

# **From Drug Wars to Criminal Insurgency**

**Mexican Cartels, Criminal  
Enclaves and Criminal Insurgency  
in Mexico and Central America,  
and their Implications for Global  
Security.**

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VORTEX Working Papers No. 6.

From Drug Wars to Criminal Insurgency: Mexican Cartels, Criminal Enclaves and Criminal Insurgency in Mexico and Central America, and their Implications for Global Security.

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First edition, 2012.

Electronic Edition, Bogotá, Colombia.

**This Vortex Working Paper is based on a Presentation at the  
*Seminar on Netwars and Peacenets*, Institute of Global Studies,  
Maison des Sciences de l'Homme, Paris, 27-28, June 2011.**

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# Introduction

Mexico is currently embroiled in a protracted drug war. Mexican drug cartels and allied gangs (actually poly-crime organizations) are currently challenging states and sub-state polities (in Mexico, Guatemala, El Salvador and beyond) to capitalize on lucrative illicit global economic markets. In this presentation, I will argue that as a consequence of the exploitation of these global economic flows; the cartels are waging war on each other and state institutions to gain control of the illicit economy. Essentially, they are waging a 'criminal insurgency' against the current configuration of states. As such, they are becoming political, as well as economic actors.

This presentation examines the dynamics of this controversial proposition. The control of territorial space—ranging from 'failed communities' to 'failed regions'—will be examined. The presentation will examine the exploitation of weak governance and areas (known as 'lawless zones,' 'ungoverned spaces,' 'other governed spaces,' or 'zones of impunity') where state challengers have created parallel or dual sovereignty, or 'criminal enclaves' in a neo-feudal political arrangement. The use of instrumental violence, corruption, information operations (including attacks on journalists), street taxation, and provision of social goods in a utilitarian fashion will be discussed. Finally, the dynamics of the transition of cartels and gangs into 'accidental guerrillas' and 'social bandits' will be explored through the lens of 'third generation gang' theory and 'power-counter power' relationships. This presentation serves as a starting point for assessing the threat to security from transnational organized crime through lessons from the Mexican cartels. One key element of this security threat is the impact of transnational gangs and cartels on sovereignty where illicit networks to reconfigure

states. Such reconfiguration could include erosion of state capacity (or the exploitation of a state capacity gap), corrupting and co-opting state organs (government, the police, the judiciary) in all or part of the state –through the development of criminal enclaves –or at the extreme edge state failure. State reconfiguration is potentially a more common outcome than abject state capture or state failure.<sup>1</sup>

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<sup>1</sup> See Luis Jorge Garay-Salamanca, Eduardo Salcedo-Albarán, and Issac De León-Beltrán, *Illicit Networks Reconfiguring States: Social Newtwork Analysis of Colombian and Mexican Cases*, Bogotá: METODO, 2010.

# Transnational Organized Crime

The United Nations Office on Drugs and Crime (UNODC) released a report on global/transnational organized crime on 17 June 2010. In that report Antonio Maria Costa, Executive Director of the UNODC said "Transnational crime has become a threat to peace and development, even to the sovereignty of nations." The Report states that, since crime has gone global, national responses are inadequate: they displace the problem from one country to another. "Crime has internationalized faster than law enforcement and world governance," according to Mr. Costa. Essentially, TOC is a threat to the sovereignty of nations. "When states fail to deliver public services and security, criminals fill the vacuum." <sup>2</sup>

This situation leads us to a "time of anomalies and transitions" according to Juan Carlos Garzón. Complex criminal networks, through which different criminal factions relate to each other by "cooperating and competing for the control of illicit markets are impacting democratic environments and transforming themselves into a real force that could end up determining the destiny of institutions and communities." <sup>3</sup>

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<sup>2</sup> United Nations Office on Drugs and Crime [UNODC], "The Globalization of Crime: A Transnational Organized Crime Threat Assessment," June 2010.

<sup>3</sup> Juan Carlos Garzón, *Mafia & Co.: The Criminal Networks in Mexico, Brazil, and Colombia*, Woodrow Wilson International Center for Scholars, Latin American Program, 2008.

# Mexico's Drug War

Mexico's drug war has killed an estimated 40,000 persons since 2006 when President Calderón declared war on the cartels.<sup>4</sup> Mexico's drug wars are fertile ground for seeking an understanding of criminal insurgency. Mexico and the cross-border region that embraces the frontier between Mexico and the United States are embroiled in a series of interlocking criminal insurgencies.<sup>5</sup> These criminal insurgencies result from the battles for dominance of the 'plazas' or corridors for the lucrative transshipment of drugs into the United States. The cartels battle among themselves, the police and the military, enlisting the support of a variety of local and transnational gangs and criminal enterprises. Corrupt officials fuel the violence, communities are disrupted by a constant onslaught of violence, and alternative social structures emerge. Prison gangs—like Eme, the Mexican Mafia and Barrio Azteca—also play pivotal roles in the allocation of force and influence.

Not only are the Mexican cartel wars violent, they are increasingly brutal. New weaponry (narcotankes or improvised infantry fighting vehicles) are joining grenade attacks, beheadings, cartel information operations (including narcomensajes in the form of narcomatas, narcopintas, narcobloqueos, 'corpse-messaging'—or leaving a

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<sup>4</sup> The Mexican press speculates that between 38,000 to over 40,000 persons have been killed in the conflict since 2006. In January 2011 the Mexican government pegged the toll at 34,600. No official updates have been provided since. See "Mexico Debates Drug War Death Toll Figure Amid Government Silence," *Latin America News Dispatch*, 03 June 2011 at <http://latindispatch.com/2011/06/03/mexico-debates-drug-war-death-toll-figure-amid-government-silence/>.

<sup>5</sup> See John P. Sullivan and Adam Elkus, "Red Teaming Criminal Insurgency" and "State of Siege: Mexico's Criminal Insurgency." And John P. Sullivan, "Criminal Netwarriors in Mexico's Drug Wars," *GroupIntel*, 22 December 2008 at <http://www.groupintel.com/2008/12/22/criminal-netwarriors-in-mexico-s-drug-wars/>.



message on a mutilated corpse--to shape the operational space. Kidnappings (levantons), and attacks on journalists, mayors, police, and civil society in general punctuate the cartel battles among rivals and internal usurpers of power. Narcocultura in the form of alternate belief systems such as the cult of Santa Muerte and Jesus Malverde and reinforced by narcocorridos support the narco worldview. Mass graves (narcofosas) and social cleansing (mass targeted murders within cartel zones of influence), as well as reports of narco-gladiators punctuate the violence.<sup>6</sup>

Over half of all Mexico's municipalities are influenced by organized crime, with 60-65% of Mexican municipalities impacted by cartels, gangs and narco-trafficking groups. Drug cartels have reportedly infiltrated over 1,500 Mexican cities, and use them as the base for kidnappings, extortions, and vehicle thefts.<sup>7</sup> In addition, or perhaps as a consequence, 980 'zones of impunity' where criminal bands operate unchecked were reported in 2009. In these 980 'zones of impunity' or 'criminal enclaves,' organized crime has more control than the Mexican State. This contrasts with earlier assertions by the government that it has effective control over every part of Mexico.<sup>8</sup> In these zones we see evidence of co-opted state reconfiguration (CStR)

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<sup>6</sup> For a discussion of cartel information operations see John P. Sullivan, "Cartel Info Ops: Power and Counter Power in Mexico's drug War," *MountainRunner*, 15 November 2010 at [http://mountainrunner.us/2010/11/cartel\\_info\\_ops\\_power\\_and\\_counterpower\\_in\\_Mexico\\_drug\\_war.html](http://mountainrunner.us/2010/11/cartel_info_ops_power_and_counterpower_in_Mexico_drug_war.html). For a discussion of the power-counterpower dimensions of journalist attacks see John P. Sullivan, ""Attacks on Journalists and 'New Media' in Mexico's Drug War: A Power and Counter Power Assessment," *Small Wars Journal*, 09 April 2011 at <http://smallwarsjournal.com/blog/2011/04/attacks-on-journalists-and-new/>. On social banditry see John P. Sullivan, "Post-Modern Social Banditry: Criminal Violence or Criminal Insurgency?" Paper presented to *Drug Trafficking, Violence and Instability in Mexico, Colombia, and the Caribbean: Implications for US National Security*, University of Pittsburgh and Strategic Studies Institute, US Army War College, Pittsburgh, PA, 29 October 2009. On narcotanks see Gordon Housworth, "'Narco-tanks': Cartel Competition Elevates to Asymmetrical Weapons," *InSight*, 11 June 2011 at <http://insightcrime.org/insight-latest-news/item/1073-narco-tanks-cartel-competition-elevates-to-asymmetrical-weapons>. On narcocultura and social/environmental modification see 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 at <http://smallwarsjournal.com/blog/2011/05/societal-warfare-south-of-the/>. On narco-gladiators see Dane Schiller, "Narco gangster reveals the underworld," *Houston Chronicle*, 12 June 2011 at <http://www.chron.com/dispatch/story.mpl/metropolitan/7607122.html#ixzz1P60tyNZp>.

<sup>7</sup> MEXICO, OVER HALF OF ALL MUNICIPALITIES INFLUENCED BY ORGANIZED CRIME, Southern Pulse-Networked Intelligence, May 2009.

<sup>8</sup> MEXICO, 980 ZONES OF IMPUNITY ACROSS COUNTRY, Southern Pulse-Networked Intelligence, June 2009.

where the cartels and gangs use a range of actions to obtain social, economic, political, and cultural benefits outside the effective control of the state.<sup>9</sup>

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<sup>9</sup> See especially Luis Jorge Garay-Salamanca, and Eduardo Salcedo-Albarán, , “Illicit Networks Reconfiguring States: Social Network Analysis of Colombian and Mexican Cases,” Bogotá: METODO, 2010 and Luis Jorge Garay, Eduardo Salcedo-Albarán, and Issac De León-Beltrán, “From State Capture towards the Co-opted State Reconfiguration: An analytical synthesis, Bogotá: METODO, Working paper No. 61, June 2009.

Refugees and internally displaced persons (IDPs) are another consequence of the drug war. According to Reuters, "Just after Christmas, drug hit men rolled into the isolated village of Tierras Coloradas and burned it down, leaving more than 150 people, mostly children, homeless in the raw mountain winter." In Mexico's northern states of Durango, Chihuahua and Tamaulipas, cartels fighting for control of lucrative smuggling routes to the United States have threatened entire towns with ultimatums to flee or be killed. While no official numbers exist, the Geneva-based Internal Displacement Monitoring Center, or IDMC, estimates 115,000 people have been displaced by Mexico's drug violence.<sup>10</sup>

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<sup>10</sup> Mica Rosenberg, "Mexico's refugees: a hidden cost of the drugs war," Reuters, 17 February 2011.

# Central America: Guatemala, Honduras and El Salvador

Central America is subject to the same erosion of territorial control process seen in Mexico. According to Ivan Briscoe, former senior researcher at FRIDE (*Fundación para las Relaciones Internacionales y el Diálogo Exterior*) in Madrid, gangs (maras), transnational organized corruption, and their impact on the state have multiple manifestations. The security crisis in Guatemala, and the ways in which the financial, political and criminal aspects of state fragility combine and reinforce one another, result in the withering of public authority. This process can be understood as the effect of a proliferation and fragmentation of business transactions between non-state groups, factions within the state and political leaders.<sup>11</sup>

The Zetas "are a terrible de facto power" throughout large segments of Mexico and Guatemala. While many press accounts and Mexican government statements cast the drug violence as a Northern border issue, the challenge to the state from cartel and gang-controlled territory permeates the region. According to a Washington Post report describing the situation, "This is not northern Mexico, where drug gangs fight for turf

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<sup>11</sup> Ivan Briscoe, "The state and security in Guatemala," *Working Paper 88*, Madrid: FRIDE: Fundación para las Relaciones Internacionales y el Diálogo Exterior, September 2009.

along the U.S. border and the Mexican government wages an open battle against them. This is the south, where the brutal Zetas cartel is quietly spreading a reign of terror virtually unchallenged, all the way to the border with Guatemala - and across it.”<sup>12</sup>

Beginning in 2007 the Zetas “started preying on the south, Mexico's poorest region. They moved into Oaxaca, Chiapas and other southern states and then northern Guatemala, where attacks on townspeople became so commonplace that the government last month [December 2010] sent in 300 troops to regain control of the border province of Alta Verapaz. By 2008, the Zetas had operations in 28 major Mexican cities, according to an analysis by Grupo Savant, a Washington-based security think tank. They operate unchallenged in the south, the think tank says. While other cartels are preoccupied with maintaining their Pacific coast ports and northern border transit routes, the Zetas make hundreds of millions of dollars from extortion and trafficked goods coming overland via Guatemala.”<sup>13</sup>

Los Zetas have allegedly hired Guatemalan former counterinsurgency soldiers to train new recruits, and a Zetas training camp for hit men was uncovered on the Guatemalan border in 2010. Mexico's federal government claims that, unlike other cartels, the Zetas have no geographic concentration and therefore have shown up in disparate parts of the country operating like franchises, sending one member to an area they want to control to recruit local criminals.<sup>14</sup>

In El Salvador, both cartels and maras are adopting the mantle of social bandit. For example, NPR News reports: "In El Salvador, there's fear that the Mexican cartels are aligning themselves with the country's ubiquitous street gangs." The two main gangs — 18th Street and Mara Salvatrucha — are so powerful and so volatile that their members get sent to separate prisons. Impoverished neighborhoods in the capital, San Salvador, are clearly divided turf, belonging either to Mara Salvatrucha (MS) or 18th Street. The maras violently and effectively rule their turf, “controlling street-level drug sales, charging residents for security and battling to exclude their rivals.”<sup>15</sup>

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<sup>12</sup> Olga R. Rodriguez, "Gang's terror felt far from drug war on US border," *Washington Post*, 16 January 2011.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Jason Beaubien, "El Salvador Fears Ties Between Cartels, Street Gangs," NPR News, 01 June 2011.

According to the NPR report:

--The maras could offer — and according to some security analysts, already are offering — the Mexican cartels access to a vast criminal network. The maras have stashes of weapons, established communications networks and ruthless foot soldiers who have no qualms about smuggling drugs or assassinating rivals — for a price.

--Blue [an MS gangster] talks of the MS as a social organization that protects the "civilians" in the neighborhood. They help get water lines connected. They're refurbishing the community hall. To him, it's normal that residents have to pay rent to the gang for these services.

Essentially in El Salvador gang leaders are stating that they are social workers and that their gangs are providing social goods. While reporting for his three-part series on drug trafficking in Central America, NPR's Jason Beaubien spoke at length with "Blue" (a pseudonym), the second in command of the Mara Salvatrucha gang in El Salvador. Beaubien reported that:

--gang members "really believe that they are doing good in the community. They believe that their gang structure ... replaces what the state isn't giving" — security, water, a community hall.

--If Mexican cartels move in to work with the gangs in El Salvador... the power and money from the Mexicans combined with the organizational structure of the gangs would create "a terrible, terrible combination."<sup>16</sup>

MIT professor Diane Davis provides insight into the dynamics of the situation. According to Davis, "Mexico's cartels constitute "irregular armed forces" — well-organized, flexible urban gangs that make money smuggling drugs and other goods — buttressed by Mexico's socioeconomic problems."<sup>17</sup> The cartels, Davis contends, are different from rebel groups. They don't seek to remove the whole government, but instead to usurp some of its functions. In doing so, they use violence to protect their

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<sup>16</sup> Mark Memmott, "In El Salvador: Gang Leaders Who Say They're Social Workers," THE two-way (NPR News Blog), 01 June 2011.

<sup>17</sup> Peter Dizikes, "An altered state," PHYSORG.com, 19 April 2010.

“clandestine networks of capital accumulation.”<sup>18</sup> This leads some analysts (including Davis) to perceive that Mexico’s drug wars involve physically dispersed, evolving organizations that could be viewed more as self-sustaining networks than anti-state insurgents.<sup>19</sup>

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<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

# Criminal Insurgencies

Criminal insurgency presents a challenge to national security analysts used to creating simulations and analytical models for terrorism and conventional military operations. Criminal insurgency is different from conventional terrorism and insurgency because the criminal insurgents' sole political motive is to gain autonomy and economic control over territory.<sup>20</sup> They do so by hollowing out the state and creating criminal enclaves to maneuver.<sup>21</sup>

The capture, control or disruption of strategic nodes in the global system and the intersections between them by criminal actors can have cascade effects. The result is a state of flux resulting in a structural "hollowing" of many state functions while bolstering the state's executive branch and its emphasis on internal security. This hollowing out of state function is accompanied by an extra-national stratification of state function with a variety of structures or fora for allocating territory, authority, and rights (TAR). These fora—including border zones and global cities—are increasingly contested, with states and criminal enterprises seeking their own 'market' share. As a

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<sup>20</sup> For a detailed discussion of criminal insurgency see for example John P. Sullivan, "Criminal Insurgencies in the Americas," *Small Wars Journal*, 13 February 2010; John P. Sullivan and Adam Elkus, "Cartel v. Cartel: Mexico's Criminal Insurgency," *Small Wars Journal*, 01 February 2010; John P. Sullivan and Adam Elkus, "Red Teaming Criminal Insurgency," *Red Team Journal*, 30 January 2009 (2010b) at <http://redteamjournal.com/2009/01/red-teaming-criminal-insurgency-1/>.

<sup>21</sup> 'Hollow states' are defined by John Robb at his web blog *Global Guerrillas*; see <http://globalguerrillas.typepad.com> for his many discussions on this topic.



result, global insurgents, terrorists and networked criminal enterprises can create 'lawless zones,' 'feral cities,' and 'parallel states' characterized by 'dual sovereignty.'

Criminal insurgencies are one way to characterize these activities. Figure 2 describes a continuum of instability that embraces the types of state-challenging violence that may be experienced. This figure, adapted from a table in "Terrorism, Crime, and Private Armies"<sup>22</sup> places criminal insurgencies in context to other forms of civil war and strife. Criminal insurgencies challenge the state by generating high intensity criminal violence that erodes the legitimacy and solvency of state institutions. Criminal insurgencies can exist at several levels:<sup>23</sup>

**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.

**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.

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<sup>22</sup> John P. Sullivan, "Terrorism, Crime and Private Armies," in Robert J. Bunker, Editor, *Networks, Terrorism and Global Insurgency*, London: Routledge, 2005, pp. 69-83.

<sup>23</sup> See John P. Sullivan, "Intelligence, Sovereignty, Criminal Insurgency, and Drug Cartels," Panel on Intelligence Indicators for State Change and Shifting Sovereignty, *52nd Annual ISA Convention, Global Governance: Political Authority in Transition*, Montreal, Quebec, Canada, 18 March 2011.

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. 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.

The result of these counterpower struggles can be characterized as a battle for information and real power. These state challengers—irregular warriors/non-state combatants (i.e., criminal netwarriors)—increasingly employ barbarization and high order violence, combined with information operations to seize the initiative and embrace the mantle of social bandit, as classically described by Hobsbawn, to confer legitimacy on themselves and their enterprises.<sup>24</sup>

The participants in these criminal insurgencies come in many guises. They may be members of a street gang or *mara*, members of a *mafia* or organized criminal enterprise, terrorists, insurgents, pirates or warlords. In all cases, they challenge the traditional state monopoly on violence and political control. They may co-exist within stable states, dominate ungovernable, lawless zones, slums, or ‘no-go’ zones, or be the de facto rulers of criminal enclaves or free-states. The enclave or ‘criminal state’ may range from a street gang’s narrow gang-controlled turf of a few blocks or segments of blighted housing estates to larger uncontested neighborhoods in a barrio, favela, slum or mega-slum. Or they can exist as ‘para-states,’ ‘statelets’ or ‘virtual states’ in a combination of physical and increasingly networked terrain.

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<sup>24</sup> Eric Hobsbawn, *Bandits*, New York: The New Press (1969) 2000.

In Mexico, some (likely conservative) estimates have suggested that narcos effectively control 30% of Mexico's territory.<sup>25</sup> The Mexican state vehemently denies that it has lost control of its territory (which is problematic given the actual situation), but it is largely believed that Mexico is falling victim to a potent 'narcoligopolio' or parapolitical challenger.<sup>26</sup>

As I observed in my essay "Terrorism, Crime and Private Armies,"

Terrorists, criminal actors, and private armies of many stripes have altered the ecology of both crime and armed conflict. In many cases, the two are intertwined. Several factors reinforce these links. Global organized crime, which increasingly links local actors with their transnational counterparts, coupled with chronic warfare and insurgency (which yields economic benefits to some of its participants) can propel local or regional conflicts into genocidal humanitarian disasters. These regions, which are essentially criminal free-states, provide refuge and safe haven to terrorists, warlords, and criminal enterprises.<sup>27</sup>

These non-state actors share a common tendency toward becoming violent, pernicious threats to global security and civil society. Those at the lower threshold (street gangs of the first and second generation) are contributors, but those at the middle to higher threshold (third generation gangs, first and second phase cartels and warlords) are particularly dangerous. As these non-state, criminal soldiers evolve, they increasingly challenge the status of state and political organization. States are, at least in the current international political community, entities that possess a legitimate monopoly on the use of violence within a specified territory. Criminal states—that is, criminal free states or free enclaves—essentially act as statelets or para-states; in effect,

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<sup>25</sup> "El Narco controla el 30% del territorio Mexicano," *El Blog del Narco*, 22 April 2010 at <http://www.blogdelnarco.com/el-narco-controla-el-30-del-territorio-mexicano/>.

<sup>26</sup> "México es una potencia víctima de un 'narcoligopolio,'" *El Universal*, 12 April 2011.

<sup>27</sup> See John P. Sullivan, "Terrorism, Crime and Private Armies," for this observation and an expanded discussion of the privatization of violence.

entities that challenge that monopoly. This is much the same condition as that created by warlords within failed states.<sup>28</sup>

Lawless zones and criminal enclaves are areas (ranging from neighborhoods, to regions, to states, and cross-border zones) where gangs, criminal enterprises, insurgents, or warlords dominate social life and erode the bonds of effective security and the rule of law.<sup>29</sup> Failed states are those where these bonds are totally removed from normal discourse. Failing states are those where these bonds are substantially eroded, and transitional states are those where these bonds are being reconstituted.

Understanding of the dynamics of other governed spaces requires an understanding of the actors occupying them. John Rapley in his Foreign Affairs essay “The New Middle Ages” gave an account of what he called ‘gangsters’ paradise.’<sup>30</sup> In this account, he described how local gangs maintain their own system of law and order, ‘tax’ residents and businesses, and provide rudimentary social services.

Rapley used the example of Jamaican gangs, which he characterizes as fluid but cohesive organizations that dominate clearly demarcated territory but participate in global narcotics trafficking. These gangs are indicative of “the rise of private ‘statelets’ that coexist in a delicate, often symbiotic relationship with a larger state.”<sup>31</sup> The glue for that relationship is frequently corruption and co-option of legitimate government actors.

Rapley asserts that the “power of statelets and other new political actors will be less transitory, more significant, and more resistant to intervention than is usually assumed.”<sup>32</sup> A poignant example of such an enclave has been documented in *Ciudad*

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<sup>28</sup> See Robert J. Bunker and John P. Sullivan, “Cartel Evolution: Potentials and Consequences,” *Transnational Organized Crime*, Vol. 4, No. 2, Summer 1998, pp. 55-74 and John P. Sullivan and Robert J. Bunker, “Drug Cartels, Street Gangs, and Warlords,” in *Small Wars and Insurgencies*, Vol. 13, No. 2, Summer 2002, pp. 40-53 and Robert J. Bunker (Ed.), *Non-State Threats and Future Wars*, Portland, OR: Frank Cass, 2003, pp. 40-53 for a comprehensive discussion of the effects of non-state criminal actors in the deterioration of civil society and the rule of law in areas of conflict and high intensity crime.

<sup>29</sup> Ibid.

<sup>30</sup> John Rapley, “The New Middle Ages,” *Foreign Affairs*, Vol. 85, No. 3, May/June 2006, pp. 95-103.

<sup>31</sup> Ibid, p.96.

<sup>32</sup> Ibid.

*del Este* or the Tri-Border region at the confluence of Brazil, Paraguay, and Argentina. This region has been described as a virtual ‘Star Wars Bar’ of criminal enterprises and terrorist actors co-locating in an area with weak structures of governance to conduct their various individual and interdependent enterprises with potential global reach.<sup>33</sup>

Rapley essentially described the impact of ‘third generation gangs’<sup>34</sup> within megalums.<sup>35</sup> He notes that “Vast metropolises, growing so quickly their precise populations are unknown, are dotted with shantytowns and squatter camps that lack running water, are crisscrossed by open gutters of raw sewage, and are powered by stolen electricity. Developing states are constantly struggling to catch up. In some places they succeed, barely. In others, they are losing control of chunks of their territory.”<sup>36</sup>

Rapley observed “Many of Rio de Janeiro’s favelas, for example, are now so dangerous that politicians enter only with the local gang leader’s permission. The gangs deliver votes in exchange for patronage. Beyond that, the politicians and the state remain largely invisible and irrelevant. The gangs do not wish to secede from Brazil, but they can compel its government to negotiate the terms of its sovereignty.”<sup>37</sup>

Essentially, third generation gangs (3 GEN Gangs) have taken on the state. In May 2006 a wave of 3 GEN Gang violence engulfed São Paulo when the state’s shadowy, yet premier criminal gang, the prison-based Priemeiro Comando da Capital (PCC) lashed out against state interference. In five days of PCC-initiated mayhem and retribution, 150 people (a quarter of them police) were killed, 82 buses were torched, and 17 banks attacked. Prison rebellions raged at 74 out of 140 prisons. Schools,

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<sup>33</sup> See for example Robert J. Bunker and John P. Sullivan, “Cartel Evolution: Potentials and Consequences” for an early and detailed description.

<sup>34</sup> See John P. Sullivan, “Third Generation Street Gangs: Turf, Cartels and Netwarriors,” *Transnational Organized Crime*, Vol. 3, No. 3, Autumn 1997, pp. 95-108; John P. Sullivan, “Urban Gangs Evolving as Criminal Netwar Actors,” *Small Wars and Insurgencies*, Vol. 11, No. 1, Spring 2000, pp. 82-96; and John P. Sullivan, “Gangs, Hooligans, and Anarchists—The Vanguard of Netwar in the Streets,” in John Arquilla and David Ronfeldt, *Networks and Netwars: The Future of Terror, Crime, and Militancy*, Santa Monica: RAND, 2001, pp. 99-126 for detailed discussion of the evolution of street gangs into networked actors with broad reach.

<sup>35</sup> See in Mike Davis, *Planet of Slums*, New York: Verso, 2006 for a trenchant analysis of the politics of slums and political exclusion in global context.

<sup>36</sup> Rapley, p.100.

<sup>37</sup> Ibid.

shopping centers, transport and commerce were stalled. The PCC's fluid structure was described as "more like al-Qaeda's than a tightly run mafia."<sup>38</sup>

Transnational gangs and criminals extend their reach and influence by co-opting individuals and organizations through bribery, coercion and intimidation to "facilitate, enhance, or protect"<sup>39</sup> their activities. As a consequence, these groups are emerging as a serious impediment to democratic governance and a free market economy. This danger is particularly evident in Mexico, Colombia, Central America, Nigeria, Russia and other parts of the former Soviet Union where corruption has become particularly insidious and pervasive. At sub-national levels, such corruption can also have profound effects. At a neighborhood level, political and operational corruption can diminish public safety, placing residents at risk to endemic violence and inter-gang conflict, essentially resulting in a 'failed community' as a virtual analog of a "failed state."<sup>40</sup>

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<sup>38</sup> "The mob takes on the state," *The Economist*, 20 May 2006, p.39.

<sup>39</sup> Phil Williams, "The Nature of Drug-Trafficking Networks," *Current History*, Vol. 97, No. 618, April 1998, pp.154-159.

<sup>40</sup> See John P. Sullivan and Keith Weston, "Afterward: Law Enforcement Response Strategies for Criminal-States and Criminal-Soldiers," in Robert J. Bunker (Ed.), *Criminal States and Criminal-Soldiers*, London: Routledge, 2008, pp. 287-300.

# Examining Cartel Evolution

Drug cartels are one type of organized criminal enterprise that have challenged states and created 'lawless zones' or criminal enclaves. Examining cartel evolution can help illuminate the challenges to states and civil governance posed by criminal gangs and cartels. Robert J. Bunker and I looked at cartel evolution and related destabilizing potentials in our 1998 paper "Cartel Evolution: Potentials and Consequences."<sup>41</sup> In that paper, we identified three potential evolutionary phases. These are described below.

## **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.

## **2nd Phase Cartel (Subtle Co-Opter)**

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<sup>41</sup> Robert J. Bunker and John P. Sullivan, "Cartel Evolution: Potentials and Consequences," *Transnational Organized Crime*, Vol. 4, No. 2, Summer 1998, pp. 55-74.

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 devoid of an actual kingpin. Its organization is more distributed and network-like, rather than hierarchical. Many of its characteristics and activities were stealth-masked and dispersed, 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. The Cali cartel was also more sophisticated in its criminal pursuits and far more likely to rely upon corruption, rather than violence or overt political gambits, to achieve its organizational ends. This cartel form has also spread to Mexico and the dynamic is still evolving.

### **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 in 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 criminal enclaves, acting much like warlords.



# Transnational *maras* (gangs)

Transnational gangs are another state challenger. They are a concern throughout the Western Hemisphere. Criminal street gangs have evolved to pose significant security and public safety threats in individual neighborhoods, metropolitan areas, nations, and across borders. Such gangs—widely known as *maras*—are no longer just street gangs. They have morphed across three generations through interactions with other gangs and transnational organized crime organizations (e.g., narcotics cartels/drug trafficking organizations) into complex networked threats.<sup>42</sup>

Transnational *maras* have evolved into a transnational security concern throughout North and Central America. As a result of globalization, the influence of information and communications technology, and travel/migration patterns, gangs formerly confined to local neighborhoods have spread their reach across neighborhoods, cities and countries. In some cases, this reach is increasingly cross-border and transnational. Current transnational gang activity is a concern in several Central American States and Mexico (where they inter-operate with cartels).<sup>43</sup>

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<sup>42</sup> See John P. Sullivan, “Maras Morphing: Revisiting Third Generation Gangs,” *Global Crime*, Vol.7, No. 3–4, August– November 2006, pp. 487-504 for a detailed discussion of the current state of *maras* and third generation (3 GEN) gangs worldwide.

<sup>43</sup> John P. Sullivan, *Transnational Gangs: The Impact of Third Generation Gangs in Central America*.

A close analysis of urban and transnational street gangs shows that some of these criminal enterprises have evolved through three generations—transitioning from traditional turf gangs, to market-oriented drug gangs, to a new generation that mixes political and mercenary elements.

The organizational framework for understanding contemporary gang evolution was first explored in a series of papers starting with the 1997 article “Third Generation Street Gangs: Turf, Cartels, and Netwarriors.”<sup>44</sup> These concepts were expanded in another article with the same title, and the model further refined in the 2000 *Small Wars and Insurgencies* paper “Urban Gangs Evolving as Criminal Netwar Actors.”<sup>45</sup> In these papers (and others), I observed that gangs could progress through three generations.

As gangs negotiate this generational shift, their voyage is influenced by three factors: politicization, internationalization, and sophistication. The ‘third generation’ gang entails many of the organizational and operational attributes found with net-based triads, cartels and terrorist entities. The characteristics of all three generations of gangs are summarized in Table 2.

The three generations of gangs can be described 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

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<sup>44</sup> John P. Sullivan, “Third Generation Street Gangs: Turf, Cartels, and Net Warriors,” *Transnational Organized Crime*, Vol. 3, No. 3, Autumn 1997, pp. 95-108

<sup>45</sup> John P. Sullivan, “Urban Gangs Evolving as Criminal Netwar Actors,” *Small Wars and Insurgencies*, Vol. 1, No. 1, Spring 2000, pp. 82-96

political agenda and operate in a broader spatial or geographic area. Their operations sometimes involve multi-state and even international areas. 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.

Third generation gangs challenge state institutions in several ways. Naval Postgraduate School analyst Bruneau, paraphrased below, describes five (multi) national security threats or challenges associated with transnational maras:<sup>46</sup>

- They strain government capacity by overwhelming police and legal systems through sheer audacity, violence, and numbers.
- They challenge the legitimacy of the state, particularly in regions where the culture of democracy is challenged by corruption and reinforced by the inability of political systems to function well enough to provide public goods and services.
- They act as surrogate or alternate governments. For example in some regions (i.e., El Salvador and Guatemala) the “governments have all but given up in some areas of the capitals, and the maras extract taxes on individuals and businesses.”
- They dominate the informal economic sector, establishing small businesses and using violence and coercion to unfairly compete with legitimate businesses while avoiding taxes and co-opting government regulators.
- They infiltrate police and non-governmental organizations to further their goals and in doing so demonstrate latent political aims.

These factors can be seen graphically in the battle for control of the drug trade in Mexico and Central America.

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<sup>46</sup> Thomas C. Bruneau, “The Maras and National Security in Central America,” *Strategic Insights*, Vol. IV, Issue 5 (May 2005) found at <http://www.ccc.npps.navy.mil/si/2005/May/bruneauMay05.pdf>.

Criminal organizations, particularly drug cartels and transnational gangs are becoming increasingly networked in terms of organization and influence. As these groups evolve, they challenge notions of the state and political organization. States are, at least in the current scheme of things, entities that possess a legitimate monopoly on the use of violence within a specified territory. Third phase cartels, criminal free states or criminal enclaves are factors that challenge that monopoly, much the same as warlords within failed states.

As previously discussed, the current situation in Mexico may shed light on these processes. Mexico is consumed by a set of inter-locking, networked criminal insurgencies. Daily violence, kidnappings, assassinations of police and government officials, beheadings and armed assaults are the result of violent combat between drug cartels, gangs, and the police. The cartels vying for domination of the lucrative drug trade are seeking both market dominance and freedom from government interference. Tijuana, Ciudad Juárez, and other border towns are racked with violence. Increased deployments of both police and military forces are stymied in the face of corrupt officials who choose to side with the cartels.

The drug mafias have abandoned subtle co-option of the government to embrace active violence to secure safe havens to ply their trade. This *de facto* ‘criminal insurgency’ threatens the stability of the Mexican state. Not satisfied with their feudal outposts in the Mexican interior and along the US-Mexico frontier, the cartels are also starting to migrate north to the United States and Canada and south throughout Central America, and even to the Southern Cone, setting up business in Argentina, and across the South Atlantic to Africa. Money fuels global expansion, and transnational organized crime has learned it can thrive in the face of governmental crisis.

The cartels are joined by a variety of gangs in the quest to dominate the global criminal opportunity space. Third generation gangs—that is, gangs like Mara Salvatrucha (MS-13) that have transcended operating on localized turf with a simple market focus to operate across borders and challenge political structures—are both partners and foot soldiers for the dominant cartels. Gangs and cartels seek profit and are not driven by ideology. But the ungoverned, lawless zones they leave in their wake provide fertile ground for extremists and terrorists to exploit.

# Criminal Enclaves

The fullest development of a criminal enclave exists in the South American jungle at the intersection of three nations. *Ciudad del Este*, Paraguay is the center of this criminal near free state. Paraguay, Brazil and Argentina converge at this riverfront outpost. A jungle hub for the world's outlaws, a global village of outlaws, the triple border zone serves as a free enclave for significant criminal activity, including people who are dedicated to supporting and sustaining acts of terrorism. Lebanese gangsters and terrorists, drug smugglers, Nigerian gangsters and Asian mafias: Japanese Yakuza, Tai Chen (Cantonese mafia), Fuk Ching, the Big Circle Boys, and the Flying Dragons utilize the enclave as a base for transnational criminal operations. This polyglot mix of thugs demonstrates the potential of criminal netwarriors to exploit the globalization of organized crime.<sup>47</sup>

The blurring of borders—a symbol of the post-modern, information age—is clearly demonstrated here, where the mafias exploit interconnected economies. With the ability to overwhelm governments weakened by corruption and jurisdictional obstacles, the mafias of Ciudad del Este and its Brazilian twin city of Foz do Iguacu demonstrate remarkable power and reach. Terrorism interlocks with organized crime in the enclave, a post-modern free city that is a haven to Middle Eastern terrorists, a hub for the global drug trade, a center of consumer product piracy, and base for gunrunners diverting small arms (from the US) to the violent and heavily armed drug gangs in the favelas of Rio de Janeiro and São Paulo.

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<sup>47</sup> Ibid.

The potential security implications of ‘failed cities’ were discussed in Richard J. Norton’s essay on “Feral Cities.” Norton’s construction raised the specter of ungoverned, dystopian enclaves where crime and violence would become incubators of future conflict. The brutal barbarism of cartel-dominated ‘zones of impunity’ (both within urban areas and in weakly governed rural border zones) is certainly worth exploring and linked to the growth of criminal counter-power discussed in this essay.<sup>48</sup>

The convergence of cartel evolution and manifestation of inter-netted criminal enterprises is so pronounced in this enclave, Robert Bunker and I call this the third phase cartel the Ciudad del Este model.<sup>49</sup> The transnational criminal organizations here demonstrate the potential for criminal networks to challenge state sovereignty and gain local dominance. These networked "enclaves" or a third phase cartel embracing similar characteristics could become a dominant actor within a network of transnational criminal organizations, and potentially gain legitimacy or at least political influence within the network of state actors. Mexico’s current battle for the ‘plazas’ may be an early manifestation of criminal enclave formation.

Figure 1 describes the local through global geospatial distribution of these potentials, ranging from “failed communities” (or neighborhoods) to “failed” or “feral cities” through “failed states (or regions).”

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<sup>48</sup> Richard J. Norton, “Feral Cities,” *Naval War College Review*, Autumn 2003, Vol. LVI, No. 4, pp. 97-106.

<sup>49</sup> Ibid.

# The New Feudal: Social Bandits and Statemaking

In “Irregular Armed Forces, Shifting Patterns of Commitment, and Fragmented Sovereignty in the Developing World,” Diane E. Davis observed that: “[The] random and targeted violence increasingly perpetrated by ‘irregular’ armed forces pose a direct challenge to state legitimacy and national sovereignty.”<sup>50</sup> According to her analysis cartels and gangs are “transnational non-state armed actors who use violence to accumulate capital and secure economic dominion, and whose activities reveal alternative networks of commitment, power, authority, and even self-governance.”<sup>51</sup>

This situation has clear neo-feudal dimensions. Consider the Zetas in light of Feudalism. Alfredo Corchado, a journalist covering Mexico’s drug wars, points out indicators of cartel (especially Zeta) erosion of state institutions. These include territorial control and neo-feudalism. While discussing Guatemala, Corchado said, “Beset by violence and corruption, Guatemala teeters on the edge of being a failed

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<sup>50</sup> Diane E. Davis, "Irregular Armed Forces, Shifting Patterns of Commitment, and Fragmented Sovereignty in the Developing World." Forthcoming in: *Theory and Society*. MIT Open Access Article, 19 April 2010.

<sup>51</sup> Ibid.

state. In recent years, Guatemala has proved to be especially vulnerable to the Zetas, who rule over communities across the country like tiny fiefdoms."<sup>52</sup>

Corchado observes that leveraging the proceeds from billions of dollars in drug profits from US sales, Mexican organized crime groups, particularly the Zetas, have taken control in parts of Guatemala forming alliances with local criminal groups and undermining that state's fragile democracy. In Mexico, the Zetas now control chunks of territory in the Yucatan peninsula, northwestern Durango state and the northern states of Tamaulipas, Nuevo Leon and Coahuila (all bordering Texas).<sup>53</sup>

The result is 'other governed spaces,' 'neo-feudal zones' and 'criminal enclaves.' In a report entitled "Drug cartels taking over government roles in parts of Mexico," Corchado explored cartel intrusion into sovereignty. He found that:

The "police" for the Zetas paramilitary cartel are so numerous here — upward of 3,000, according to one estimate — that they far outnumber the official force, and their appearance further sets them apart. The omnipresent cartel spotters are one aspect of what experts describe as the emergence of virtual parallel governments in places like Nuevo Laredo and Ciudad Juarez — criminal groups that levy taxes, gather intelligence, muzzle the media, run businesses and impose a version of order that serves their criminal goals.<sup>54</sup>

As a consequence, "entire regions of Mexico are effectively controlled by non-state actors, i.e., multipurpose criminal organizations," according to Howard Campbell, an anthropologist and expert on drug cartels at the University of Texas at El Paso. "These criminal groups have morphed from being strictly drug cartels into a kind of alternative society and economy," Campbell said. "They are the dominant forces of coercion, tax the population, steal from or control utilities such as gasoline, sell their own products and are the ultimate decision-makers in the territories they control."<sup>55</sup>

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<sup>52</sup> Alfredo Corchado, "Traffic in illegal drugs spawns violence and corruption on path north," *Bellingham Herald*, 28 April 2011.

<sup>53</sup> Ibid.

<sup>54</sup> Alfredo Corchado, "Drug cartels taking over government roles in parts of Mexico," *Vancouver Sun*, 04 May 2011.

<sup>55</sup> Ibid.



The scope of criminal intrusion into governance has led some to question if the Mexican state is failing. While that potentiality is far from decided or certain, some components of the Mexican state are severely challenged if not 'failing' at a sub-national level. Consider Tamaulipas a virtual 'failed state' in Mexico's war on drugs. According to a BBC News report on 'sub-state failure,' "Some people in Mexico go as far as saying the federal government has lost Tamaulipas."<sup>56</sup>

"Neither the regional nor federal government have control over the territory of Tamaulipas," observes Alberto Islas, a security analyst in Mexico City. He notes that "criminal groups are more effective at collecting 'taxes' than Tamaulipas' own government," explaining that cartels have become organised crime groups, "which as well as trafficking narcotics, also extort and kidnap."<sup>57</sup>

In my co-authored article, "Ciudad Juárez and Mexico's 'Narco-Culture' Threat," I assessed that "The cartels may not seek a social or political agenda, but once they control turf and territory and effectively displace the state they have no choice—they become "accidental insurgents."<sup>58</sup>

Here it is valuable to consider conceptualizing organized crime and criminal insurgency as being in competition with states in contemporary 'state-making.'

In a presentation given on 21 May 2010 at the "Conference on Illicit Trafficking Activities in the Western Hemisphere: Possible Strategies and Lessons Learned", Vanda Felbab-Brown, of the Brookings Institution, raised the question.

"The drug trade and other illegal economies generate multiple threats to the United States and other states and societies. At the same time, large populations around the world in areas with minimal state presence, great poverty, and social and political marginalization are dependent on illicit economies, including the drug trade, for economic survival and the satisfaction of other socio-economic needs. It is thus important to stop

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<sup>56</sup> Julian Miglierini. "Tamaulipas: 'Failed state' in Mexico's war on drugs," BBC News, 13 April 2011.

<sup>57</sup> Ibid.

<sup>58</sup> John P. Sullivan and Carlos Rosales, "Ciudad Juárez and Mexico's 'Narco-Culture' Threat," *Mexidata*, 28 February 2011 at <http://mexidata.info/id2952.html>.

thinking about crime solely as aberrant social activity to be suppressed, but instead think of crime as a competition in state-making.”<sup>59</sup>

George W. Grayson addresses some of the factors underlying this potential.<sup>60</sup>

--[S]uccess in advancing security, democracy and the rule of law presupposes that the power structure of Mexico fully supports these goals. Although Calderón is a decent man, a large segment of the country's establishment turns a blind eye to the roots of the turmoil afflicting the Federal District and most of Mexico's 31 states: the lack of decent education, health care and employment opportunities for the 40 percent of their fellow citizens who eke out a living as rag pickers in fetid slums or subsist on barren postage stamp-sized plots of land.

--‘Have-nots’: ignored by elites and exploited by narcos...Lacking other alternatives, these “have-nots” often take jobs as lookouts, couriers, drug growers and hit men for the syndicates. Capos like Joaquín “El Chapo” Guzmán Loera have developed a cult following highlighted by popular narcocorridos—ballads that venerate the macho courage of the drug lords and the contributions they make to their communities.

--At the same time, the elite cocoon themselves from the drug-related mayhem with high-tech security systems, platoons of tough-as-nails bodyguards, heavily armored vehicles and second homes north of the border. Many of Ciudad Juárez's top policemen, elected officials and businessmen live in El Paso, Texas, where they are protected not only by their own defenders but also by U.S. authorities.

--Politicians often reach key positions despite, if not because of, their links to the underworld. Like feudal barons (...) The national media sheds some light on irresponsible and crooked officials, but governors call the shots in their “fiefdoms.” These state executives rule like barons, thanks to a compliant press (whose owners fear losing state advertising), cozy economic bonds to businessmen (who want government

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<sup>59</sup> Vanda Felbab-Brown, "Conceptualizing Crime as Competition in State-Making and Designing an Effective Response," Speech at *Conference on Illicit Trafficking Activities in the Western Hemisphere: Possible Strategies and Lessons Learned*, Brookings Institution, 21 May 2010.

<sup>60</sup> George W. Grayson, "Mexico Today and the Fight against Vicious Drug Cartels," *Mexidata*, 03 May 2010 at <http://mexidata.info/id2647.html>.

contracts) and blatant manipulation of state legislatures (whose members often receive extravagant salaries and benefits in return for rubber-stamping executive initiatives).

--In early 2009 the government admitted the existence of 233 “zones of impunity,”<sup>61</sup> where crime runs rampant. Although Mexican officials did not specify these areas, they are believed to include (1) the Tierra Caliente, a mountainous region contiguous to Michoacán, Guerrero, Colima and Mexico state; (2) the “Golden Triangle,” a drug-growing mecca where the states of Sinaloa, Chihuahua and Durango converge in the Sierra Madre mountains; (3) the Isthmus of Tehuantepec in the southeast; (4) neighborhoods in cities such as Ciudad Juárez and Reynosa along the U.S.- Mexican border, where cartel thugs carve up judges, behead police officers and kidnap journalists who incur their wrath; (5) metropolitan areas around Mexico City; and (6) the porous border between the southern Chiapas state and Guatemala.

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<sup>61</sup> Varying estimates of ‘zones of impunity’ have been offered, the number ranges from 233 to 980. Additional research on the scope of these uncontrolled zones is necessary.

# Conclusion: The Dystopian Dynamics of Transnational Organized Crime, Criminal Insurgencies and Criminal Enclaves

Drug cartels and criminal gangs are challenging the legitimacy and solvency of the state (at all levels: municipal, state and national) in Mexico and Central America. As Max Manwaring stipulated, these state challengers are applying the “Sullivan-Bunker Cocktail” where non-state actors challenge the de jure sovereignty of nations.<sup>62</sup> In Manwaring’s interpretation, gangs and irregular networked attackers can challenge nation-states by using complicity, intimidation, and corruption to subtly co-opt and control individual bureaucrats and gain effective control over a given enclave.

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<sup>62</sup> See Max G. Manwaring, “Sovereignty Under Siege: Gangs and other Criminal Organizations in Central America and Mexico,” *Air & Space Power Journal—Spanish Edition*, 01 July 2008 at <http://www.airpower.au.af.mil/apjinternational//apj-s/2008/2tri08/manwarningeng.htm>

In Mexico and parts of Central America, cartels and gangs have gained control over specific plazas—ranging from a few city blocks to entire states or sub-national regions. Exploiting weak state capacity in urban slums or rural border zones<sup>63</sup> (either from the aftermath of civil war [Central America] or during the transition from one party rule [Mexico],) criminal mafias of various stripes have exploited the vacuum of power. In Mexico, cartels, now free from Prista influence could strike independent arrangements with local political actors. This freedom converged with the increasing globalization of crime. As a result, organized crime could now establish boundaries for the authorities, not the other way around.<sup>64</sup> This process involves criminal insurgency as a mechanism for fueling (co-opted) state reconfiguration.<sup>65</sup>

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<sup>63</sup> Border zones are potential incubators of conflict. Criminal gangs exploit weak state presence to forge a parallel state and prosecute their criminal enterprises sustained by fear, violence and brutality. See John P. Sullivan and Adam Elkus, “Border zones and insecurity in the Americas,” *openDemocracy*, 24 November 2009 at <http://ads.opendemocracy.net/opensecurity/john-p-sullivan-adam-elkus/border-zones-and-insecurity-in-americas>.

<sup>64</sup> The Institutional Revolutionary Party (known as the PRI in Spanish), traditionally set all power boundaries in Mexican political and economic life—both legal and illicit. That changed with the implementation of a true multi-party state. The criminal mafias exploited that new power-generating opportunity. See Nik Steinberg, “The Monster and Monterrey” The Politics and Cartels of Mexico’s Drug War,” *The Nation*, 25 May 2011 at <http://www.thenation.com>.

<sup>65</sup> Luis Jorge Garay Salamanca and Eduardo Salcedo-Albarán, Eduardo (Eds.), *Drug Trafficking, Corruption and States: How Illicit Networks Reconfigure Institutions in Colombia, Guatemala and Mexico*, Pre-published draft, 2011.

This situation allowed a range of networked, local and transnational, criminal enterprises--gangs and cartels—to form new criminal, economic, social, and political opportunities. Parallel or ‘dual sovereignty’—over large swaths of the state—was the result.<sup>66</sup> Provision of social goods (often wearing the mantle of social bandits) is one manifestation of increasing cartel power (*poder*). Often this provision of social goods is purely utilitarian. The cartels seek to appease the populace to gain their complicity in fending off the state’s enforcement imperative. <sup>67</sup>

Essentially, the cartels and their networked third generation gang affiliates exploit weak zones of governance, expanding their criminal turf into effective areas of control. They start by corrupting weak officials, co-opting the institutions of government and civil society through violence and bribes. They attack police, military forces, judges, mayors and journalists to leverage their sway, communicate their primacy through information operations and cultivate alternative social memes adapting environmental and social conditions toward their goals. Then they conduct social cleansing, killing those who get in their way and forcing others out of their area of operations. Then they can effectively collect taxes, extract wealth and resources (such as the diversion of oil and gas from PEMEX), effectively controlling the territory.

This territorial control varies in scope from a few blocks or *colonias* to entire regions. The cartels and gangs need to provide social goods to sustain their impunity, consolidate their power and ultimately expand their reach through displacement of the state or political accommodation—whichever comes first or lasts. In doing so they apply a ‘reverse inkblot’ strategy to alter states.

Mexico’s periphery has become a lawless wasteland controlled largely by the drug cartels, but the disorder is rapidly spreading into the interior. In a cruel parody of

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<sup>66</sup> Michoacán was an early example of emerging cartel political action. In that state, La Familia forged a parallel government generating employment, keeping order. Providing social and civic goods, collecting (street) taxes and co-opting legitimate governmental administrative and security functions. See George W. Grayson, *La Familia Drug Cartel: Implications for U.S.-Mexican Security*, Carlisle Barracks, PA: US Army War College, Strategic Studies Institute, December 2010. Los Zetas started providing similar social goods in 2010-2011 leading the author to observe that they were acting as ‘accidental insurgents.’

<sup>67</sup> See Shawn Teresa Flanigan, “Violent Providers: Comparing Public Service Provision by Middle Eastern Insurgent Organizations and Mexican Drug Cartels, paper presented to *52nd Annual ISA Convention, Global Governance: Political Authority in Transition*, Montreal, Quebec, Canada, March 2011.

the “ink-blot” strategy employed by counterinsurgents in Iraq, ungoverned spaces controlled by insurgents multiply as the territorial fabric of the Mexican state continues to dissolve.<sup>68</sup>

Leveraging the power gained by dominating the plazas and criminal enclaves, these criminal networks have the opportunity to expand their domain by exerting dual sovereignty or actual political control over their corrupt vassals to forge narcostates. Figure 2 describes the continuum of instability fuelling this shift in sovereign control. In either case, the expanding reach of transnational gangs and cartels challenges nations, and polities at all levels, potentially ushering in new forms of stratified sovereignty. These may very well become network states. The outcome of Mexico and Central America’s criminal insurgencies is likely to have profound global security consequences. These consequences may very well frame that future potential.<sup>69</sup>

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<sup>68</sup> John P. Sullivan and Adam Elkus, “Mexico’s Criminal Insurgency,” *Defense and the National Interest and Small Wars Journal*, 09 November 2008 at <http://smallwarsjournal.com/blog/2008/11/mexicos-criminal-insurgency/>.

<sup>69</sup> States are not so much declining, failing and yielding as transforming their very nature. The network is the right metaphor to grasping the new state's complexity; see John P. Sullivan and Adam Elkus, “Security in the network-state,” *openDemocracy*, 06 October 2009 at <http://ads.opendemocracy.net/article/state-change-sovereignty-and-global-security>.

# Annexes

**Table 1. Phases of Cartel Evolution**

<b>1st Phase Cartel Aggressive Competitor</b>	<b>2nd Phase Cartel Subtle-Co-opter</b>	<b>3rd Phase Cartel Criminal State Successor</b>
Medellín Model	Cali Model	Ciudad del Este/Netwarrior Model
Hierarchical Limited Transnational and Inter-enterprise Links Emerging Internettted Organization	Local (Domestic) Internettted Organization Emerging Transnational and Inter-enterprise Links	Global Internettted Organization Evolved Transnational and Inter-enterprise Links
Indiscriminate Violence	Symbolic Violence Corruption	Discriminate Violence Entrenched Corruption (Legitimized)
Criminal Use and Provision	Transitional (both criminal and mercenary) Use	Mercenary Use and Provision
Conventional Technology Use and Acquisition	Transitional Technology Use and Acquisition	Full Spectrum Technology Use, Acquisition and Targeting
Entrepreneurial Limited Economic Reach	Semi-Institutionalized Widening Economic Reach	Institutionalized Global Economic Reach
Small Scale Public Profiting	Regional Public Profiting	Mass Public Profiting
Limited “Product” Focus	Expanding “Product” Focus	Broad Range of Products/Activities
Criminal Entity Emerging Netwarrior	Transitional Entity Nascent Netwarrior	New Warmaking Entity Evolved Netwarrior



Source: Robert J. Bunker and John P. Sullivan, "Cartel Evolution: Potentials and Consequences," *Transnational Organized Crime*, Vol. 4, No. 2, Summer 1998.

**Table 2. Characteristics of Street Gang Generations**

<i>limited</i>	<i>Politicization</i>	<i>evolved</i>
<i>local</i>	<i>Internationalization</i>	<i>global</i>
1 <sup>st</sup> Generation	2 <sup>nd</sup> Generation	3 <sup>rd</sup> generation
turf gang turf protection acquisition	drug gang market protection	mercenary gang power/financial
proto-netwarrior	emerging netwarrior	netwarrior
<i>less sophisticated</i>	<i>Sophisitication</i>	<i>more sophisticated</i>

**Source:** John P. Sullivan, “Third Generation Street Gangs: Turf, Cartels, and Net Warriors,” *Transnational Organized Crime*, Vol. 3, No. 3, Autumn 1997

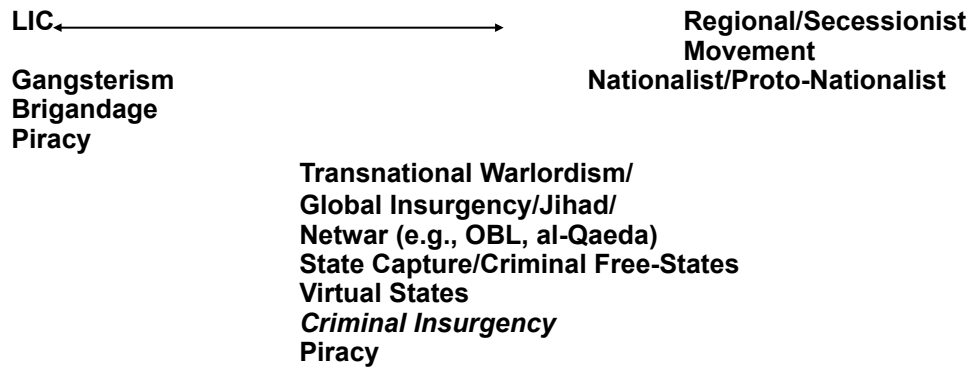
**Figure 1: Governance (State) Failure Continuum**



**Source:** John P. Sullivan, “Intelligence, Sovereignty, Criminal Insurgency, and Drug Cartels, Panel on Intelligence Indicators for State Change and Shifting Sovereignty, 52nd Annual ISA Convention, Global Governance: Political Authority in Transition, Montreal, Quebec, Canada, 18 March 2011



**Figure 2: Warlord Continuum of Instability**



**Source:** John P. Sullivan, "Terrorism Crime and Private Armies," *Low Intensity Conflict & Law enforcement*, Vol. 11, No. 2/3 (Winter 2002).

