stake is so large and so significant that there is actual significant threat to the Government of Mexico today that didn't exist or not to the same degree in 2007. So the basic answer to your question is, absolutely, things are in a condition today in Mexico that we have to take very seriously. We must elevate it for all of the reasons that the rest of the panelists said.

There is oftentimes this hesitance to use the word "insurgency" so I just described it. What you have over large parts of the Mexican population is this battle for political control. So somebody wants to control the political space. Whoever controls the political space can operate freely. So, if the drug cartels can make billions of dollars operating if they just control the political space, the political sphere, then that is what they are going to fight for.

So, as Dr. Starr just said, she made a really important point. In the past, it may have been the drug cartels fighting against local governance. What you see now oftentimes is cartel versus cartel. That means that the government is not even relevant anymore, and it is just cartel-on-cartel fighting for who gets to control that

turf. Whoever gets to control the turf gets to use that turf to run their businesses. They can raise money, they can traffic their drugs, they can do their recruiting, training. They can really run their base of operations, but you need the political control first, and that is often called an insurgency. I don't have a problem saying that that is what is going on across large parts of Mexico.

Mr. MACK. Thank you. Dr. Selee.

Mr. SELEE. I think we may actually be misdiagnosing the problem a little bit. Let me say that have had this discussion with colleagues in the Mexican Government who are also beginning to rethink this and with people in the U.S. Government. I think we tend to think of a sort of six or seven large organizations that run drugs to the United States, they are giant organizations, they have lots of people working for them. I think, actually, these are much smaller groups, much more compact groups. They control about 1 percent of Mexican GDP, but they are divided among these sort of six groups and then there is a bunch of smaller groups that do heroin. The groups that do kidnapping and extortion may or may not actually belong to the cartel. They probably give them some money. They often use their name, but these are actually loose criminal networks of people, and the reason why this is important——

Mr. MACK. I apologize, but my time has expired, and so hopefully we will be able to get to it, but I want to try to—I have got to set an example by keeping my——

Mr. SELEE. I am not sure that makes them any less dangerous, but I think it has implications we will talk about later.

Mr. MACK. Thank you. Mr. Engel is recognized for 5 minutes for questions.

Mr. ENGEL. Thank you, Mr. Chairman.

Any of the panelists that would like to respond to this, I would like to hear what you have to say. Reports have indicated that one unplanned positive benefit of the Merida Initiative has been the closer cooperation and deeper trust between the U.S. and the Mexican Governments. There appears to be more information sharing and a strong partnership with Mexico in the fight against drug trafficking. Could any of you further characterize the existing level of cooperation with Mexico? Do these changes extend beyond the breadth of the working relationship we have with the various Mexican ministries and agencies, or are they solely at the top levels of these agencies?

The reason I ask that is because is this new cooperation sufficiently institutionalized or do you see it changing when President Calderon finishes his term? Dr. Selee.

Mr. SELEE. Thank you, Congressman Engel. I think this has sunk down within the administration. Dr. Shiffman can correct me if I am wrong since he was been at DHS in a past life, but I think this is—actually I hear talking to people on both sides a great deal of respect at a much lower level in the administration, which I think bodes well for future cooperation, which doesn't mean there is not going to be hurdles in the future, because I think any new Mexican Government is going to be a little bit more skeptical of going after—of being publicly identified with the United States, but I think the cooperation is actually fairly deep.

And just to finish an earlier point, I think there is a larger concern of rule of law in Mexico. There is a larger concern of violence. Much of the violence is not about drug trafficking; it is about other sorts of things. And it is not necessarily Chapo Guzman, or the leader of the Zeta's, one of the two leaders, saying go kill someone over this corridor. A lot of it is petty things over extortion. A lot of it is petty things over kidnapping. I mean, petty, it is human lives here, but these are things that are not sort of part of an actual narrative of we are going to go out and traffic billions of dollars. People are getting killed over small amounts of money in some way. So it is a larger question of rule of law in Mexico. I think we need to focus on that cooperation.

Mr. ENGEL. Dr. Shiffman, do you agree with the level of cooperation between Mexico and the U.S.?

Mr. SHIFFMAN. We need to identify those advocates within the Mexican Government that are willing to take this battle on. They exist from the local level all the way through the Presidency. Whoever the next President is, we need to make sure that the United States is endorsing and working with those people.

Mr. ENGEL. Thank you. I want to ask you about the comment I made before about reducing job demand in the United States. Tell me what you feel about the job we are doing. I don't think it is a stretch to say that if we didn't have drug demand in this country we would have a much less significant narco-criminal problem in Mexico, Colombia, or elsewhere. There was a joint statement when we initiated Merida ability tackling that part of the problem as well. Are we living up to our original commitments in the Merida joint statement? Anyone who would like to comment on that? Dr. Starr.

Ms. STARR. I think it is true that there has been a change of emphasis during the Obama administration in terms of our drug control strategy. So it has become a strategy that, while still heavily emphasizing limiting supply available to drug users, it has increased its emphasis on trying to limit demand, and in fact, the selection for the national drug czar was designed to send that message very clearly; there was a going to be a change in emphasis.

That said, I don't think the change of emphasis has been sufficiently pushed forward. The United States, we know how to deal with addiction to drugs and to minimize the use of it. Our antismoking campaigns demonstrates that we know how to reduce demand for addictive drugs, and if we put our minds to it and put together a really strong public relations campaign, I think we can do the same thing.

That said, we will never eliminate demand for illegal drugs and, therefore, will never fully eliminate this issue in dealing with the trafficking organizations that deal in drugs. That is always going to be an underlying factor as long as people want to use illicit drugs, and indeed, they always have and always will.

Mr. ENGEL. Thank you. I want to try to get one last question in, and that is about CIFTA. Do you think that the Senate should ratify this treaty? Are we in compliance with it? And to what extent are arms trafficked from the U.S. into Mexico and then further trafficked to Central America? Dr. Bunker.

Mr. BUNKER. Yes, sir. The analysis that I have done recently with another colleague was about 20 percent of the arms Mexico, the cartels are getting, come from the United States. The bulk of the arms come from Central America, from the international arms market, and also from Mexico itself, from law enforcement personnel that have defected, and also from some military stores. So I think there is more to this than we understand.

Mr. MACK. Thank you. And now I would like to recognize Mr. Rohrabacher for 5 minutes for questions.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Let me just note for the record that the scourge of kidnapping in Mexico is not petty. In fact, it is something that is horrendous and affects the lives of people who are trying to lead that country and that whole region into a better era, and we have some people who I have met personally with who have been victimized by this, and it is systematic, and it is, in fact, transnational in its nature and just as the drug cartel is. And let me just note, Chairman Mack has agreed that we will be having hearings into the transnational nature of kidnapping and other crime in Mexico in the near future where we will be focusing on not just what is going on in Mexico but the contacts with other countries that are part of this criminal network. That is number one.

Number two about intelligence sharing. I don't want to sound skeptical, but I have been deeply involved over the last 30 years with Pakistan, and I have come to the conclusion that we have been patsies for Pakistan, and that when we share intelligence with Pakistan, we end up tipping off the people who we are actually trying to fight against.

Do any of you disagree with me that there is a high likelihood that as we cooperate with intelligence with our Mexican counterparts that some of them may well just be giving that information to the cartels? Anyone doubt that? Go right ahead.

Mr. SELEE. Absolutely. By the way, let me agree with you that it is not petty. What I was referring to is that there is a larger question of criminality, with the idea that violence is—everyone is being killed over $2 billion deals or $2 million deals. Much of this is over a $500 ransom. I know, too, people who have been kidnapped and officers killed.

Mr. ROHRABACHER. Right.

Mr. SELEE. So I mean not to say the killing is petty, but a lot of the violence is generalized. It is not always the fight between the cartels. There is a larger question of violence going on in Mexico.

Yes, intelligence is often wrongly used, and it is often wrongly used within the administration. It is one of the frustrations of the people who are trying to do the right thing in the Mexican Government that sometimes when they share it with their colleagues they find that it——

Mr. ROHRABACHER. Or actually when we get directed, for example, some genius just took the—I guess the advice that they could ship 2,000 AK–47s and sniper rifles to the drug cartels and that that would be a good way that we could see who really is benefiting from the arms trade.

Mr. SELEE. Chairman, if I could say, I think the evidence is when you talk to people in U.S. law enforcement agencies that they feel

that there has been increasingly channels that are trustworthy most of the time that have been successful at getting some of the people they want to target.

Mr. ROHRABACHER. Okay.

Mr. SELEE. It is far from fail safe. It is far from perfect. My favorite comment came from frontline cops in San Diego. Actually we talked to them about their relationship with some of the police in Tijuana, and they said, look, our evidence is that more often than not when we give them evidence now, the right thing happens. Not all the time, but more often than not.

Mr. ROHRABACHER. Okay. I got the answer.

Let me just note whatever problems we are talking about, this is not a partisan issue. It is not a partisan issue at all, and let me know perhaps what I believe is one of the worst undermining of our efforts to control our borders happened under the last administration when Ramos and Compean, two Border Patrol agents, were arrested and put through hell for stopping a Mexican drug dealer from coming across the border.

And I guess I will ask this question, but obviously, it is to be taken as not necessarily as a serious point, and that is, I take it that you agree with me that when we arrested Ramos and Compean, the two Border Patrol agents, who had clean records I might add, perfectly clean records, thrown them into prison for stopping this drug mule, whatever he was, carrying the drugs across the border, that this was not taken as an act of sincerity that endeared us to the drug cartel leaders.

I take it that you would agree with me that they didn't take it as sincere or they weren't—and they also weren't impressed with our courageous dedication to the rule of law by arresting Ramos and Campion. And you might agree with me that the drug cartels that we are talking about today looked at the arrest of Ramos and Campion as a sign of weakness and a lack of resolve on the part of our Government. So this is not a partisan issue. This is an issue where Republicans and Democrats have equally made stupid decisions. And now it is up to us to try to work together to put it right. And we will be getting down to the actual international connections that are making this task even more difficult.

Mr. MACK. Thank you, Mr. Rohrabacher. And I now recognize Mr. Payne for 5 minutes. Welcome. Good to see you.

Mr. PAYNE. Great. Good to see you. I hope you had a nice summer.

Mr. MACK. Yeah, pretty good.

Mr. PAYNE. Good to see the great panel. Of course, Dr. Selee, it is good to see you again. And you know I served on the committee in Geneva also. It was a great experience. And it is good to see you.

I just have a question—three quick questions if I can get them out. One is the 25th of August, the New York Times had an article, "U.S. Widens Role in Mexican Fight," which went on, of course, to say that the administration has expanded its role in Mexico's fight in organized crime by allowing the Mexican police to stage crossborder drug raids from inside the United States.

And I just want to question—have any of those raids happened? And is there any kind of conflict in U.S. law that concerns constitutionality? Does anybody want to take a shot at that?

Mr. SHIFFMAN. Sir, I don't know the specifics, Mr. Payne. But maybe getting back to Chairman Rohrabacher's comments as well as yours, there is—in local levels again, there is great cooperation in an operational level between the U.S. and Mexican side. There are often local commanders that operate very well together. So I am sure great things are happening. Mexican officials, of course, have no authority inside of United States' borders. It would just be an information liaison-type role. The same thing with U.S. officials inside of Mexico.

Mr. PAYNE. Well, they went to say it was giving the Mexican police the right to stage crossborder drug raids. I need to maybe take a look at that a little bit more. It was the August 25th New York Times. You might want to check that out because it kind of stunned me a little bit also.

Quickly, could you tell me how we measure the success, any one of you, of the program? It certainly can't be by the number of deaths, because that would mean we are failing. So how is it that these billions of dollars that we are allocating are—or when are we winning? I mean, anybody know how we can call success? Maybe quitting it out.

Mr. SELEE. I think you have to use two—if I can, Mr. Chairman, I think you have to use two sets of measures. I mean, one is I would look at violence because I think violence matters. That is what matters in people's daily lives. I think I would look also at whether the cartels are splintering, because we have said that is part of the objective. I mean, are they fragmenting? Some of the violence is because they are fragmenting. Maybe we are winning on that front but losing on the violence front. Maybe we have to readjust there, but we want both of those. We want to fragment them but we also want to see violence drop in people's lives.

And then I think we need to look at rule of law because the larger question is they are not police, they are not prosecutors, and they are not courts that make it dangerous for armed criminals to operate with impunity. So we need to actually measure with our colleagues in Mexico, with our partners in Mexico, what is developing with the police, what can we measure, the Federal and State police? What has improved? What has improved in terms of prosecutions? Are prosecutions more successful than they were in the past? Are they moving forward on changing their court system, as they said they had, to a more transparent system? And are people actually being judged correctly in the court system? I think we need those measures.

Ms. STARR. If I might just add quickly, I think we also have to measure based on what the Mexican Government has said its objectives are. And its objective from the very beginning has been to break down large organized crime syndicates that threaten the national security of Mexico into small armed gangs that can be managed locally and at State level with police. They have done that extremely well. Unfortunately, much of the violence is a consequence of having done that extremely well.

And so we need to take the next step, which Dr. Selee is pointing out, that we need to build up the policing and law enforcement capacity to deal with this new kind of problem.

Mr. BUNKER. I think we have another issue when we look at the level of violence. You could have a plaza, a city or a region that has very low levels of violence. Well, basically one of the cartels now dominates that area. So the absence of violence can also be a bad thing as far as political control of an area.

Mr. PAYNE. Okay. Thank you. I am able to get my final question in. I don't know how long casino gambling has been in Mexico. Can anybody tell me? Five years, one year? Is it relatively new? Do you know? Organized crime loves casino gambling, they tell me. And do you think that this—well, it is done now. But money laundering—I mean, I can see all kinds of negative things happening through the casinos. What do you think? Quickly, because I only have 10 seconds left.

Mr. SELEE. It can't be a good thing. It certainly creates one more area where money can disappear.

Mr. BUNKER. The cartels also make money through extortion. You basically pay our tax or we are going to burn your place down. That happens in a lot of areas in Mexico now too. So you should look into that issue maybe.

Ms. STARR. I just want to say the cartels are also very effective at laundering their money through legitimate businesses such as construction, so they really don't need the casinos to do it.

Mr. MACK. Thank you very much. And, Mr. Payne, thank you for your questions. If I can add real quick, that is—I think your question about what are the objectives, how do we know, that is very much a part of the question that we are trying to get at today, is, you know—I don't know that there is a clear understanding of what the objectives are, but certainly defining the problem, whether it is just a drug cartel-type problem or if this is an insurgency is what we are trying to get at, so we can work and come up with some proposal on how to define the objectives so we can have success. So thank you for that.

Mr. McCaul is recognized for 5 minutes.

Mr. MCCAUL. Thank you, Mr. Chairman.

Dr. Shiffman, you said the direct cartels are a threat to the Government of Mexico. I agree with you.

Dr. Bunker, you said that—you made a very bold statement that the drug cartels are the number one greatest threat to the security of the United States, surpassing al Qaeda. I happen to agree with you as well on that. Political assassinations, extortion, kidnappings, terrorizing the Mexican people.

Recently President Calderon, after the casino—50 killed in the casino—said we are facing true terrorists who have surpassed not only the limits of the law but basic common sense and respect for life. And I would like to read from you as the United States Code out of Federal law, Black Law's definition of terrorism: "An act of terrorism means an activity that involves a violent act or an act dangerous to human life that is a violation of the criminal laws of the United States or of any State or that would be a criminal violation if committed within the jurisdiction of the United States or of any State"—this is where it is important—"and it appears to be intended to intimidate or coerce a civilian population, to influence the policy of a government by intimidation or coercion, or to affect the conduct of a government by assassination or kidnapping."

Would all of you agree that the drug cartels fall squarely within this definition of terrorists? Dr. Shiffman.

Mr. SHIFFMAN. Sir, thank you. And thank you for all of your leadership on this issue through the years. The definition of terrorism is an act often including civilians for some sort of political goal. Insurgents do take part in terrorist acts, and absolutely it fits the definition.

Mr. MCCAUL. Thank you. Dr. Selee.

Mr. SELEE. I think it is a slippery slope. I mean, I am not sure these are organizations involved in political acts. I think this is primarily about the money, as Dr. Shiffman's paper says actually. And this is primarily about the money. I think we get into a slippery slope when we start to confuse them with terrorists. There certainly are acts that are very similar, like the casino fire, to what terrorists do. But there are also acts in this country that are truly terrible that we wouldn't necessarily qualify as terrorism, right?

Mr. MCCAUL. I think the tactics of decapitating people and burning people alive and shooting school buses is certainly——

Mr. SELEE. It is terrible and at the same time it is a slippery slope. I mean, this is not a clear political message or political intent in most cases.

Mr. MCCAUL. Dr. Bunker.

Mr. BUNKER. They engage in terrorist acts, they engage in insurgent acts. You are also getting accidental insurgents where they are taking over political control of a city just because they have basically gotten to the point where no one is watching what they are doing, so now we have to, like, run this place. The other issue, too, is—I will just let it go.

Mr. MCCAUL. And Dr. Starr.

Ms. STARR. I am going to obfuscate a little bit. I think it is much more important to understand what is happening in Mexico than to label it. Because when we label it, we have the tendency of comparing it with other things that have similar labels. My concern about calling what is going on in Mexico either as terrorism or insurgency or something like that is then we equate Mexico with something like Afghanistan or Pakistan, and they are not equal in any way, shape or form. In Afghanistan, in Pakistan, you have terrorists, you have insurgents, whose objective it is to overthrow the sitting government. That is not the objective of organized crime syndicates in Mexico. They are organized crime. They want to make money.

Mr. MCCAUL. Well, I agree with President Calderon. He called them terrorists. And, Dr. Bunker, it is the number one greatest threat to our national security.

I introduced a bill to designate them as foreign terrorist organizations which would give us—as a Federal prosecutor, it gives us greater tools to go after them, including freezing these bank assets, which, Dr. Selee, I thought you gave excellent testimony about the role of the banks and the laundering of money. How complicit are the banks in Mexico with the drug cartels?

Mr. SELEE. I don't think we know that answer, actually. I mean, I think it is something we need to know and it is something that we need to put resources into. We put resources in—our Treasury Department is very good at this, into figuring out—and Mexico

needs to put some more resources into this as well. I mean, we are both falling down on the job on this.

Mr. MCCAUL. I have got limited time. But, Mr. Chairman, the idea of Treasury doing an audit would be certainly helpful to see how complicit they are because they are making money off this whole thing. There is no question in my mind.

Last point. I got to go down with the chairman to Colombia, joint intelligence/military operation. It worked very effectively over time. We need—in the post-Merida—as we talk about post-Merida, we need something like that I think in Mexico. It is a regional concern.

Guatemala, as we were down there, 25 farmers got their—were decapitated by the Zetas. And that is truly a failed State in Guatemala. And the one point take-away I got from that trip and I will—is in meeting with President Santos. Colombian Special Forces are very well trained. He was willing to help Mexico with these Special Forces. When we met President Calderon, they are shifting from the national police to take over the military's operation, which I think is a right direction for Mexico and they have trained a lot of police officers. But in the short term, it seems to me that we ought to be using some of the Colombian Special Forces to work side by side with the Mexican Special Forces. They clearly would blend in from a cultural standpoint, language standpoint, far better than, say, the gringo from the United States.

And so I hope—when we mentioned that to President Calderon, he had shown an interest. And the chairman and I mentioned this to the Secretary of State as well. And with that, I yield back.

Mr. MACK. Thank you, Mr. McCaul. I would now like to recognize Mr. Rivera for 5 minutes for questions.

Mr. RIVERA. Thank you very much, Mr. Chairman. Thanks to all of you for being here.

Dr. Selee, I would like to inquire a little bit about the international support for some of these transnational criminal organizations in Mexico. You mentioned earlier and it struck my attention, Chapo Guzman. Who is that?

Mr. SELEE. The head of the Sinaloa cartel.

Mr. RIVERA. The head of what?

Mr. SELEE. The Sinaloa cartel, the largest crime organization in Mexico.

Mr. RIVERA. And where is he?

Mr. SELEE. Oh, that is a good question. I am not privy to that information.

Mr. RIVERA. Is there any speculation as to if he is in Mexico, outside of Mexico?

Mr. SELEE. He is largely believed to be inside of Mexico. I think if you talk to people in the Intelligence Community, they would say he is in Mexico.

Mr. RIVERA. Inside Mexico. Okay. Would it surprise you if you were to ever receive information that he was receiving safe harbor from countries outside of Mexico?

Mr. SELEE. That is certainly possible. It certainly happened in the history of organized crime.

Mr. RIVERA. In your prepared remarks, you mentioned the existence of transnational criminal organizations in the United States

and the need to map their movement as a way to track or stop their transactions. Can you expand a little bit on this?

Mr. SELEE. We have very good operational intelligence. We have excellent—our law enforcement entities, both at a State and local level, but also DEA, FBI, ICE, CBP and others, do a fantastic job of getting operational intelligence, finding where people are, picking them up, figuring out where a network in Houston is, for example. We don't do as good a job because we don't do intelligence as much in the United States. We have barriers between our Intelligence Community and our law enforcement community in trying to do the mapping.

So in terms of the Zetas, for example, who we have named a transnational criminal organization recently, you know, knowing what happens to the Zetas when they come into the United States—who they are working with, who are their business partners, where do they operate, who their cells are operating in the United States, who do they hand off to, which gangs they are working with—we have fragments of this information because our law enforcement agencies pick up fragments of this, but we don't have a central depository of all of the information that says this is how they operate, this is where their money goes. There is no one who is a specialist on the Zetas in the U.S. Government. There are a lot of people who are specialists on pieces of the Zetas, but it is hard to know where the mapping is.

Mr. RIVERA. Does the United States Government issue any types of rewards or bounties for any of these cartel heads like Chapo Guzman? Anyone. Whoever might have information.

Mr. SELEE. I am not aware of it, but certainly some of them are on the 10 Most Wanted. And we do actively go after some of them in partnership with Mexico. And Mexico has issued bounties.

Mr. RIVERA. Is Chapo Guzman on the Most Wanted?

Mr. SELEE. I believe he is, actually. I don't know if he is in the top ten, but I believe he is, actually.

Mr. RIVERA. On the FBI Most Wanted?

Mr. SELEE. I believe he is. I could be wrong about that, though. So, I mean, I should check that before—do you know the answer to that?

Mr. BUNKER. Just a statement I wanted to make was, a few years ago you could be a bona fide member of the Zetas, have your brand on your breast, have your santa muerte tattoo, and you could be walking around and you basically were free to do whatever you want. It is amazing.

Mr. RIVERA. Any information on what we can do about going after—or what the Treasury Department can do about going after some of this drug trafficking financing?

Mr. SELEE. You have to really—do you want to——

Mr. RIVERA. Dr. Shiffman.

Mr. SHIFFMAN. Congressman, thank you. The thing about running a business, an illicit business, just like any other, is if you are successful, you end up with a lot of money. Now, you have to do something with it. And if you have ever, you know, seen large bulk cash, it actually takes up a lot of space. It is very heavy. It is a very difficult thing to deal with. So you have to use banks, you have to use—you have to use illicit movement of money. But at

some point, the illicit money transfer organizations have to deal with banks. That is how you find them. It is a very complex task to do, but that is how you do it. Because if you are making a lot of money, you have got to do something with your money.

Mr. SELEE. You almost have to work in—if I can, Congressman—in two ways. I mean, one is—Dr. Shiffman says you have to work in the banking system. And we have done some things. I mean, Treasury has gone after Wachovia Bank, for example, which did not have sufficient controls on money laundering, never a very high fine on them, so figuring out how this money is getting into the U.S. financial system.

And secondly, some of it still does go back in bulk cash because there is a border, there is a 2,000-mile border. The same people that bring drugs can bring money and guns back. So also ICE, FBI, local law enforcement, CBP, figuring out how this money is packaged.

And if I can say something controversial. I mean, the best place to do border enforcement is actually far away from the border. Once things get to the border, they are mostly hidden. So if we can do border enforcement in Houston before money gets to El Paso, or try and catch drugs in Tamaulipas but before it gets to Tampico, before it gets to Matamoros, that is by far the best way. Which is not to say you don't do border enforcement, CBP does a great job of that, but most of the stuff is hidden by the time you get to the border. We need to find cash in the safe houses, drugs in the safe houses, and leadership and organizations.

Mr. RIVERA. Thank you, Mr. Chairman.

Mr. MACK. Thank you, Mr. Rivera. And Mr. Poe is now recognized for 5 minutes for questions.

Mr. POE. Thank you, Mr. Chairman. Thank you for being here, all of you, all four doctors. The rest of us could be lawyers. That is an interesting combination. But be that as it may, a few questions.

Mr. McCaul talked about the drug cartels being labeled as foreign terrorist organizations. I agree with that philosophy based on the current status of the law. The failed State issue that you all addressed. Today, which direction is Mexico headed, more to the failed State or getting it together? Just a quick opinion. Okay, Dr. Bunker?

Mr. BUNKER. I think there is another avenue and that is criminalized State.

Mr. POE. What is that?

Mr. BUNKER. That would be a State where the criminals are pulling a lot of the strings in the background politically. And you are seeing parts of Mexico that have basically lost—the cities are gone in that country. So it doesn't have to fail. It could become something else.

Mr. POE. It is a political environment that is controlled by the drug cartels in certain areas. Is that a fair statement? In what areas?

Mr. BUNKER. In some of your northern controlled areas with the Zetas and Gulf Cartel and some of your—probably your southern areas is relatively quiet. You have got some areas in Sinaloa and Michoacana also where you have issues.

Mr. SELEE. I throw out another distinction, too, which is think the cartels are actually less powerful than they were 5 years ago when the Mexican Government got serious about this. The big cartels—I mean, these were six or seven big groups. What you have now is lots of small groups that are operating, lots of people who call themselves Zetas, that may or may not be, which has increased criminality.

So it is actually not an either/or. What you have is lots of places—probably there is less control by these six or seven groups that once controlled large swaths of territory, but there are lots of freelancers running around controlling, you know, and trying to infiltrate the government.

Mr. POE. What do you think about that, Dr. Shiffman? Drug cartels, powerful, headed to a failed State—what do you want to call the type of government Mexico is heading to with the massive amount of drug influence?

Mr. SHIFFMAN. Things are headed in the wrong direction in a broad stroke, but you don't need to want to take over Mexico City and run the whole government in order for it to be an insurgency. All you need to do is be able to have a base of operations in which you want to run and grow your business. And it is becoming increasingly easy for the cartels to do that in Mexico. And that is what we need to be concerned about.

Mr. POE. So they do have political influence in certain areas?

Mr. SHIFFMAN. Absolutely.

Mr. POE. This national security issue for Mexico, would you all four agree that it is national security—is the issue in Mexico a national security issue for the United States? Without a nod, why don't you say yes or no. Just go down the list.

Mr. SHIFFMAN. Yes on both.

Mr. SELEE. Yes.

Mr. POE. Is that a yes, Dr. Starr?

Ms. STARR. That is a yes.

Mr. POE. Is part of the problem the fact that the border is open in both directions, not just one direction? The fact that, you know, people and money can move north and guns and money—or people and drugs come north, money and guns go south. I mean, it seems to be open in both directions. Is that part of something that we have to figure out here, that the border is open in both directions?

Mr. SELEE. Yes, although it is less a problem with the border than it is of the areas away from the border. I mean, most of what is passing through is passing through legal checkpoints. This is not a question——

Mr. POE. Ports of entry?

Mr. SELEE. Ports of entry, right. Things—the high value drugs are passing through ports of entry. Not exclusively, but a lot of them are.

Mr. POE. But that is on the border. Ports of entry are on the border.

Mr. SELEE. It is hard to seal those things. I mean, what you need to do is actually stop things before they get to the border, where it is a lot easier to get done. We continue to increase the—I think we should be very vigilant on the border. And I think it is good we have started doing southbound inspections. I mean, these are all

good things. But we are only going to solve this by actually getting at the points away from the border where things are bundled and put together. And that is strategic intelligence, the kind of things that Dr. Shiffman was working on at CBP.

Mr. POE. I will try to get to a few more questions in the last minute. The drug cartels that operate primarily in Mexico—I know they operate in other places, but they also have operations in the United States. They don't stop at the border and all of a sudden turn that over to somebody else. I mean, the Zetas work in Mexico and then they have operatives in the United States that help them get rid of their drugs and then get the money and the guns and go back south. Is that not true, Dr. Shiffman, or not?

Mr. SHIFFMAN. It is true. And their cartels go down into Central America, Colombia, and other places as well. So Mexico is both a source of drugs but also, more significantly perhaps, a transshipment point. And that is where they are making their money.

Mr. POE. All right. And the last question that I have. Mexico has a drug problem among its population as well. President Calderon talks about how bad it is in the United States. But they have an internal problem with the abuse of drugs as well; is that true? That is my last question to all four of you. Just a yes or no is all we have got time for.

Mr. BUNKER. It is increasing.

Ms. STARR. Yes.

Mr. POE. Dr. Starr?

Mr. SELEE. And one of the things is reality is this consumption of—local distribution in Mexico, like kidnapping and extortion, is probably disproportionate to the amount of the violence as well.

Mr. SHIFFMAN. [Nonverbal response.]

Mr. POE. All right, Dr. Shiffman, thank you. That was a yes. Thank you, Mr. Chairman.

Mr. MACK. Thank you, Mr. Poe. And I want to thank the witnesses. I want to thank the members who showed up. And I would like to, if you don't mind—we don't typically do this, but I am going to allow Mr. Rohrabacher and myself an opportunity to make some closing statements. So, Mr. Rohrabacher, you are recognized.

Mr. ROHRABACHER. What happens in Mexico is of vital interest to the people of the United States and it will be pivotal as to whether or not we are successful here as a country as well. I grew up in the southwest part of the United States. I am a Californian, very proud of the Mexican-American heritage of California. And all of us who came from that part of the world or part of our country know that God made us neighbors with the Mexican people. They are our neighbors and we always said that God made us neighbors. But it is up to us whether or not we are going to be friends or not. And there is a great sense of loss right now in Southern California—I can't speak for Arizona or Texas or New Mexico—but there is a great sense of loss that we have lost a friend and we are losing friends in Mexico. I mean, I lived with a Mexican family for 3 months when I was in high school down in Guadalajara. And I have spent I cannot tell you how many days and weeks of my life—everybody knows I am a surfer—down the coastline of Baja, California, and in the cantinas at night, et cetera. And I had many,

many good friends. In fact, every time I would go there to Mexico, I would meet new friends because they are such wonderful people.

And now the new generation of Americans in Southern California are not having that same experience. Our young people aren't going there to live with a Mexican family. Our young people aren't going down and enjoying camaraderie. I remember I spent about 2 or 3 days on a beach with a group of Mexican teenagers, guys, all guys my age, playing the guitar and drinking mescal—pretty heavy-duty stuff. I mean, those things aren't happening anymore and it is a very, very sad thing.

I think that that relationship between Mexico and the United States was a treasure, and we should not let it go easily. We should try to recapture it, work with the good people, our friends in Mexico, to help drive out the evil forces that are taking that country and those people away from us as friends and family. So, anything we can do.

One last thought. I know I—our country didn't have—drugs weren't illegal in our country until this century, until, what, 1910 or something like that. These drugs were legal in our country. And when they made booze illegal in our country, we found out you couldn't do that and there were repercussions if you have a group of people consuming something that is illegal, and then all of a sudden you build up organized crime. We did that in the United States. Mr. Al Capone and the organized crime was first really developed in the United States. It was during Prohibition.

Well, now we have large groups of Americans who are using these groups, and the side impact of that is the building up of, what, of organized crime unfortunately. In Mexico. And we need to do something about it.

I cannot tell you what the—there is no easy answer, but we should be committed to that. And I will tell you that I am looking forward to working with Chairman Mack, who has again demonstrated his willingness and courage to take on some very serious issues.

So thank you to the witnesses. I appreciate it. We will have more joint hearings on the situation in Mexico, especially the international elements that are at play in Mexico that need to be dealt with. Thank you very much.

Mr. MACK. Thank you, Chairman Rohrabacher. It is always a pleasure to work with you, and I learn something new about you at every hearing.

A couple of things, if I could. First of all, I wanted to just quickly mention—and unfortunately my good friend, Mr. Engel, is not here. But we keep hearing this number, this 90 percent of the guns are coming from the United States. That is just false. When we had a hearing not too long—well, it might have been a year or 2 or something like that ago. And the person who did this report admitted that it was 90 percent of the guns that they could trace, and it was only the U.S. guns that they could trace. I think the issues that we need to deal with in Mexico, we need to not let this continue to be part of the equation because it is just not—it is just not true.

A couple of things. We talked a lot about the criminal activity of the cartels and whether or not Merida has been successful in kind of dismantling or breaking them apart into smaller organizations.

But some of the things that we know are true is that these—this criminal insurgency is doing more than just the drug trafficking and violence. They are putting on fairs for kids, trying to win the hearts and minds of the people to subvert the political and the governmental will in Mexico. There are areas—if you will look up on the screen, there is the banner there that is supported by a drug cartel, and they have got hotdogs and they have got food and drinks and clowns and everything else. They are offering health care and better pay. This is an activity that is not being done out of the goodness of their heart. This is an activity to try to subvert the governmental and political will in Mexico. So that is an activity I think that is certainly worth pointing to.

This definition to me is important because if we continue to look at the problem as just a drug trafficking problem, we have missed the opportunity to really try to solve the problem. What we have seen is that—I believe that Merida, when introduced, was a very good plan to try to combat what was happening in Mexico and in developing that partnership and relationship with the Government of Mexico. Unfortunately, I think the delivery of it has been so slow, without clear targets and a clear understanding of the objectives or changing objectives, not being able to keep up with the changing influence of the insurgency that we now see, that we need to readdress what it is that we want to accomplish.

And I am of the opinion that Merida, the initial plan of Merida, it has evolved to a point where we need to have a completely different way of looking about how to solve the problem and engage with Mexico.

I am going to put into the record a few documents that highlight what I think is clearly a definition of criminal insurgency acts by the cartels and these groups in Mexico that substantiate and help define criminal insurgency with their actions.

And we appreciate the testimony of all of you. We do plan on in this committee taking your testimony, the ideas, the members on the committee, on the two committees, hopefully the full committee, and trying to put forward a plan that identifies the problem and comes up with solutions to solve the problem that we have identified.

So with that, the meeting is adjourned and I want to thank all of the witnesses once again for being here.

[Whereupon, at 4:08 p.m., the subcommittees were adjourned.]

APPENDIX

Material Submitted for the Hearing Record

JOINT SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Connie Mack (R-FL), Chairman
Subcommittee on the Western Hemisphere

Dana Rohrabacher (R-CA), Chairman
Subcommittee on Oversight and Investigations

September 13, 2011

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov)**:

DATE: Tuesday, September 13, 2011

TIME: 2:00 p.m.

SUBJECT: Has Mérida Evolved? Part One: The Evolution of Drug Cartels and the Threat to Mexico's Governance

WITNESSES:

Gary M. Shiffman, Ph.D.
Adjunct Professor
Center for Peace and Security Studies
Georgetown University

Andrew Selee, Ph.D.
Director, Mexico Institute
Woodrow Wilson Center for International Scholars

Robert J. Bunker, Ph.D.
Senior Fellow
Small Wars Journal El Centro

Pamela Starr, Ph.D.
Associate Professor in Public Diplomacy
and the School of International Relations
Director of the U.S.-Mexico Network
University of Southern California

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *the Western Hemisphere* HEARING

Day *Tuesday* **Date** *September 13, 2011* **Room** *2172*

Starting Time *2:36 p.m.* **Ending Time** *4:08 p.m.*

Recesses [ ] (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Connie Mack

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Has Mérida Evolved? Part One: The Evolution of Drug Cartels and the Threat to Mexico's Governance

SUBCOMMITTEE MEMBERS PRESENT:

Connie Mack, Michael T. McCaul, David Rivera, Eliot L. Engel, Donald M. Payne

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

Dana Rohrabacher, Ted Poe, Russ Carnahan, Karen Bass

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Connie Mack: Opening Statement, Criminal Insurgency Documents
Dana Rohrabacher

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *4:08 p.m.*

Subcommittee Staff Director

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Oversight and Investigations* HEARING

Day *Tuesday* **Date** *September 13, 2011* **Room** *2172*

Starting Time *2:36 p.m.* **Ending Time** *4:08 p.m.*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Connie Mack

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Has Mérida Evolved? Part One: The Evolution of Drug Cartels and the Threat to Mexico's Governance

SUBCOMMITTEE MEMBERS PRESENT:

Dana Rohrabacher, Ted Poe, Russ Carnahan, Karen Bass

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

Connie Mack, Michael T. McCaul, David Rivera, Eliot L. Engel, Donald M. Payne

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Dana Rohrabacher: Opening Statement
Connie Mack: Opening Statement, Criminal Insurgency Documents

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *4:08 p.m.*

Subcommittee Staff Director

Committee Members (Updated 1/25/2011)

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- ☑ Bass, Karen
- ☐ Berman, Howard L.
- ☐ Bilirakis, Gus
- ☐ Buerkle, Ann Marie
- ☐ Burton, Dan
- ☐ Cardoza, Dennis
- ☑ Carnahan, Russ
- ☐ Chabot, Steve
- ☐ Chandler, Ben
- ☐ Cicilline, David
- ☐ Connolly, Gerald E.
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- ☑ Engel, Eliot L.
- ☐ Faleomavaega, Eni F. H.
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- ☐ Johnson, Bill
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- ☐ Manzullo, Donald A
- ☐ Marino, Tom
- ☑ McCaul, Michael T.
- ☐ Meeks, Gregory W.
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- ☐ Royce, Edward R.
- ☐ Schmidt, Jean
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- ☐ Sherman, Brad
- ☐ Sires, Albio
- ☐ Smith, Christopher H.
- ☐ Wilson, Frederica
- ☐ Wilson, Joe

Opening Statement
Chairman Connie Mack
Western Hemisphere Subcommittee
"Has Mérida Evolved? Part One: The Evolution of Drug Cartels and the Threat to Mexico's Governance"
September 13, 2011

Today's hearing will address the evolution of illegal activity in Mexico to determine if taxpayer funded programs have evolved accordingly. The reality is clear and while Mexico doesn't want to admit this; there is an insurgency taking place in Mexico along the U.S. border.

Since 2006, Mexican drug cartels have evolved into resilient and diversified trans-national criminal organizations. The drug cartels have splintered into subgroups and expanded operations into human smuggling, kidnapping, extortion, weapons smuggling, and stealing resources such as oil. The result: A well funded criminal insurgency raging along our southern border, threatening the lives of U.S. citizens and harming the U.S. economy by undermining legal business.

The insurgent activities utilized by the cartels are aimed at undermining the government, protecting their illegal activity, and wining the support of the people. For example, one cartel has provided economic and social services in Mexico, and crossing over into Central America, where they build roads and provide housing, food, clothes and toys to lower income residents in return for their loyalty. Where they are unable to win the hearts and minds, these criminal organizations use extreme violence to instill fear in the population and to undermine the Mexican government's ability to control its territory. The violent display of over 40,000 deaths since 2007 is but one example. It is time that our determination to eradicate the cartels matches the cartels' determination to undermine the freedom, security and prosperity of the United States, Mexico and the entire hemisphere.

The United States has an important national security role to play in this fight as a result of our proximity to, and consumption of, the trafficked drugs; however, President Calderon's effort to place all blame on the United States is incorrect and counterproductive. The U.S. and Mexico must work together in a joint effort to stop illegal activity across our shared border while supporting trade and efficiency in the transfer of legal goods. We must stop the drugs and criminals or terrorists coming north, and the money and guns traveling south. Addressing the illegal gun trade is something President Calderon has specifically asked us to jointly address; little did we know that a U.S. Department of Justice funded program- Fast and Furious- was sending the guns into Mexico.

This was an appalling, immoral act, and while we investigate and hold the Administration accountable for implementing and hiding a dangerous and illegal program, we need to design a new, productive way forward. And this productive way forward is not the Merida Initiative.

The State Department's Mérida Initiative, originally a three year 1.5 billion dollar counterdrug plan with Mexico, has seen chronic delays and implementation challenges. The Obama Administration's - Beyond Mérida- has failed to set target dates, tangible goals or strategic

guidance to ensure the successful use of these funds. Showing up to a burning house, late, with a half assembled hose is a waste of time and tax payer dollars.

Meanwhile, the Mexican drug cartels continue to work in a coordinated strategy to undermine the Mexican state through insurgent activities that include violence, corruption, propaganda, asset control and social and community programs.

The current U.S. policy with Mexico does not seriously address the national security challenge we face.

It is time that we recognize the need for a counterinsurgency strategy that can combat the evolution and resilience of Mexico's transnational criminal organizations. The United States should support a targeted yet comprehensive strategy that works with Mexico to secure one key population center at a time in order to build and support vital infrastructure and social development for lasting results.

The counter insurgency measures must include:

- An all US agency plan, including the Treasury Department, DEA, CIA, ICE, the State Department, to aggressively attack and dismantle the criminal networks in the U.S. and Mexico.
- Doubling border patrol agents- fully funding needed border protection equipment such as additional unmanned aerial vehicles and the completion of double layered security fencing in urban, hard to enforce areas of the border.
- Teaching the culture of lawfulness program to ensure local populations support the government, and rule of law, over the cartels.

I look forward to hearing the expert testimony on this topic.

PREPARED STATEMENT OF THE HONORABLE DANA ROHRABACHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

OPENING STATEMENT: MERIDA INITIATIVE HEARING, SEPT. 13, 2011

All of our witnesses today are outside experts who have experience working with and studying the Merida Initiative. I am interested in hearing their evaluations of where we are in this program.

Obviously, our southern border poses a serious threat to the well-being of the American people. It is a growing threat. Yet, we have conflicting interests as to what new policies should be put into place.

Business interests are unwilling to suffer delays at the border to allow adequate inspections and safeguards against smuggling at official ports of entry; and some business interests see the uncontrollable flow of illegal immigrants as a positive. The Merida Initiative, for example, seems silent about the large parts of the border lacking adequate barriers and patrols.

On the other side, Mexican interests, commercial, governmental and criminal, seem united in their efforts to keep the border open at all points. The U.S. ran a $66.4 billion trade deficit with Mexico last year which means the outsourcing of production is almost back to where it was before the Great Recession even though American production and jobs are not. The Mexican government and those commercial interests who benefit from this imbalance want it to continue.

Mexico also gains over $20 billion a year in remittances sent home by people working in the U.S., many of who are illegal immigrants. Mexico has no incentive, and has shown little cooperation, in helping to close the border to illegal immigration even though the joint statement from the April joint U.S.-Mexico Merida conference talked of "shared responsibility for a common border."

Then there is the question of criminal operations dealing in drugs, weapons and laundered money. The Merida Initiative is meant to help Mexico build up its police and judiciary, but it is the open border that provides the cartels with the money they use to subvert the police and the courts, and to fund an insurgency that threatens to make Mexico a failed state.

How much cooperation between Mexican and American law enforcement organizations is truly evident after a billion dollars has been spent on the Merida program since 2008 to promote such cooperation?

I am interested in hearing from our witnesses what balance they think is appropriate in border policy. Is there any real commitment on the part of Mexico to close the border to illegal activity? And does the Merida Initiative do enough to move Mexico in the direction of border security?

QUESTIONS

1. We seem to be engaged in nation building in Mexico as part of a counter-insurgency campaign; a smaller version of Afghanistan in principle, but with far less money for a fight far closer to our own homeland. We are trying to build communities, establish the rule of law, and advance economic development. Even USAID is involved.

   Some of what we are doing sounds more like "feel good" gestures, like funding drug rehabilitation centers. Are we trying to do too many things with too little money spread too thinly? What should our priorities be to make the best use of what is being spent under Merida? Given our own domestic financial problems, can more money be justified for Merida, and if so, how should it be spent?

2. Under the Merida, The U.S. has provided scanners, X-ray machines, and other inspection equipment to Mexico to detect illicit goods at key land checkpoints and airports. Are these devices being used to screen shipments to the U.S. or only shipments into Mexico? In other words, is Mexico helping us keep the illegal traffic that is funding the insurgency out of the U.S.?

The Following Pictures Are Actions

By

Mexican Transnational Criminal Organizations (TCOs)

WARNING: THE FOLLOWING PICTURES ARE GRAPHIC

Guerrilla Warfare

Example of Mexican Federal Police Officers Attacked in Mexico

Terrorism

August 25, 2011 – TCO Gunmen killed 52 people and burned the Casino Royale in Monterrey, Mexico

Political Mobilization

Rodolfo Torre, a popular candidate for Governor in Tamaulipas was assassinated on June 28, 2010

TCOs fund political protests to increase pressure and awareness surrounding the "War on Drugs"

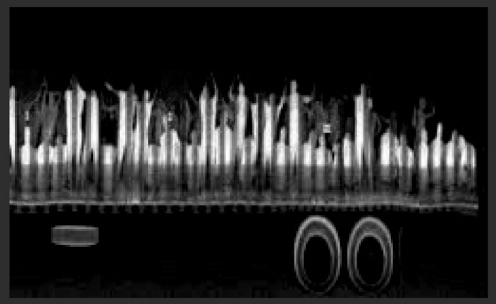
Propaganda and Recruitment

TCOs advertising employment with a variety of incentives including better pay and health care

TCOs sponsor a "Happy Children's Day" by providing food, drink, music and clowns

International Activity

Smuggling Illicit Contraband from Central America Into Mexico



Human Smuggling

Drug & Weapons Trafficking

Sex Trafficking

Transporting & Selling Stolen Oil

Murder, Intimidation, and Propaganda…

A Criminal Insurgency in Mexico

March 9, 2009

- **Gen. Barry McCaffrey**, former U.S. Drug Czar, suggested, Mexico "might well become a narco-state within a decade."

September 9, 2010

- **Secretary of State Clinton** said, "drug-related violence in Mexico increasingly has the hallmarks of an insurgency."

September 10, 2010

- **Ambassador Henry A. Crumpton** said that Mexico has a "narco-insurgency."

February 7, 2011

- **U.S. Army Undersecretary Joseph Westphal** said, "This isn't just about drugs and about illegal immigrants. This is about, potentially, a takeover of a government by individuals who are corrupt."