Further from God?

U.S. policy and its impact on the Mexican state in the war on drugs

Final version

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### Contents

Introduction .................................................................................................................................. 4  
Theoretical frame, main question ................................................................................................. 6  
Process tracing .............................................................................................................................. 9  
Relevance ........................................................................................................................................ 10

Chapter 1: overview and the De la Madrid years of 1982-1988 ........................................... 12  
1.1 Mexico before 1982 .................................................................................................................. 12  
1.2 Drugs and trafficking in Mexico before 1982 ........................................................................ 14  
1.3 Mexico from 1982 to 1988: De la Madrid ............................................................................... 15  
1.4 Overview ............................................................................................................................... 16  
1.5 Drug trade .............................................................................................................................. 18  
1.6 U.S. policies ........................................................................................................................... 19  
1.7 Mexican capacities under De la Madrid .............................................................................. 22  
1.8 Conclusion ............................................................................................................................. 25

Chapter 2: The Salinas years 1988-1994 .............................................................................. 27  
2.1 Overview ............................................................................................................................... 27  
2.2 Drug trade .............................................................................................................................. 30  
2.3 U.S. policies ........................................................................................................................... 32  
2.4 Mexican capacities under Salinas ...................................................................................... 34  
2.5 Conclusion ............................................................................................................................. 37

Chapter 3: The Zedillo years 1994-2000 .............................................................................. 40  
3.1 Overview ............................................................................................................................... 40  
3.2 Drug trade .............................................................................................................................. 42  
3.3 U.S. policies ........................................................................................................................... 44  
3.4 Mexican capacities under Zedillo ...................................................................................... 46  
3.5 Conclusion ............................................................................................................................. 50

Chapter 4: The Fox years 2000-2006 ................................................................................. 53  
4.1 Overview ............................................................................................................................... 53  
4.2 Drug trade .............................................................................................................................. 54  
4.3 U.S. policies ........................................................................................................................... 57  
4.4 Mexican capacities under Fox ......................................................................................... 58  
4.5 Conclusion ............................................................................................................................. 62
Introduction

“Poor Mexico. So far from God, so close to the United States”
-Mexican saying

As the preceding lamentation illustrates, the relations between Mexico and the United States can best be labeled as ambiguous. While both countries are important trade partners and have become increasingly interconnected with the North American Free Trade Agreement (NAFTA), the political relations do not reflect this. In general, the United States is perceived in Mexico as being aggressive and imperialistic, while Mexico’s image in the U.S. is tainted by corruption and drug trade.\(^1\) The foundations for political cooperation are in this respect shaky.

One of the most important issues for both countries is the trafficking of drugs from Mexico to the United States. Although trafficking of illicit goods has a long history in Mexico (dating back to the Prohibition Act of 1919) it was not until the eighties that it became a priority for U.S. policies. At the start of that decade, a confrontational attitude of the U.S. towards Mexico became common. The large supply of drugs coming from Latin America was too much of a liability for the Americans and therefore, the U.S. government pushed for a continent wide initiative against drugs.\(^2\) Over the years, this would affect Bolivia, Colombia, Panama and eventually Mexico.

Although Mexico does not face a large scale insurgency as Colombia does with the FARC, it has experienced increasing difficulties with drug lords. Mexico started as a main supplier of marihuana in the sixties and became almost a monopolist in supplying the US market with heroin during the seventies.\(^3\) Although these practices were illegal and serving criminal interests, violence remained low. In the eighties, Mexico became involved in the trafficking of cocaine from Colombia to the U.S., since the old supply lines in the Caribbean had been disrupted by international efforts.\(^4\) The cartels would strengthen their position and take over the cocaine trade from the Colombians in the nineties. When president Calderon in 2006 called for an all-out war against these powerful organizations, violence quickly

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\(^1\) Selee, Andrew, *Perceptions and Misperceptions in U.S.-Mexico Relations* (Washinton 2005), 4.
\(^3\) Friesendorff, (2006), 75.
escalated. Since the police was not to be trusted, 40,000 soldiers were deployed to take over the streets from the cartels. Since then, the Los Angeles Times has been monitoring the cartel related homicides; in May 2009 the count was 9,903. At the same time, corruption reigns supreme and has tainted the justice department as well as some high placed politicians.

This has not gone unnoticed in the U.S., the main market for drugs trafficked in Mexico. The Joint Operating Environment 2008, a military report about challenges that the U.S. faces, labeled Mexico with Pakistan as a state that can be subject to a “rapid and sudden collapse”.

The name of Pakistan in this context was to be expected, as the country faces several threats from Islamic fundamentalists. Mexico, however, ended up in the same paragraph because of its bloody struggle against the cartels.

Because of the major interests of the United States in this matter (90% of the cocaine that’s being trafficked in Mexico, is headed for the U.S. market), relations between the two countries are partially defined in terms of the War on Drugs. This dates back to 1971, when Nixon proclaimed a war to combat the production of heroin and marihuana in Mexico, which found a growing market in the U.S. Although a relaxation in the seventies led to a more liberal position on drugs, it was with the rise of Ronald Reagan in 1981 that Mexico faced even more pressure from the U.S. This was to increase in the following years.

Since the two countries share a 2000-mile border, their destinies are intertwined. U.S. policies will not go without consequences in Mexico and the same counts the other way around. Especially with the influx of Mexican immigrants to the U.S. which accounts for almost 21 million and the large volumes of trade, this has only become more relevant. Not surprisingly, the interdependent nature of this relation is present in most of the literature on Mexican-US relations. In the case of the border region, it is argued that a new community has come into existence of people living at one side of the border and crossing it on a daily base for work, leisure or business. One scholar even states that “Because of this social and economic interaction, almost all of the issues on the official bilateral agenda between the two countries have also become intermestic – that is, they have both international and domestic

components.” This affects the consequences of policies made by both countries, since it no longer deals with experts and politicians on a national level, but with the citizens in general on all levels. Since there is so much interaction on a wide variety of issues, the question whether or not the deterioration of the Mexican state and its struggle against the cartels can be attributed to US policies, seems to be legitimate. After all, the intermestic character of U.S.-Mexican relations implies that decisions made in the U.S. may have had consequences for Mexico. More importantly, it might be even the case that unintended consequences of policies left their marks on the Mexican state.

Theoretical frame, main question
This thesis will not look at whether or not Mexico is a failing state, because a closer examination reveals that Mexico does not fit that description. It is still a functioning democracy which experienced a peaceful revolution in 2000 while the economy does not seem to suffer radically from the violence. In fact, large parts of the Mexican territory are still under control, with the government having the monopoly of violence in these areas. This does not resemble a failed state under the accepted definition of what such a state entails.

But the Mexican authorities do have some grave problems to deal with. Therefore, it seems to be more appropriate to look at Mexico as a ‘weak state’, a territorial unit which is not capable of fully exercising all of the functions associated with a state. One of the main definitions for such a state has been designed by Phil Williams, who stands in the tradition that started with the late Susan Strange. In *The Retreat of the State*, Strange describes processes that undermine the ability of the state to influence outcomes. Globalization, new financial structures and the end of the Cold War has led to states losing their authority in certain areas. This power might have been transferred to stronger states that have more reach beyond their borders, to markets and non-state authorities or it simply has evaporated, with no one exercising authority in a structure.

This political economic perspective on international relations has since then rapidly evolved. More attention has been given to the influence of non-state actors like private companies, non-governmental organizations (NGO’s) and criminal groups on states and their role in international relations. Phil Williams is specialized in analyzing the influence of crime

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12 Selee, Andrew, (2005) 2.
on the state. In *Transnational Organized Crime and the State* (included in Thomas J. Bierstekers *The Emergence of Private Authority in Global Governance*, 2002), Williams argues that so-called weak states give rise to transnational criminal organizations (TCO’s). These states tend to have a

...low level of state legitimacy; border controls are weak; rules are ineffective; the institutions and people who represent the state put other goals above the public interest; there is little economic or social provision for the citizenry; business is not legally regulated or protected; social control through a fair and efficient criminal justice system is lacking; and other typical state functions are not carried out with either efficiency or effectiveness...\(^{16}\)

This definition is more elaborate than the failed state perspective since it emphasizes the social and economic context. More importantly, the state is still functioning here but in a troubled way. According to Williams, the aforementioned weaknesses are so-called capacity gaps. A lack in the ability to exercise these capacities will lead to functional holes or the complete inability of the state to maintain functions that its citizens expect from it. Criminal organizations can exploit these holes in two ways: they might fill them and wield their own authority or they can maneuver inside this gap without being hindered by the state. For example, in the case of ineffective rules, there will be little to no chance of arresting a person committing a criminal act since the rules are not defined. This will resemble a situation of impunity.\(^{17}\) Williams predicts that an attempt to regain a lost function by the authorities will be accompanied by a great effort which most certainly will have a violent nature.\(^{18}\) Separated, the capacities can be described as follows:

- **Social control:** this refers to the justice system and its many branches. Is there a risk that criminal behavior can be punished or not? With a lack of social control, the justice system will become ineffective.

- **Social welfare:** concerns the role of the state as distributing the means of existence to its citizens. If it’s low or absent, the tendency for citizens to engage in criminal activity will increase.


\(^{17}\) Hall, Rodney Bruce ed., (2002), 171.

- Business regulation: deals with criminal organizations as arbitrator, protector and debt collector when the state cannot regulate business.
- Oversight and accountability: examines how transparent the political system is and where control lacks.
- Border control: a gap in this respect means little to no interdictions of illicit goods at the border. This also influences the opportunities of criminals to cross the border.
- Legitimacy: a low legitimacy will lead to a lack of authority and affiliation of the electorate with its politicians. Risk of increasing legitimacy of ‘other’ parties.
- Electoral norms and patterns: looks at the way campaigns of politicians are financed and if TCO’s can strike deals with politicians.

The approach of Williams will be used to analyze whether or not American policy has been influencing one or more of these weaknesses which might have caused criminal organizations to grow in strength. This leads to the following main question:

*To what extent can the transformation of Mexico to a weak state be attributed to US policies concerning Mexico and the War on Drugs in the period 1982-2006 with the theory of Phil Williams on capacities?*

In order to answer this question, three sub questions are to be dealt with:

1. How have the capacities of the Mexican state evolved on a national and local level in the period of 1982-2006?
2. How have criminal organizations been dealing with the changing capacities of the Mexican state?
3. What has been the American policy regarding Mexico and to what extent did that influence the Mexican capacities directly and indirectly?

The structure of the thesis will be as follows: the environment of the Mexican society is to be described in chapter 1, along with an introduction to drug trade. This will be followed by an analysis of the years under the Zedillo presidency. Every term of a Mexican president will be dealt with in separate chapters. This will be explained below. Attention in these chapters will be given to the political, social and economic developments since 1982. Every chapter will then examine the evolution of drug trading organizations (DTO’s), the U.S. responses and
more importantly, the capacities of the Mexican state. The emphasis in these last parts of the
chapters lies on three separate states in Mexico: Baja California, Chihuahua and Sonora.
These states are all located at the U.S. border and have been known to be battlegrounds in the
war on drugs. In this way, the chapters start with a macro overview of the Mexican society,
which will be translated into a micro analysis on the local level. Since the border region is
particularly vulnerable to U.S. policies, intended and perhaps even more importantly
unintended consequences can be easier detected. Primary sources are to be used here, since
not only statements and policies are to be analyzed, but also the implementation of these
policies. In doing so, a causal relation between the perceived deterioration of the Mexican
state and US relations might be uncovered to answer the main question of this thesis. After a
discussion on the results, the conclusion will provide an answer to the main question.

Process tracing
The method of choice for this thesis is process tracing. This entails creating a timeline, in
which social, political and economic elements are included. In this way, the environment of
the Mexican state can be constructed; an environment which changes over time and responds
to policies and/or other factors. When the timeline is ready, the influence of US policies on
Mexico will be examined. Important is the causality: a change that occurs after certain
policies have been implemented can be causal, but changes that happen before US
intervention are probably attributed to another factor. It is also possible that US policies might
have exacerbated or mitigated certain processes. The method of process tracing will allow the
uncovering of these connections by looking at how it is possible certain changes have
occurred. Note that the emphasis lies on policies executed by the many branches of the
American state, not the US as a monolithic actor. An analysis of this kind entails the State
Department, the Department of Defense, Homeland Security and many other branches and
subsidiaries. As this thesis will argue, there is not a US policy on Mexico, but a multiplicity
of bureaucracies with different goals that work separately from each other.

The starting point of this thesis is 1982. Although the war on drugs was already
declared in 1971 by the Nixon Administration, the scope and intensity of the following events
have been very limited. It was with the Reagan administration in the early eighties that the
fight against drugs was geared up in and where the focus was shifted to Mexico. However, for
the sake of completeness, chapter 1 will include a short summary of the events from 1969 (the
first time Nixon addresses the drug issue) to 1981.
After that, the following two decades are to be examined. Creating a single timeline ranging from 1982 to 2006 will lead to a long and incomprehensive chain of events. Therefore, the timeline is to be divided in four separate blocks. Each block corresponds to the six years term in office of the Mexican president. The reason to do so is threefold. First, the terms of the U.S. and Mexican presidencies seem to run in an almost parallel way, as shown below. Second, presidents in both countries have a decisive impact on the bilateral relations and policies in general, including those regarding drugs. Especially in the case of Mexico, with the dominance of the Partido Revolucionaro Institucional (PRI) until 2000 and the affiliated system of patronage, this is true. Third, trends in the leadership of the countries and their influence can be easier detected in this way. This leads to the following scheme:

<table>
<thead>
<tr>
<th>Mexico</th>
<th>United States</th>
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Every period will be examined in the following chapters. In the case of Bush and Fox, chapter 4 will end in 2006, although the analysis will make use of some information that the most recent events have provided.

**Relevance**

The first goal of this thesis is to use the theory of Phil Williams on a real case. Is the weak state or capacities approach indeed suitable to examine a state that cannot provide certain goods to its citizens? And are the chosen variables capable of giving a complete explanation of the drug wars in Mexico?

Second, the relevance of this subject is tied to the emergence of global crime, which has been concentrated in this case in Mexico. In the last two years, an estimated 10,000 people have been killed in drug related violence, which resembles the scale and intensity of an internal conflict. Yet, this is no ‘official’ Clausewitzan war or a new war in the ethnic definition of Mary Kaldor’s *Old and New Wars*. The state still exists and faces no real threats from any insurgency groups on political or religious grounds. It’s purely profit driven and not

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interested in territorial gain but survival. Therefore, criminal organizations have no use to openly challenge the state. It is not in their interest to turn a system into complete disorder. Just like normal profit driven companies, criminal organizations want to operate in a predictable and stable environment. In most cases, they will create a peaceful symbiosis with the institutions of the state. In this respect the question becomes relevant to study why a state that harbors criminal organizations, can face so much violence. Since domestic actors and criminal organizations do not have a real use for a direct confrontation, the answer must be sought in the external sphere. Hence, the focus of this thesis lies on the policies of the United States. Analyzing this might lead to a better understanding of the catalysts behind this type of violence and how external parties should or should not act with respect to weak states.

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20 Strange, (1996) 119-120
Chapter 1: overview and the De la Madrid years of 1982-1988

This chapter will examine the capacities of the Mexican state in the period 1982 to 1988. But first, a short overview will be given of Mexico before 1982 where some relevant core elements are examined. The next part gives a short introduction of the drug industry to get some insight in how the different types are produced and what organizations are involved with their trade. After this overview, the chapter will continue to a description of Mexico in the period 1982-1988. It will focus on social, economic and political aspects of the Mexican nation in order to generate the context for this thesis which is concluded by a separate analysis of the Mexican state and the possible influence of U.S. policies on these capacities.

1.1 Mexico before 1982

On a political level, the policies of Mexico have always been defined by the presidency. Mexico, according to its 1917 constitution, is a federacy with a great deal of autonomy for the separate states. However, the dominance of the PRI since the end of the revolution to 2000 would lead to an opposite system where the president was to have excessive power. Since the PRI was a centrally led party that penetrated all aspects of Mexican society like unions and other civil organizations, its reach was very extensive. In fact, thanks to its many clientist links, the PRI represented a political system of its own. Inside that system, power was centralized in the position of the president, who had a wide variety of powers and functions. He controlled all state run companies (ranging from telecom to oil), was able to appoint and dismiss secretaries and, most important, he also appointed his successor. The system had a very centralized character, although Mexico was in name a federal republic. Governors only served to execute the policies of the president and the PRI, although the constitution gives them a great deal of autonomy.

Democracy in Mexico was just as real as its federal character. For instance, domestic elections were not monitored by any observers until 1994. The government defended this policy because Mexico was a so called ‘sovereign democracy’. Since the Mexican Revolution that started in 1910 and effectively ended in 1929, its consecutive governments would allow

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22 Schlefer, Jonathan, Palace politics. How the ruling party brought crisis to Mexico (Austin 2008), 35.
24 Schlefer (2008), 36.
25 De la Garza (1997), 42.
no interference of other countries in its domestic affairs. Fundamental to this attitude was the constant meddling of the U.S. during the revolution. In its dealings with other states, Mexico always preferred a course of non-intervention. Even at summits of the Organization of American States (OAS), Mexico would block attempts to suspend member countries where democratic systems had been overthrown.\textsuperscript{26}

Mexico also differed from other countries in South and Central America in the position of the army. Since the Mexican Revolution, the military steered clear from politics. The long history of the Mexican army indicates that it was brought under civilian control in an early stage by incorporating it into the structure of the PRI’s predecessor.\textsuperscript{27} This is not surprising; most officers at that time were loyal to the ideals of the revolution, and hence the PRI. After all, both consider themselves to be a guardian of the Revolutionary heritage. This is a major difference with other states in the region, where the military mostly had an active attitude in politics by opposing certain political parties. In the case of Mexico, the army was – in an informal way- part of the monopoly party. Hence, any incentive to revolt against the PRI was not present. Some problems have emerged in the decades following this pact of the post-revolutionary army with politics, but these issues remained of minor importance.

In this system with some democratic characteristics, opposition parties tried to contest the dominance of the PRI, but because of its iron grip on Mexican civil society these attempts were doomed to fail. The leftist Partido de la Revolucíon Democrática (PRD) and the conservative Partido Acción Nacional (PAN) only played a marginal role until 2000, because of electoral fraud, patronage and violent repression.

However, it was one of these violent exercises which caused the downturn of the PRI, when in 1968 a large student demonstration against the government was quelled. The number of casualties still remains unknown, but the harsh response of the authorities caused it to lose a great deal of its legitimacy.\textsuperscript{28} When president Echevarria took office in 1970, he chose for a neo-populist course in order to retain some of the lost legitimacy. This happened in a period when a major global crisis struck the Mexican economy.

The economic situation deteriorated rapidly, because import substitution had been the growth path since 1940. In this system, the Mexican economy was shielded from the outside world by quotas and tariffs, while the peso stayed at a fixed exchange rate. With governmental support, Mexican companies could produce for the domestic market, while

\textsuperscript{26} De la Garza (1997), 42.
\textsuperscript{28} Hamnet (2006), 261.
foreign products were kept at bay. This policy was expensive and very inefficient and when the crisis in the seventies struck the Mexican economy, the government decided to gradually open up its market. Instead of substituting for foreign products, Mexico would now manufacture goods for the exporting sector.\textsuperscript{29} The consequences of this liberalization (more bankruptcies and unemployment) could partially be offset with the discovery of new oil fields in 1972. Echeverria, in line with his populist policy, made use of these discoveries to expand the government. The prospect of exploiting these oil fields allowed the government to get loans and offer more employment as well as expanding social welfare programs.\textsuperscript{30} The oil boom of 1978 –when prices went up rapidly- generated additional income which almost insulated Mexico from the second global economic crisis at that time.\textsuperscript{31}

The expansion of the government continued under the presidency of Portillo (1976-1982). At the end of his turn, the global downturn caused oil demand in 1982 to decrease. This time Mexico was not protected by an oil bonanza. Prices went down, and so a major source of income for Mexico dried up. The peso, being overvalued for the last few years under the oil exports, dropped significantly and made outstanding debts in US dollars increase. In order to prevent a flight of capital, Portillo nationalized the private banks in Mexico.\textsuperscript{32} It did not help, since Mexico defaulted on its debt in the same year.

\textbf{1.2 Drugs and trafficking in Mexico before 1982}

As the introduction already mentioned, the trafficking of illicit goods has a long history in Mexico. The country serves as a transit country and producer at the same time. The Mexican climate offers good conditions to grow poppy (used for heroine) and marihuana which are mainly destined for the U.S. market. Cocaine is a transit good, since it is imported from producing countries like Colombia, Peru and Bolivia. In the last few years Mexico has seen the emergence of a rapidly developing amphetamine industry.

Of the three drugs trafficked in Mexico, marihuana is the type least associated with violence and corruption. Real cartels do not appear in this sector because of the way it is produced: labor intensive with low capital. There are too many people involved and the price is low. There is no overarching cartel that coordinates production and trafficking and therefore traffickers do not pose a threat to governments, although some organizations tend to

\textsuperscript{29} De la Garza (1997), 35-36.  
\textsuperscript{30} Hamnet (2006), 262.  
\textsuperscript{31} Servín (2007), 274-275.  
\textsuperscript{32} Hamnett (2007), 268.
buy and sell large cargos of marihuana. Until the sixties, this crop was grown for domestic use, but when a counter culture emerged in the U.S., demand rapidly increased. Since then, production levels have been more or less the same. Profit margins have not increased because of U.S. entrepreneurs growing marihuana themselves. Additionally, trafficking marihuana is difficult because of the size of the good and the fact that it requires large cargo’s to make a border crossing profitable in terms of necessary bribes. Because of the relative low price, marihuana remains the main drug of choice for Mexicans.

Heroine in Mexico played a marginal role until the seventies, when the American society was shocked to find out that large numbers of soldiers returning from the war in Vietnam had become addicted. At that time, the American market was supplied by the so-called French Connection, in which Corsican traffickers operating from Marseilles trafficked heroine from Turkey to the U.S. In what became one of the biggest internationally coordinated busts ever, the connection was disrupted. However, demand in the U.S. continued to exist and so the ‘balloon effect’ occurred: putting pressure on production in one area led to the emergence of producers in another region. In this case, it meant the start of a thriving Mexican heroin industry which would cover eighty percent of the total U.S. heroin demand as soon as in 1975. Other sources even argue that Mexico gained a complete monopoly position. The domestic market is not relevant here. Poppy production in Mexico is mainly instigated by U.S. demand; the high price and relative abundance of cheap marihuana for the own market keeps domestic demand low.

Cocaine was of little significance to Mexico until the late eighties. The balloon effect occurred here as well, but the following chapter on the years of De la Madrid will elaborate on this subject in more detail. Amphetamine production will be dealt with in the chapters dealing with the nineties.

1.3 Mexico from 1982 to 1988: De la Madrid

The administration of Miguel de la Madrid started during a severe economic and political crisis. On the economic front, De la Madrid faced the consequences of a system that had

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34 Payan (2006), 27.
shielded Mexican business from the rest of the world. This had a tremendous impact on inflation rates and so the new administration rapidly adopted a policy of liberalization. De la Madrid was a strong adherent to the Washington Consensus, which implied cuts in government spending, control of inflation and privatization of public companies. Meanwhile, drug trafficking seemed to be contained in the early 80’s by an intense eradication campaign, but production levels would increase again during his presidency. At the same time, the United States reinvigorated the War on Drugs under Ronald Reagan in an unparalleled way.

1.4 Overview
The collapse of 1982 forced Mexico to look for assistance from the IMF. The conditions of the loan packages were based upon the Washington Consensus, which forced De la Madrid to tackle a bloated bureaucracy. Because PRI members controlled most of these positions, the restructuring coincided with an internal political struggle which would lead to a schism in 1988. However, the presidency had gained a lot of executive power during the previous periods, so De la Madrid could continue with the cuts. During the first year of his presidency alone, 50,000 government positions were slashed.

The crisis of 1982 would cause no economic growth in Mexico for a decade. Purchasing power in the period of 1983-1988 went down with twenty percent, but prices for daily commodities increased by ninety percent. Adding to that was the obligation of Mexico to pay six percent of its GDP back to its First World debtors, which would continue during the entire administration. This measure was imposed by the IMF, which was mainly controlled by the U.S. at that time. Unless Mexico achieved more than six percent growth annually an expanding economy would be unattainable for the years to come.

A further liberalization of the economy occurred in 1986, when Mexico joined the GATT and had to lift a multiplicity of trade barriers. For instance, Mexican companies could now be taken over by foreign firms, which meant a great boost for investments. A notable exception existed for banks, which could only be taken over by domestic firms. Following the entrance to the GATT was a massive takeover of small businesses that were not able to

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40 Schlefer (2008), 157.
43 Smith, Clint E., Inevitable partnership. Understanding U.S.-Mexico relations. (Boulder 2000), 64.
44 Hamnett (2007), 269.
45 Schlefer (2008), 184.
46 Smith (2000), 90.
47 Smith (2000), 64.
compete with foreign firms. The government lifted most restrictions at once and hence, these companies were unprepared for operating in a global environment. Economic growth was achieved because of this policy which increased trade volumes, but it also meant an additional blow to the already crumbling middle-class.48

On a political level, the presidency of De la Madrid would lay the foundations for the 2000 revolution. First of all, the iron grip on Mexican society was loosened. When a major earthquake struck Mexico City in 1985 and killed 40,000 people, the PRI played down accusations that it did not do enough to assist the victims. What followed was a wave of new NGO’s to give relief to the victims since the government was perceived as not doing enough. From that moment on, the PRI faced a civil society that got increasingly stronger and encroached upon old networks of patronage which were once under the control of the party. The PRI tried to influence the umbrella organization behind this movement, but the Coordinadora Unida de Damnificados (CUD) remained autonomous. The PRI had lost its influence in Mexico City and felt the pressure from this group in other regions as well.49

Second, the economic crisis made clear that the system of grupos –cliques around a president who vied for jobs after his term- had resulted in a chugging economy. Self-interest had dominated the political system for too long while the policies of some presidents and their grupos had not served the general interest. The policies had also made the PRI to lose popular support. Therefore, De la Madrid moved in 1983 with the Municipal Reform for free and fair elections on the local level. It was considered a cheap way to regain the trust of the population. However, when the PRI was to lose its grip on San Luis Potosi and Chihuahua in 1985, the results were rigged. Some key party members opposed his austerity programs and wanted compensation by committing election fraud.50 Still, this reform was to grow in importance in the next few years.

The third major change was a consequence of the opening of the political system. Out of fear for losing their positions, the political elite of Mexico became divided. One side consisted of the ‘old’ politicians, who were born in the 30’s and had received education in Mexico. Their ideas were firmly rooted in the ideals of the Mexican Revolution and popular sovereignty. The new group was directly opposed to these traits: its members were born after 1940 and they were educated in the U.S.51 When De la Madrid favored the young Carlos Salinas de Gortari – a member of the so-called ‘Technocrats’- to become his successor, this

49 Servín (2007), 326-327.
caused a rift in the PRI. The Democratic Current, a faction consisting of old party members, tried to safeguard its position as well as preserving the ideals of the revolution. De la Madrid had no use for this faction and so the Current seceded from the PRI. It would start a coalition with a leftist party to become the Frente Democrático Nacional (FDN), which would become an important opposition party. During the elections of 1988 the FDN got 33 percent of the votes, while Carlos Salinas won a close majority of 50.1 percent after computers counting the votes suffered from a mysterious breakdown. According to national and international sources, the elections were a textbook example of massive rigging.

1.5 Drug trade
Accompanying the economic crisis and the political rift was a worsening drug problem, although Mexican policy makers were reluctant to admit this. The negative consequences of drug abuse were not felt in Mexico. Heroin and cocaine demand was fueled by the U.S. market, and its adverse effects like low level crime and health dangers were mainly felt in the U.S. For Mexican policymakers, the trafficking and production of drugs for a foreign market had not really been a problem, since negative externalities were quite minimal. Any push of the U.S. to fight DTO’s in Mexico or ask the authorities for assistance would be considered a breach of sovereignty. Of course, Mexico implemented some measures against DTO’s to appease the U.S. Echoing Reagan’s rhetoric De la Madrid formulated a strategy. An extensive eradication program in the seventies involved 5,000 soldiers to destroy marihuana and poppy crops. This was very successful in terms of hectares eradicated, but not in tackling traffickers structurally. In 1980, the level of Mexican heroin exported to the U.S. had decreased from 5.2 metric tons in 1975 to 1.4 metric tons in 1980 thanks to crop eradication. But three years later, the exports returned to previous levels. The producers proved to be very adaptive, since crops were no longer grown in large fields but on small, scattered plots which made eradication very difficult. With no real commitment to tackle traffickers in a structural way, eradication proved to be a useless exercise. And until Salinas, the framing of DTO’s as a threat to national security would remain pure rhetorical.

The adaptation of the traffickers also extended to the justice department. In 1984, large amounts of marihuana were found in a ranch which was run by police officers. The storage also seemed to be linked to local government officials. It was the first corruption case of that

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kind. Bribery among the police forces was common, since they served the interests of the PRI and its affiliates. But new in this respect were the scale and the involvement of a DTO. Only one year later, the Justice Department was forced to shut down the Dirección Federal de Seguridad (DFS), the Mexican equivalent of the FBI, because corruption had penetrated almost every branch of the federal police.\textsuperscript{56} Disbanding entire units has been since then the preferred way to deal with corruption, but replacing them with inexperienced new units makes effective law enforcement difficult. Not replacing a federal agency like the DFS meant a tremendous blow to law enforcement, even though it was corrupt. Drug trade would in fact increase after discarding the federal police.\textsuperscript{57}

The balloon effect made it even more difficult for the police to enforce the law. Marihuana and heroin were already causing enough trouble, but in 1982 the first signs of increasing cocaine trade were noticed. A successful campaign in the Caribbean forced the Colombian cartels to look for different ways to smuggle cocaine into the U.S. With a largely unprotected 2,000 mile border with the United States, Mexico turned out to be the next trafficking spot. Adding to that was the experience of the marihuana and heroin traffickers who could easily shift to cocaine. It was therefore no surprise when Miguel Angel Félix Gallardo (by then the most important trafficker), struck a deal with the Colombians to traffic cocaine to the U.S.\textsuperscript{58}

Thus, a new phase in the history of Mexican drug trade commenced. Since the territory was only used as a transit country, the smugglers were far more mobile and adaptive than their counterparts who produced drugs like marihuana and heroin. Reinforced by the financial boost the trade in cocaine provided, the organization of Gallardo became a cartel of its own with a rapid expanding market: cocaine usage in the U.S. increased by 133% in the period of 1982-1985 alone.\textsuperscript{59}

1.6 U.S. policies
The Reagan administration had already labeled drug enforcement as one of its priorities by announcing a War on Drugs in February 1982. In the beginning it was merely rhetoric since budget cuts in Drug Control undermined a ‘real’ war. Under the Carter administration, U.S. assistance to Mexican drug enforcement agencies accounted for approximately 15 million dollar. During the first years of Reagan this number was downsized to 7 million dollar of

\textsuperscript{56} Celia Toro (1995), 33.
\textsuperscript{58} Payan (2006), 12.
which most was spent on the aerial spraying of crops.\textsuperscript{60} The priorities of U.S. policies had also shifted: the Caribbean became the main target in 1982 since most transport lines of cocaine to the U.S. were located in this region. But when the connection between trafficking and terrorism was revealed in 1986, Reagan was forced to allocate more resources to drug control. It led to a renewed focus on Mexico.\textsuperscript{61}

Government spending to combat drugs would increase annually, peaking at 4.3 billion in 1988.\textsuperscript{62} Three quarters of this amount was used for enforcement and interdiction (or: supply reduction), while the remaining quarter had to improve education and demand reduction. However, budget cuts in 1988 made that demand reduction was pushed aside while interdiction and border control remained priorities.\textsuperscript{63} Most notably, the Senate passed in 1986 the Anti Drug-Act, in which the military was given an expanded role to support civilian interdiction and law enforcement at the borders and on the high seas.\textsuperscript{64} The Act also meant the start of the certification process. Under this system, the president and Congress would determine whether or not countries were cooperating in anti-drug efforts. If not, a country was decertified which meant a cut in U.S. financial assistance. Further, the U.S. would not support loans to a country in multilateral development institutions.\textsuperscript{65}

The drug issue was further militarized in the National Security Decision Directive 221, which was issued in the same year. The Directive widened the reach of operations to encompass the department of Defense in the war on drugs by planning operations, gathering intelligence and material support to foreign governments. Besides Defense, the Directive also included the departments of Treasury, Transportation, Justice, State as well as the CIA and NSA.\textsuperscript{66}

This hard-line stance became clear in the behavior of certain agencies, like the Drug Enforcement Administration (DEA). When Officer Enrique Camarena Salazar was tortured and murdered by traffickers in 1985, the agency pushed for a fast and thorough investigation into his death, claiming that Mexican government officials had been involved. To put more pressure on the local authorities, the DEA executed Operation Intercept II. For eight days in February 1985, the border was partially closed which led to tremendous economic damage on

\begin{footnotes}
\item[60] GAO (August 1987), 1.
\item[61] Doyle (1992), 85.
\item[62] Bagley (1988), 189.
\item[64] Bagley (1988), 191.
\item[65] Perl (summer/autumn 1988), 25-26.
\item[66] Doyle (1993), 83.
\end{footnotes}
both sides of the border and growing Mexican resentment towards U.S. authorities. When Mexican efforts were still not satisfactory enough, the agency decided to rely on self-help and captured nineteen suspects on Mexican territory to have them processed on U.S. soil. The situation got tenser when American Congressmen criticized Mexico’s poor record on corruption in 1986. Adding to that was the intention of the Congress to decertify Mexico. Although it was not approved, this further strengthened nationalist sentiments. A clear sign of this development was a demonstration of 60,000 participants in May 1986 against what was considered a breach of Mexican sovereignty.

1986 also proved to be crucial in another field: immigration. For decades, Mexican undocumented migrants had moved to the U.S. to pursue jobs. In 1986 the level of migration became alarming in the perception of the Congress. In the Immigration Reform and Control Act (IRCA), an amnesty was granted to nearly 3 million undocumented workers from Mexico who resided in the U.S. But more controversial was its restrictive character: employers hiring undocumented workers could get fines. The act also called for more patrols as well as a role for the army to intercept migrants.

Besides increasing the role of its own army, the U.S. also sought to increase the role of the Mexican army in the war on drugs. Had relations between Americans and the Mexican Ministry of Defense been almost non-existent, during the eighties a new bond was established. The U.S. offered training and equipment to the army for the war against the DTO’s. Moreover, weapon exports to Mexico’s army soared during the Reagan years. In the period 1950-1981, an estimated 22.1 million dollar in arms was sold to the Mexican army. This was increased by a factor six in 1982-1989 when exports increased to almost 120 million dollar.

What is striking in the relations between Mexico and the U.S. is the fact that in other policy areas the type of cooperation that might be associated with two states that share such a long border was quite incidental. The Reagan administration did not collaborate with Mexico as equals. For instance, high Mexican officials were easily accessible, but the same could not be said of their U.S. counterparts. Trade agreements had been made, like the 1987 Bilateral

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69 Friesendorf (2006), 18.
70 Celia Toro (1995), 64.
72 Payan (2006), 56.
73 Doyle, (Februari 1993), 86-87.
Agreement on Trade which laid the foundation for the North American Free Trade Agreement (NAFTA), but in other fields the two nations have seemed to live in something that resembles a peaceful coexistence.\textsuperscript{75} U.S. doctrine towards Mexico is specifically pointed at stability that must be provided by domestic means. In short: as long as there is no direct risk of collapse, it will steer clear from Mexican domestic issues.\textsuperscript{76} But, if there is a threat of collapse, the U.S. will act. This explains the intervention of the Reagan administration during the financial bailout.\textsuperscript{77}

The dominant position of the PRI during this period was not questioned by U.S. authorities, although American media criticized the system in 1988. However, the Reagan administration preferred to remain silent on the rigged elections. Underlying this attitude was not indifference, but a profound fear for yet another nationalist outburst in Mexico: “There is a consensus within the Administration that strong statements by Washington would be counterproductive.” as the State Department was quoted after the elections.\textsuperscript{78}

\textbf{1.7 Mexican capacities under De la Madrid}

When looking at the capacities of the Mexican state, it is clear that in the field of social control a great deal of deterioration has taken place. An increasing amount of crimes went unpunished which can be explained by the state of the economy: the rapid downturn forced Mexicans to look for different means of sustenance. Within six years, the number of jailed criminals rapidly increased. In 1982, about 73,745 people were incarcerated. In 1988, at the end of De la Madr\textedslash;\textquotesingle s term, this number had increased to 122,836.\textsuperscript{79} Main offences were theft and robbery.

The problem with Mexican law enforcement was the dichotomy between federal, state and municipal police. The latter two took care of 95\% of all cases, but organized crime, homicide and drug trafficking were the responsibility of the federal police. Whenever local police forces encountered a drug related case, it had to be relinquished to federal agents, which took away the incentive for local police to tackle these crimes. More importantly, intelligence and resource sharing was not stimulated.\textsuperscript{80} Another important factor here was the

\textsuperscript{75} Smith (2000), 92.
\textsuperscript{76} Selee (2005), 15.
\textsuperscript{79} Piccato *
\textsuperscript{80} Bailey, John J. and Jorge Chabat ed., \textit{Transnational crime and public security. Challenges to Mexico and United States} (San Diego 2002). 311-313
function of the police during the years that the PRI controlled Mexico. Instead of protecting its citizens, the police was more concerned with retaining the centralist position of the PRI. Illegality and corruption were the rule rather than the exception. With no democratic oversight on the political system, there was also no control over the police.\textsuperscript{81}

Not helpful in the fight against organized crime were the diverging attitudes of both countries concerning drug control. The U.S. pursued an aggressive policy, while Mexico did not perceive DTO’s as a serious problem. Moreover, any meddling in Mexican law enforcement would be considered a breach of sovereignty in a country where nationalist sentiments easily emerge. This is most clear in the extra territoriality of actions by the DEA which diminished the willingness of Mexican justice to cooperate with their American counterparts. Even if they would have done so, Mexican justice agencies had to take into account the negative attitude of the population towards cooperation. After all, the aggressive U.S. drug policies also resulted in the massive demonstrations of 1986.

Second, the growing number of corruption cases made cooperation with Mexican justice ‘dilutive’\textsuperscript{82}. U.S. agencies became very reluctant to cooperate with Mexican police and shared intelligence only with the military, which also experienced more assistance in other fields like equipment and training. This increased the participation of the army in drug control. De la Madrid supported this policy and even expanded their involvement (crop eradication) because he did not trust the police either.\textsuperscript{83} Although sending in the military to combat drugs seems to reveal a tough stance on crime, some authors argue that De la Madrid deliberatively remained tolerant towards the traffickers. Jorge Chabat argues that the economic crisis made it necessary to keep narco peso’s in the Mexican economy. In fact, this capital flow is said to have helped the peso recover in the late eighties. Although the evidence for this argument remains circumstantial, it is often repeated by other scholars, like Jorge Castañeda.\textsuperscript{84}

Related to the issue of crime is border control. Mexico’s northern border with the U.S. has different priorities than the southern border with Guatemala and Belize. At the crossing with the U.S., Mexican customs is only interested in intercepting guns that are trafficked from the U.S. Emigration is not illegal in Mexico (as in most countries) and immigration from the U.S. does not pose a significant problem.\textsuperscript{85} To the south, stemming illegal immigration from

\textsuperscript{81} Bailey (20020, 114-115.
\textsuperscript{82} GAO (July 1987), 10.
\textsuperscript{83} Celia Toro (1995), 30.
\textsuperscript{84} Chabat, Jorge, ‘The combat of drug trafficking in Mexico under Salinas. The limits of tolerance’ (2001), 3.
\textsuperscript{85} Bailey (2002), 44.
South and Central America are priorities, just like drug trade. However, in the justice system, an entity as the American Border Patrol does not exist. Customs has only been placed on airports, and the southern border remains very porous during the De la Madrid years. Hence, the possibility to smuggle drugs and people into Mexico was huge.

Because of the crisis, social welfare eroded quickly. Had the government under Portillo seen an expansion, there it had to trim down its size at the time De la Madrid entered office. It was clear from the start that De la Madrid’s presidency would be one of austerity and ‘small’ government. This had two consequences: first, the patronage networks of the PRI became less extensive, which led to more competition for positions in state institutions. This undermined the dominance of the party in daily life. Also, this would prove detrimental to an informal dispute settlement mechanism. This will be further elaborated in the chapter on Salinas. A second consequence of the austerity programs was a decrease in job opportunities at state branches, leading to more unemployment.

The IMF was eager to assist Mexico in dealing with the crisis. It presented its regular shock therapy of slashing government expenditures, privatizing public goods and controlling inflation. More importantly, the Fund also pushed for repaying debts to the First World. This encompassed almost 6% of the GDP on an annual base. It was a demand the IMF made together with the Reagan administration in order to provide Mexico with a 15 billion loan package in 1986. Although it is here where a strong influence of U.S. policies on Mexico can be seen, one must take into account that a firm readjustment was necessary after six years of mismanagement under Portillo. However, the debt repayment of 6% was too rigid and made economic growth impossible for almost a decade.

In the field of business regulation a lot changed during these six years. The state used to protect most of the industries to uphold an import substituting economy. As has been shown, the economy was liberalized under De la Madrid. Companies were forced to compete with foreign firms but the breakdown of the barriers went too fast. There are no signs of U.S. influence here; eagerness from Mexican diplomats and politicians to implement these policies was the main reason for the sudden opening. The retreat of the state in this sphere was to have serious consequences during the presidency of Salinas. Interestingly, money laundering was not a felony in Mexico, which made it quite easy for cartels to safely stash their proceeds in Mexico.

86 Schlefer (2008), 206.
The oversight on political parties was still in the hands of the PRI and its affiliates. Accountability did only exist for the lower governments, but president De la Madrid could act alone and reverse the results if they were unfavorable, which happened in 1985. Of course, there were comments from the U.S. that demanded Mexico should reform, but these comments were only voiced by NGO’s and academics.

Closely related to the monopoly position of the PRI is the electoral system, supervised in this period by the Federal Electoral Commission. It was headed by the Interior Minister which made its honest functioning doubtful. There were also no foreign observers controlling the elections. After all, Mexico still adhered to the old doctrine which blocked observers from the OAS to supervise the elections. This made fraud during the gubernal elections in San Luis Potosi and Chihuahua also easier.

1.8 Conclusion
The main goal of this chapter was to give a complete overview of Mexico during the eighties. This elaborate approach will provide a background to the local analyses in the later parts of this thesis and to identify some processes that will prove to be essential to Mexico’s development.

What first stands out in this chapter, is Mexico’s radical economic transformation to an open market economy. Together with the Bilateral Agreement on Trade, this would kick start a process of economic integration with the U.S. This had a price though, since the rapid transformation of a protected economy to an open system put citizens under pressure to look for other means of existence. At the same time, the opening of the economy also lead to more competition with foreign firms, while other industries were protected by special laws. Second, the social circumstances deteriorated rapidly. Wages collapsed, while inflation was soaring. The eighties were Mexico’s lost decade, and the consequences would be felt long after the crash of 1982. Third, the opening of the political system under the reforms of De la Madrid was to have severe consequences under later presidents. Although election results could be rigged in this period, it is with these new laws where the democratic transformation of Mexico starts. The PRI was still strong enough to renounce election outcomes in states like Chihuahua and San Luis Potosi, but that was to change.

Mexico remained an omnipresent dictatorship during this period. Its capacities in legitimacy, oversight and accountability faced a slight change with the municipal reforms, but when the outcomes were not favorable the PRI had to resort to fraud which eroded legitimacy. In the field of business regulations the corporatist character of the PRI changed by privatizing
companies and further abandoning the ISI strategy. This meant a retreat of the state in economic affairs and the end of certain clientist links of the PRI with businessmen. The same can be said for social welfare, which was slashed for IMF assistance, but this issue was to play an important role during the Salinas years. Border control still remained a virtual functionality gap, with drugs easily entering the country. And the justice system remained as inept as before. Corruption was a normal practice, and the police still served the PRI’s interests.

When looking at the American influence on the Mexican capacities, there are a few things noteworthy. The different attitudes of both countries towards drug control made cooperation difficult, but not impossible. In practice this meant a decreased role for the regular police forces in favor of the Mexican army, which also received financial and material support from the United States. Police units were left out of this cooperation, which partially militarized the war on drugs. However, Mexican soldiers were still only deployed in crop eradication. Unintended consequences of U.S. policies are not visible, except for one development: the destruction of supply lines in the Caribbean brought cocaine smuggling to Mexico, which was to have severe consequences. On a political level, the U.S. did not want to criticize Mexico publicly, out of fear for nationalistic outbursts. At the same time, any move of the U.S. towards Mexico was seen by Mexican politicians and the electorate as suspicious. Therefore, the foundation for any further cooperation remained shaky.
Chapter 2: The Salinas years 1988-1994

The presidency of Carlos Salinas de Gortari was a break with the past. Devoid of the ideals behind the Mexican Revolution, Salinas and his grupo were soon to be known as the ‘technocrats’. The policies of De la Madrid to integrate Mexico in the global economy were continued and resulted in the North American Free Trade Agreement (NAFTA) of 1994. The American orientation of Salinas led to better relations with the U.S. While under the presidency of George Bush sr., a Texas native, Salinas would find a cooperative counterpart. The new U.S. president had a strong orientation towards Mexico, as well as a firm understanding of Mexican affairs.87 Despite these positive developments, the presidency of Salinas would end in the worst crisis since the Revolution.

2.1 Overview
Salinas’ presidency started in a controversial way, since his election was disputed. However, this did not prevent the new president to deal quickly with the economic crisis that had struck Mexico in 1987. The economy –which was inflated- had crashed again and therefore, reform was needed. Serving the neo-liberal ideas behind the Washington Consensus, the government privatized the banks again in 1991 and 1992. This seemed to be a new step towards full liberalization, but the banks were protected by law against foreign competition. More importantly, there were no requirements regarding interest rates and reserves. Under these circumstances the economy could grow again and Mexico experienced what can be considered as Mexico’s second economic miracle. Privatizations continued, while unemployment stayed around 3.6 percent during these six years.88 However, a lack of controls would inflate the bank system and cause a crisis in 1994.89

During a meeting in February 1991, North-American cooperation was brought to a new level: Salinas, President Bush and Canada’s Prime Minister Brian Mulroney announced a free trade agreement for North America. Although the economies of the three countries were asymmetric, the agreement was to entail elimination of Non Tariff Barriers (NTB’s) and other tariffs while also creating more investment opportunities.90 The Mexican and Canadian governments were fast to sign the agreement, but in the U.S. a great debate about NAFTA emerged. The presidency of Bush was to end on January 1993 and it remained questionable

87 Kaufman Purcell (1997), 140.
88 International Labor Organization, LABORSTAT.
89 Schlefer (2008), 207.
whether or not his successor would also be a big proponent of the agreement. The Congress, whose approval was necessary too, also remained very skeptical. In the debates a lot of fear existed of Mexico becoming a sucking ground for low wage jobs, with negative effects for American employment. Adding to that was Mexico’s image as a covered dictatorship which had become painfully clear after the 1988 fraud and the many demonstrations against the rigged results. A main point of criticism from American Congressmen was the absence of any references to human rights or democracy in the draft treaty, while NAFTA was presented as a way to democratize Mexico. In order to enhance Mexico’s image in the U.S., the government rapidly increased its lobbying activities. Illustrative in this respect is the increase of Mexican lobby expenditures in Washington: 1.055.000 dollar in 1988 to 8.094.000 in 1991.

Next, Salinas pushed for social reforms to improve Mexico’s image in the U.S. These reforms were also needed to regain his legitimacy after the controversial elections and to soften the consequences of the economic crisis. With the money earned by selling the national banks, the government started Programma Nacional de Solidaridad (PRONASOL). This program allocated financial resources to local municipalities who could decide among themselves how to use these funds on social welfare. Until then, such a type of autonomy for local governments was unheard of in Mexico. Besides showing the U.S. that Mexico took care of its poor, PRONASOL also created a new bonding of the PRI with the poorest segment in the society, a part that the PRI had lost due to its neoliberal policies of the last few years. Paradoxically, Salinas would also concentrate fiscal powers to the presidency and thereby strengthen his position. The reforms under Salinas had in this respect the same character as the restructuring during De la Madrid’s presidency: more power to lower governments, but at the same time a strengthening of the presidency. Some critics even went as far as to label the reforms as ‘cosmetic’ and ‘window dressing’.

On a political level, Salinas had already given a hint of his intentions during the ‘88 campaign: “We are now entering a new phase in the political life of the nation, with a

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92 Hollings, Ernest F., ‘Reform Mexico First’, Foreign Policy, nr. 93 (Winter 93/94).
93 De la Garza (1997), 93.
94 Rodriguez (Winter 1998), 244.
95 Rodriguez (Winter 1998), 245.
96 Tulchin, S and Andrew D. Selee ed., ‘Mexico’s politics and society in transition’, (Boulder 2003), 151.
98 Hollings (Winter 93/94), 92.
majority party and very intense competition from the opposition.” 99 This was true, since political opponents were allowed to take office in local offices. In 1989, after gubernatorial elections in Baja California Norte were won by the PAN candidate, Salinas respected the outcome. With the PRI still on a quest to regain legitimacy the party had no other choice, while it also created a more favorable image in the U.S. 100 This was further enhanced by the emerging civil society that made it even more difficult to rig elections. 101 Repeating the fraud of 1988 would have had disastrous consequences and damage a possible trade agreement with the U.S. and Canada. To regain even more legitimacy, Salinas decided to found an autonomous institution to set up the elections of 1994. Organized as a joint venture with the PAN and PRD, the Instituto Federal Electoral (IFE) would separate the electoral system from any political influence. By incorporating the main opposition parties in the IFE, Salinas made sure that oversight would also extend to the PAN and PRD. This was necessary since both parties had experienced victories at the local level. 102 With Salinas appointing his secretary of Interior as its head, the autonomous character was questionable but under the administration of Zedillo, the IFE was to play an important role. 103 Another major change was that Salinas invited foreigners to observe the elections of 1994, which was a clear break from the doctrine of popular sovereignty. 104 It helped to get NAFTA approved in 1993, despite a very reluctant Congress and a new president. The date for the enactment of the agreement was set on January 1st 1994, the last year of Salinas’ Sexenio. But what had to become a day to celebrate his greatest achievement became a nightmare when on the same day 500 armed men started a rebellion in the indigenous province of Chiapas. Led by the elusive subcommandante Marcos and using mostly non-violent tactics, the Ejército Zapatista de Liberación Nacional (EZLN) pursued an agenda promoting rights for indigenous people and more social justice. The Zapatistas gained a large following in Mexico and were to dominate the agenda during the remaining months of Salinas’ presidency. 105 Things only got worse for the Salinas administration in this period. The assassinations of three public persons in 1993-1994 were signs that crime was becoming a real problem. First, Cardinal Juan Jesús Posadas was killed in May 1993 at the airport of Guadalajara.

100 Castañeda (1995), 94-95
101 Tulchin (2003), 150
103 Tulchin (2003), 152
104 Kaufman (1997), 149
105 Walte, Juan J., ‘Revolt ripples/strife could hurt Salinas’, USA Today (January 14, 1994).
Although it was suggested he got caught in a crossfire between two gangs, the cardinal was known to be a vocal opponent of drug trafficking and the alleged connections between party officials and criminals.\textsuperscript{106} The motive behind this shooting still remains unclear. The other two assassinations directly affected Salinas. His presidential successor Luis Donaldo Colosio was shot in Tijuana in March 1994. No suspects were apprehended, since the authorities had no clue as to who might have murdered Colosio.\textsuperscript{107} Conspiracy theories emerged and the PRI faced a tremendous crisis over the succession. Ernesto Zedillo was quickly announced as the new presidential candidate. Although not as controversial as Salinas, Zedillo entered the race virtually unprepared. Regular presidential candidates are groomed for years to become president; Zedillo had only six months to prepare for the elections in November. The crisis was further exacerbated by the killing of PRI party secretary José Francisco Ruiz in September 1994 in which Salinas’ brother Raul was allegedly involved.\textsuperscript{108} Whether or not this was true did not matter. The mere suspicions on his brother were enough to taint Carlos Salinas’ reputation.

\textbf{2.2 Drug trade}

Underlying the three high profile killings of 1993-1994 were some dramatic developments in the drug trade. Cocaine trade had turned the cartel of Felix Gallardo into a major organization with millions of profit, since demand in the U.S. was still growing. When Gallardo finally was apprehended in 1989, the lieutenants of his organization started an internal war to get control over the entire cartel. The incarcerated Gallardo was made aware of this struggle and send a message to his lieutenants that the real enemy was the U.S. government and internal fights would only help American efforts against drug trade. Gallardo took a dramatic decision that was to shape the drug trade in Mexico for the next two decades: every lieutenant would get his own \textit{plaza} (corridor) to proceed in the drug trade. Four territory-based cartels emerged out of this decision: Sinaloa, Gulf, Tijuana and Juarez. The Mexican authorities were now confronted with a multitude of DTO’s that –for the time being- steered clear from rivalry with each other.\textsuperscript{109} Next to this reorganization was a change in the way Mexicans did business with their Colombian counterparts. Until 1989, Mexican cartels received cash as payment for their services in trafficking. But with increased U.S. efforts to go after the financial resources of Colombian cartels, their way of payment was changed. No more cash, but drugs. This was a

\textsuperscript{106} Hamnett (2007), 276.
\textsuperscript{107} Castañeda (1995), 101-102.
\textsuperscript{108} Hamnett (2007), 278.
\textsuperscript{109} Payan (2006), 29.
major change, because the Mexicans now had to sell the packages in the U.S. as well, instead of just smuggling the contraband. This would prove to be very profitable.\textsuperscript{110}

Despite these setbacks, the amount of seized shipments increased under Salinas, but these operations purely served to put ‘dope on the label’ and make it look as if Mexico was doing its part in the war on drugs.\textsuperscript{111} A report from the U.S. Department of State, the International Narcotics Control Strategy Report (INCSR), applauds Mexico’s increased efforts and its cocaine seizures that reached at 40 ton in 1993 alone.\textsuperscript{112} However, the price of cocaine and heroine didn’t suffer from these seizures, which undermined the real benefits of this crackdown. Notable is also the emergence of a rapidly growing amphetamine industry, again fueled by U.S. demand.\textsuperscript{113}

Corruption in the Mexican police system only got worse, with the Federal Judicial Police being so heavily corrupted “that most police personnel never even bothered to pick up their paychecks, since their salary was such a minor portion of their real income.”\textsuperscript{114} The disbanding of the Border Inspection Group in 1989 was another example of rampant corruption.\textsuperscript{115} This also shows that the old practice of disbanding entire units and replacing them with new ones continued.

However, the apprehension of Gallardo and eleven other bosses showed that Salinas was more dedicated to fighting crime than his predecessor.\textsuperscript{116} One of the first things Salinas did was creating a 1,200-member taskforce to combat drugs. This taskforce was responsible for the increase in seizures.\textsuperscript{117} Adding to that was a new law in which money laundering became a felony. After the assassination of Cardinal Posadas, the Criminal Code was amended in December 1993 to give traffickers longer sentences. Corruption was also tackled, especially after an incident in which two police officers protecting traffickers were killed by soldiers. A general was immediately apprehended, which was for the first time in years that a military officer had been arrested. Again, these actions polished Mexico’s image in the international community, and especially in the U.S.\textsuperscript{118}

\begin{itemize}
\item \textsuperscript{110} Galen Carpenter (2003), 171.
\item \textsuperscript{111} De la Garza (1997), 42.
\item \textsuperscript{112} International Narcotics Control Strategy Report 1993, Department of State (1993).
\item \textsuperscript{113} International Narcotics Control Strategy Report 1996, Department of State (1996).
\item \textsuperscript{114} Galen Carpenter (2003), 178-179.
\item \textsuperscript{115} Bailey (2002), 404.
\item \textsuperscript{116} Chabat (2001), 8.
\item \textsuperscript{118} Chabat (2001), 8.
\end{itemize}
2.3 U.S. policies

U.S.-Mexico relations greatly improved during this period. Being from Texas, George Bush sr. had a better understanding of Mexico and he immediately dealt with one of the most important grievances of Mexican policy makers: the underrepresentation of U.S. officials. Mexico always gave access to high ranking officials, but the U.S. never answered this by having accessible officials of its own. The presidency of Bush ended this by sending an unprecedented number of officials to Mexico, while the president himself visited Mexico as early as 1989.

The renewed emphasis on good relations with Mexico must be understood in the light of global events: in the same year Bush took office, the Cold War reached its peaceful conclusion. Attention could now be divided among other issues. Additionally, there was fear that a further integration of the European Community in 1992 might disadvantage North America, which was another push for NAFTA and a more Mexico oriented approach. The two countries were finally catching up after decades of uneasy coexistence and so the number of bi-national meetings increased. In the seventies there had only been eight, while the eighties saw twelve of these meetings happen. The new orientation of the nineties would result in seventeen high profile meetings between Mexico and the U.S. At the same time however, the U.S. government steered clear from criticism on Mexico’s lack of democracy. As usual, the stability of Mexico was more important and nationalist tendencies had to be prevented.

But migration and drug trafficking still posed tremendous challenges to the two countries. These issues are closely related, because they both affect the border region and therefore, the jurisdiction of the Border Patrol. It was also this agency which was to become the lead organization in interdiction, which put more emphasis on the border. Cooperation with Mexican agencies remained difficult. With the bi-national Northern Border Response Force in 1990, a promising start was made. This force consisted of 1,800 officers from both countries and these units were to be initially deployed along seven strategically located bases in North Mexico. The main objective was to intercept cargo trafficked by air and to meet this end, the Mexican authorities leased 21 UH-1 helicopters from the U.S. Although the first results were promising, the traffickers proved to be highly adaptive. Within months new

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119 Tulchin (2003), 348.
120 Tulchin, (2003), 346.
121 Bailey (2002), 303.
landing strips were found in Central and South Mexico, which posed a tremendous problem for a force working from the north. Some DTO’s even abandoned the use of planes for trafficking for a land based approach. Additionally, the force was suffering from internal problems. For example, the Vietnam-era UH-1 was not fast enough to intercept traffickers while the Mexican servicemen were not trained to maintain this type. The Northern Border Response Force was therefore a doomed effort.123

Extraterritorial practices continued, with the case of Doctor Humberto Alvarez Machain leading to a new controversy in 1990.124 U.S. officers arrested the doctor on Mexican soil to have him tried in the U.S. for his involvement in the torture of Camarena. What made cooperation even more difficult was a decision of the U.S. Supreme Court in 1992 approving the kidnapping on foreign soil of people persecuted by U.S. justice. As a reaction, Salinas rejected the financial assistance under the International Narcotics Control Program in 1992.125 Also, all 39 American drug agents operating in Mexico were expelled.126 This incident forced both countries to work on a new extradition treaty in which these kidnappings would not take place. Up until that moment the total number of extradited criminals from Mexico to the U.S. during the eighties was just one.127

Immigration affected the drug trade as well. Evidence from El Paso and San Diego indicated that tactics used in combating illegal immigration were also influencing drug traffickers’ modus operandi. When preventive measures were taken against immigrants, the arrests in both counties almost halved. El Paso saw, thanks to a sixteen mile fence, a decrease of 286.000 arrests in 1993 to 80.000 apprehensions 1994. However, this decrease of 72 percent was offset by an increase of almost 50 percent in other areas like Tucson: 93.000 migrants in 1993 to 139.000 in 1994.128 Important here is the rapid adaptation of smugglers to the new circumstances, which put more stress on the Border Patrol. The agency was therefore forced to increase its agents to 3.747 in 1994 at the Mexican border alone, which accounts for 88 percent of the entire agency.129 To ‘combat’ migrants, Border Patrol received more money under IRCA: the budget increased from 347 million dollar in 1993 to 631 million in 1997.130

123 GAO (May 1993), 5.
124 ‘Yes,Prosecute the torturericht doctor’, NY Times (June 13, 1990).
126 Golden, Tim, ‘U.S. Tries to Quiet Storm Abroad Over High Court’s Right-To-Kidnap Ruling; Treaty Talks in Mexico’, NY Times (June 17, 1992).
128 Border control. Revised strategy is showing promising results, U.S. Government Accountability Office (March 10, 1995), 15.
129 GAO (March 10, 1995), 3
130 Smith (2000), 125
Militarization went on, especially after the end of the Cold War. The military had always been very reluctant towards participating in the war on drugs, citing that its main objective was to protect the U.S. from threats like the U.S.S.R. When it was clear that Soviet power had been overestimated and the U.S.S.R. no longer posed a significant threat, the Department of Defense feared severe budget cuts and became less reluctant to assist in the War on Drugs.\footnote{Galen Carpenter (2003), 35} A good example of this deeper involvement is the establishment of the Joint Task Force Six (JTF-6) in 1989. Consisting of infantry men, this task force was designed to guard the border. In 1990, just twenty operations were executed. By 1992 this number had increased to 408.\footnote{Andreas, Peter, \textit{Border games. Policing the U.S.-Mexico divide} (New York 2009), 56.}

\section*{2.4 Mexican capacities under Salinas}

The capacities of the Mexican state during these six years were influenced by two processes that will continue to emerge in this thesis. These are 1) increasing pressure on the position of the PRI, 2) a further implementation of the neo-liberal agenda and 3) a change in social circumstances.

In the field of politics and the position of the PRI, there was some progress in electoral norms and patterns. Salinas’ decision to respect the outcome of local elections was certainly a way to establish more plurality and fight corruption. But the assassination of José Francisco Ruiz in 1994 and the alleged involvement of Raul Salinas show that corruption had reached the highest echelons of Mexican society. Underlying the sudden upsurge in violence, one must look back to the old ways of dealing with the cartels. The government would not openly confront these organizations, or at least, the main players in the cartels. Thanks to clientist links with companies and state institutions, officials had been able to keep criminal organizations satisfied with proceeds or positions. But when privatization made it more difficult for officials to satisfy criminal demands, this settlement mechanism broke down. The contestation of PRI dominance on the local level during the early nineties exacerbated this process.

In the field of social welfare, it is important to take a short look at PRONASOL. This program was a new way for local governments to regain some of the authority that had been lost during the neoliberal policies of the eighties, but it purely served as a new way to buy votes for the PRI. The lower social classes, which had expanded tremendously in the last
decade, voted again for the PRI during by elections in 1991. As research proves, their vote was mainly based on access to PRONASOL support.  

Concerning neoliberal policies, Mexico continued to open up. The government sold 18 banks which had consequences for the financial regulation in Mexico. Since a special law prohibited foreign companies from buying Mexican banks, they were only sold to national businessmen. As it later turned out, most of these buyers were involved with narco traffickers. With no system of financial regulation, these banks could serve from 1992 on as legal laundering machines. Although laundering had been turned into a criminal act, it was a symbolic gesture; Salinas did not take any measures to actually enforce these rules. Striking in this respect is that banks were not obliged to report any large cash deposits.

Connected to this, is the sloppy oversight on business regulation. Tijuana, expanded rapidly because of the many narco peso’s that were invested in legal business. Most of the money was used to buy hotels, restaurants, disco’s and car dealerships. Research by the Mexican daily El Financierio would prove two years after Salinas’ presidency that most of the previous state-owned companies were purchased by Mexican and Colombian narco lords. Although the reforms and privatizations were meant to attract foreign capital, in reality this was to have perverse effects. In this way, proceeds from the sale of drugs in the U.S. were finding their way back to Mexico. The scale of this laundering is immense; an estimate from 1992 by experts stated that in Arizona alone about three billion dollars crossed the border illegally on a yearly base.

In social control, the bad cooperation between federal and state police remained. A city like Ciudad Juarez, home to a large drug trafficking operation, would only have forty federal officers to disrupt these operations. The local police force, although well informed about the city’s criminal landscape, did not assist its federal colleagues. Further, municipal police forces continued their old practices in which bribery was rampant. No civil control was exerted over this force.

The increased American effort to guard its borders was not matched by Mexico. Drug trafficking was not a priority, since most of the drugs was meant for the U.S. market and immigration was a logical consequence of wage differences. Corruption was a problem as

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134 Fidler, Stephen, ‘What kind of transition?’, *International Affairs*, vol. 72, no. 4 (October 1996), 724.
137 Bailey (2002), 313.
well, with the entire Border Inspection Group being disbanded in 1989. But with American assistance a special force was founded in 1990 to deal with illegal migration in Baja California. More specifically: the terrible circumstances migrants had to face when crossing the border. Grupo Beta protected these people. It apprehended corrupt officials (making it unpopular among fellow policemen) and focused its activities on traffickers who abused migrants. The latter were not arrested, since emigration is not a criminal act. In fact, they were assisted in finding their way back home while receiving protection from the new agency. During the first 10 months of Grupo Beta’s existence, the numbers of rapes and robberies committed against migrants went down with 85 to 90 percent. The success of this group facilitated the founding of 35 other grupo’s along the border.

On a more local level, PAN Governor Ruffo of Baja California tried to deal with corruption in his state, but he found himself caught in an old structure where the PRI still controlled the executive. Although the governor was from another party, the machinery that had to execute his orders was still entrenched in PRI politics. In that way, the PRI still had leverage over the opposition. In a later interview, Ruffo would admit that drug related corruption had been too institutionalized in politics and that it was impossible to deal with it from the governor’s office. The Tijuana cartel could move freely in Baja California Norte, and its leaders did not face any difficulties from justice.

Ruffo would soon confront the PRI. He attributed the assassination of Colosio to PRI officials with ties to the Tijuana businessman Jorge Hank, who was considered to be deeply involved with drug trade. The PAN vented these allegations, and governor Ruffo even went as far to say that there was a conspiracy inside the PRI. The radical attitude of the PAN towards the PRI payed off in electoral success during later elections, but not in terms of good governance. Baja California was financially a mess when Ruffo took office. Since the federal government –controlled by the PRI- dealt with most of the financial issues, the radical attitude of Ruffo was punished by making deep cuts in the support for Baja California.

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139 Golden, Tim, ‘Mexico is now acting to protect border migrants from robbery and abuse’, *NY Times* (June 28, 1992).
140 Bailey (2002), 315.
142 Reding, Andrew, ‘The fall and rise of the drug cartels. With Colombia’s kingpins nabbed America faces more elusive targets in Mexico’, *Washington Post* (September 17, 1995).
144 Mizrahi, Yemile, ‘Dilemma’s of the opposition in government; Chihuahua and Baja California’, *Mexican Studies/Estudios Mexicanos*, vol 14, no 1 (Winter 1998), 157-158.
after Ruffo’s allegations. Since PRONASOL was distributed by the PRI controlled federal authorities, this process might be influenced by political affiliation. However, a later investigation could not prove Ruffo had less PRONASOL funds at his disposal, compared to his more conciliatory colleagues in other states. But the restrictions on other federal funds still forced him to make deep budget cuts. So, while decentralization gave some states more autonomy, this process did not count for Baja California.

In Sonora, the PRI stayed in control, while Chihuahua faced a transformation in 1992, when gubernatorial elections were won by the PAN. This state had been a typical PRI bulwark, in which reform in the administration is not a priority because of the strong ties of the PRI with civil organizations and unions. When PAN governor Barrio took office in 1992, he started with reform in the administration of the local authorities and took also a tougher stance on corruption. But here too, the machinery was controlled by the PRI and corruption made any serious effort against crime impossible.

Governor Beltrones (PRI) of Sonora was allegedly tied to the cartels, by offering them protection and accepting bribes. None of these allegations could be verified, since attorneys were not willing to further investigate Beltrones. Crime too went mostly unpunished. The arrest of a Sonora kingpin in 1992 on tax fraud charges seemed to show a commitment towards fighting crime. However, a combined prosecution by the U.S. and Mexico could not prevent that this top level criminal was released again. Bribes and threats against judges and politicians had made him virtually untouchable.

2.5 Conclusion
The three processes as described in the previous chapter continued during the Salinas years. First, the position of the PRI face more pressure from opposition parties and civil organizations, forcing the party to accept unfavorable election results on a local and state level. The capacities of the Mexican state were strengthened in this respect, even if they were executed in a half-hearted way. As the following chapters will show, the IFE and the increased accountability would facilitate the democratic transition of 2000. At the same time, however, this transformation also damaged a dispute settlement mechanism between politics and the cartels. Second, the liberalization of the economy was continued by privatizing companies and selling national banks. As has been shown, these companies were acquired by narco lords, while financial regulations were not executed by the government. In this way,

146 Mizrahi (Winter 1998), 163-164.
drug money was pumped into the Mexican society, amounting for an estimated thirty billion dollars annually. Third, Mexico seemed to leave the lost decade behind. With little to no restrictions on the banking system, consumer spending went up again and social circumstances seemed to improve. Poverty was still widespread, but the downward spiral of the eighties came to an end.

Mexico’s capacities were enhanced in the sphere of legitimacy, accountability and electoral norms. The IFE provided for more honest elections and funds for political parties, which took away an incentive to accept bribes. By actually respecting unfavorable election outcomes, legitimacy was further enhanced. In social welfare, a new program was implemented, but its focus was mostly on getting new support for PRI. A real improvement in living circumstances came with the liberalization of the banking system, which gave consumers unlimited access to credit. Oversight in this field remained minimal and was to have negative consequences during the Zedillo years.

Salinas only showed a symbolic commitment when it came down to fighting the cartels. A new police force was responsible for an increase in seizures, but the main traffickers and players were not taken care of. Corruption remained endemic, and the military continued to play an important role in law enforcement. No difference was made in border control, but reports about corruption were worrisome.

On a lower level, the stricter border checks at the U.S. side displaced migration and drug flows. Pressure on the cartels was slowly increasing because of this policy, and combined with a declining system of patronage, this was to have consequences during the Zedillo and Fox years. But for the time being, the cartels could consolidate their position in a silent way, although the murders of 93-94 were a firm warning signal.

U.S. influence is stronger to the extent that the Bush leadership had more attention for the bond between Mexico and the U.S. The end of the Cold War and Bush’ bond with Mexico improved relations. This resulted in the NAFTA treaty and a renewed integration effort of the two countries (and Canada). Fear NAFTA might be cancelled after irregularities during the elections forced Salinas to move for the IFE (controlled by the PRI though) and to allow international observers to oversee the elections. This would facilitate the major changes of the Zedillo administration in the next chapter. Despite the economic integration of Mexico, Canada and the U.S., the rules concerning financial oversight were not upgraded, which turned Mexico into a laundering machine. Cooperation against crime also remained difficult.

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Strategies were often ineffective because officers underestimated the adaptability of DTO’s, as in the case of the Northern Border Response Force. Because of corruption and distrust, the mutual police forces were not working together and in the case of the extradition in 1992, it was even cancelled. Whenever there was cooperation, the Americans favored the army over the Mexican police. Successful was the formation of Grupo Beta, a new team was formed with U.S. assistance to protect migrants. Despite its success, it could not be integrated in the Mexican police force because of mutual distrust.
Chapter 3: The Zedillo years 1994-2000

Ernesto Zedillo was in the same position as De la Madrid when he was elected in August 1994. Had De la Madrid dealt with the economic mess left behind by the chaotic Portillo administration, Zedillo was confronted with the shadow side of Salinas’ policies. Shortly after his inauguration, the economy collapsed and the reconstruction of the Mexican economy would dominate this entire sexenio. It would be a chaotic term, since there a political transition took place as well. The effects of NAFTA were to be felt as well, and this was also reflected in the behavior of the cartels. The United States under President Clinton increasingly militarized the war on drugs, while immigration dominated the relations.

3.1 Overview
Contrary to the election of Salinas in 1982, Zedillo’s victory was not disputed. Although there was some rigging on a small scale, it didn’t reach the high levels of 1988 and Zedillo could therefore count on the support of the electorate. However, just twelve days after being sworn in as president, Mexico was hit by a major crisis.

One of the first measures the new administration took was a devaluation of the peso. However, the clumsy execution of this measure caused a rapid loss of investor confidence in Mexico. A capital flight ensued, which made most banks insolvable and caused the peso to plunge to an even lower exchange rate. The crisis showed that the years of growth under Salinas were a bubble that had burst suddenly. With no controls on the banks, the financial system had become inflated because of consumers having too easy access to credit.

The crisis forced the PRI to make painful reforms for the third time in twelve years, since GDP fell with seven percent in 1995 alone. Government spending was slashed, more austerity programs were set up and the IMF was asked again to assist Mexico in its recovery. As before, the U.S. provided most of the money. The Clinton administration recognized the importance of Mexico’s stability and drew a plan for a 40 billion dollar bailout but the American Congress was very reluctant to accept this plan. An appeal on having a stable neighbor as being in their national interest went unheard. Instead, the old criticism on NAFTA resurfaced again. With a hostile Congress opposing him, Clinton was forced to use an emergency fund and money from the IMF to provide Mexico with capital. When the total

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149 Castañeda (1995), 130
150 Smith (2000), 83
151 Castañeda (1995), 194
152 Kaufman (1997), 144-145
package of 50 billion was finally announced on January 31st, the peso stabilized again, but the damage had already been done. It would take years before confidence in the Mexican economy was restored.  

Rising unemployment was an immediate consequence. Mexico had only known about 819,000 unemployed in 1993 to see it triple to an alarming rate of 2,400,000 unemployed (8.6%) in 1995. That same year, inflation would reach 50%, forcing Mexican consumers to default on their debts. These loans had been the driving force behind the years of growth under Salinas because of the bank privatizations and a complete lack of oversight.  

Socially, the middle class had to pay a high price for the crisis. Real wages went down with 20 percent in 1996. Although employment seemed to pick up that year, the decline in wages put a heavy strain on Mexican society. And the decline in unemployment to 3.3 percent in 2000 could not cover a new problem: the emergence of an informal economy.  

The system of social welfare was further dismantled; Zedillo made cuts in social subsidies on food stuffs and he stopped PRONASOL. Although successful in buying votes, the program had not been effective to reduce tensions between the poorer classes and the government; Chiapas had been the largest recipient of PRONASOL funds, but this had not prevented the insurgency of the Zapatistas. This was a clear indication that clientist linkages of the PRI with the society as a whole eroded or even disappeared. Later on in his presidency Zedillo implemented a new program, Opportunidades, which was aimed at giving mothers financial support as long as they send their children to school and have families check their health. Political affiliation was irrelevant.  

Further reform occurred in the political atmosphere, where the IFE was transformed to a fully autonomous organization that made fraud during the 2000 elections difficult.

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154 ILO, LABORSTAT.
156 Smith (2000), 84
157 ILO, LABORSTAT.
159 Tulchin (2003), 151.
160 ‘Six years of refried beans, and little confidence of better to come’, *The Economist*, issue 8484, vol 380 (July 1, 2006), 21-23.
made the coming elections more honest.\textsuperscript{161} A first real test for the IFE was the by-elections of 1997, for the Chamber of Deputies.\textsuperscript{162} The PRI lost its majority. This electoral defeat was also significant in two other ways. First, the meta constitutional powers of the president were now contained by the electorate, which meant that Zedillo could not amend the constitution anymore. Second, this was the first time Mexicans were allowed to vote in honest elections under the supervision of the IFE.\textsuperscript{163} This reform had severe consequences, because the IFE was to facilitate the watershed elections of 2000.

As another reform, Zedillo decided to back off from his power to appoint a successor. Instead, hopefuls could now vie for the position of presidential candidate in 2000. During primaries in which 10 million PRI members participated, Labastida was nominated as candidate.\textsuperscript{164} Oddly, the PRD and PAN did not reform their selection procedures. Appointing a presidential candidate in these parties resembled the old practices of the PRI.\textsuperscript{165} On a local level, the experience in Chihuahua will show the importance of having these primaries.

Behind these changes were increasing tensions in the PRI, where the old guard was still fighting for its position and grip on Mexican society.\textsuperscript{166} Zedillo had been just three months in office when he dealt with high placed officials of the previous administration. Raul Salinas was arrested, while Deputy Attorney General Ruiz Massieu was accused of bribery. Carlos Salinas was also suspected of involvement in the murder of party secretary Ruiz and fled to Ireland to live as an exile.\textsuperscript{167} Naturally, this caused a lot of tension inside the party. Zedillo clearly pursued a course in which he tried to decouple the PRI from the political system by decentralization. This was met with a lot of resistance from local bosses, as the paragraph on capacities will show. For now, it is enough to say that Zedillo caused a political transformation. But with the PRI being a complete system instead of just a party, this transformation would be incomplete.

\subsection*{3.2 Drug trade}

The increased corruption was an indication of the power the cartels had accumulated. Although the Gallardo organization was divided, its four successors had been able to even

\footnotesize {\textsuperscript{161} Tulchin (2003), 33
\textsuperscript{162} Tulchin (2003), 152-153
\textsuperscript{163} Edmonds-Poli, Emily, ‘Decentralization under the Fox administration. Progress or stagnation?’, \textit{Mexican Studies/Estudios Mexicanos}, vol 22, no. 2 (2006), 398.
\textsuperscript{164} Hamnett (2007), 288-290
\textsuperscript{167} Golden, Tim, ‘Mexico and drugs: was U.S. napping?’ \textit{NY Times} (July 11, 1997).}
outgrow the Colombian cartels. This was mainly attributed to the increase in trade between the U.S. and Mexico after NAFTA. In 1998, an estimate of 275 to 351 million people from Mexico crossed the border. About 5 million trucks passed the border annually and that turned control into a difficult, if not impossible effort which increased profits for the cartels.

The large volumes of cocaine that were transported thanks to NAFTA led logically to more income, and hence, additional money to bribe officials. Corruption had become endemic under the chaotic Zedillo years and was not only limited to desperate PRI officials or police agents that were hit by the high inflation of the ‘94 crisis. The arrest in 1997 of General José de Gutiérrez Rebollo, who acted as a ‘drug czar’ coordinating all the Mexican anti-drug efforts, showed that the cartels were capable of accessing every official, no matter their position or rank. Instances of police officers working for the cartels became so regular that according to some sources, corruption affected twenty percent of all anti-drug agents. This number remains highly elusive, but the high involvement of ‘freelancing’ or former officers in shootouts clearly indicated that corruption had tainted the entire police force. The corruption did not only spread because of the high bribes, but also out of fear, which came to be known as the dilemma of “silver or lead”. Cooperating with the cartels was safer than relying on the authorities, as the mayor of Juarez found out when he fired 300 corrupt agents and raised wages for the other officers. It made no difference, since fear for repercussions from the cartels forced them to collude with traffickers anyway.

Although the Clinton administration was highly effective in dismantling the Bogota and Cali cartels in Colombia, the effects on real drug trade were nil. In fact, Mexican cartels now started to contact growers of coca in Colombia themselves. This reversal was also seen in the U.S., where the drug issue showed its first spillover effects. In 1997, a shipment of 1.6 ton cocaine was seized in New York. The shipment –worth over 100 million dollars- did not belong to the Colombians, but to Mexican cartels, who had found a new point of entry to the U.S. market. And the cocaine was not to be sold to low-level dealers from Mexican origin (as was usual), but to the Colombians. It was a clear sign that the roles had been reversed.

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168 Galen Carpenter (2003), 169.
170 Payan (2006), 34.
172 Galen Carpenter (2003), 181.
173 Galen Carpenter (2003), 183.
Meanwhile, the Tijuana cartel started to hire local gangs to deal with competition in some American cities by executing rivals. The San Diego market was secured in this way.\textsuperscript{174}

But the real drug war was still waged in Mexico. The armistice of Gallardo was under pressure because of increased rivalry between the cartels. Especially the Tijuana cartel caused a great deal of trouble, when some of its traffickers allied themselves with a Sonora boss. This made the situation in Tijuana very unsafe, with about forty percent of all homicides in the city being drug related. The DEA even considered pulling back its agents from the region.\textsuperscript{175} In Ciudad Juarez, a drug war started between the Tijuana and Juarez cartel over control of some routes. When the leader of the Juarez cartel got killed in 1997, violence only got further out of hand.

\textbf{3.3 U.S. policies}

The administration of Bill Clinton had less affinity with Mexico than President Bush. Confronted with a worsening cocaine problem, the administration continued Bush’ policies with some subtle changes. Instead of announcing large scale operations like the Andean Initiative or the invasion of Panama, Clinton preferred a more silent approach that still moved for direct military involvement.\textsuperscript{176} At the same time, the Clinton administration neglected some important developments.

NAFTA had dramatically changed the economic ties between the two countries, with Mexico becoming the U.S. third trade partner. Trade increased and caused a closer economic relationship. Immigration did not decrease, although one of the main arguments in favor of NAFTA had been to reduce the flow of Mexican laborers to the U.S. In fact, the debate after the crisis was not about the benefits of NAFTA for the U.S. but about its costs.\textsuperscript{177}

Amid all the attention for drugs and immigration, the border became increasingly important. The INS was expanded and equipped with high-tech detectors in 1997. By scaring of traffickers over land, they were aiming for the cartels to use water routes which would lead to a lower volume of drugs transported.\textsuperscript{178} However, the cartels had gained so much wealth and influence in the last few years that they could easily adapt. For instance, an increasing number of tunnels bypassing the border controls were uncovered.\textsuperscript{179} The drug flow was undistorted by these new efforts. General McCaffrey, the American ‘drug czar’, reported one

\textsuperscript{175} Galen Carpenter (2003), 181
\textsuperscript{176} Galen Carpenter (2003), 52-53
\textsuperscript{177} Kaufman (1997), 137
\textsuperscript{178} Lewis, Neil A., ‘U.S. to wage a high-tech war on drugs at the Mexican border’, \textit{NY Times} (September 17, 1997).
\textsuperscript{179} Payan (2006), 37-38
year later that one million vehicles and rail cars had been checked. Only in six occasions did the Border Patrol seize drugs.\textsuperscript{180}

It might be argued that the interdiction capacity was strengthened, but NAFTA and the ensuing increase in traffic made this impossible. And although there were more controls at POE’s, this only had an adverse effect. Using their scale economic advantages, the large cartels send in entire convoys of trucks carrying drugs. One of the drivers would act in a suspicious way so Border Patrol agents diverted all their attention from the other trucks. These could then pass with relative ease. The loss of one truck was compensated by the passing of the other trucks. At the same time some smaller smugglers were forced to leave the U.S. market, because they had a lack of resources. But consumer demand did not go down and the major cartels took over the market share from these small time traffickers. In fact, the strict controls have been a blessing in disguise for the cartels, since they expanded market share.\textsuperscript{181} This further eroded the Mexican state, since the cartels only got stronger and richer. Bribes were now even extended to U.S. Border Patrol Agents who were costlier to corrupt than their Mexican counterparts.

Distrust between both countries increased because of these disappointing results, as well as the widespread corruption in Mexico. Intelligence sharing between the police forces was something of the past, if it had occurred at all.\textsuperscript{182} Very illustrative in this respect is Operation Casablanca, a 110 million dollar bust in 1999 in which American agents on Mexican soil investigated money laundering practices. This operation had been in the making for three years, but only two hours before its actual execution, was the Mexican government informed.\textsuperscript{183} Tensions between the two countries mounted because of this, as it was considered as another breach of Mexican sovereignty by the U.S. Still, it did not prevent Treasury to create a new information exchange system with its Mexican counterparts in January 2000. This system was to lay the foundations for a Mexican framework to combat laundering.\textsuperscript{184}

\textsuperscript{180} Wren, Christopher S., ‘U.S. drug chief seeks overhaul of strategy to stop illegal flow from Mexico’ \textit{NY Times} (September 20, 1998).
\textsuperscript{182} Galen Carpenter (2003), 186
Meanwhile, assistance in the war on drugs was mainly embodied in training new units on U.S. soil. These were no policemen, but soldiers from the Grupo Aeromóvil de Fuerzas Especiales (GAFE) who received from 1997 on special training in low-intensity, covert operations like the U.S. Special Forces. Oddly, there was no congressional oversight on this program that required about 28 million dollars. In fact, once the units were trained and sent back to Mexico, it was not known what kind of operations they would get involved with. General McCaffrey in the Washington Post was very clear about this issue: “It should not be my business how foreign countries organize internally for their counter-narcotics strategy”.  

Mexico was certified during this period as doing its share in the war on drugs, although the deteriorating situation implied a different outcome. The certification did not reflect popular sentiment in the U.S., where the Congress criticized Clinton’s decisions to certify Mexico, while Mexico did not make any real progress in fighting corruption. It was argued that the improved economic ties between the two countries were not to be jeopardized because of the drug trade. During the certification process of 1999 in which Congress was emphasizing the lack of Mexican results in the war on drugs, the State Department mentioned that “There is a difference between cooperation and success”, citing more contacts between officials of the two governments. This also referred to the apprehension of the general and the training of elite anti-drug units which showed Mexico as “acting strongly”. But the certification process must be understood in the context of NAFTA; decertification would have meant a covered boycott of Mexico, something which would endanger the renewed economic ties between the two nations.

3.4 Mexican capacities under Zedillo
The preceding paragraphs have shown that Mexico was facing more pressure on the position of the PRI, while integration with the U.S. was further consolidated in NAFTA. Meanwhile, the Americans were upping the stakes in the drug war, but refrained from criticism on Mexico because of NAFTA.

In the field of social control, the Mexican police forces still faced difficulties in intelligence sharing between federal and local groups, but in the state of Chihuahua a successful experiment was implemented with the Juarez based Grupo Orión. In 1994, this

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188 Preston, Julia, (February 19, 1997).
189 Galen Carpenter (2003), 172.
agency was established as an alliance between local and federal forces.\textsuperscript{190} Despite its success, Grupo Oríon did not incite a nationwide reform. Moreover, corruption got worse. According to the DEA, ninety percent of Baja California’s police force and judges was on the cartels’ payroll in 1999. Mutual ground for cooperation between the two nations remains therefore limited. On a national level, the Ministry of Interior moved for the creation of a Policía Federal Preventiva (PFP) in 1999. This police force was to combine several police forces to become a separate unit in the war on drugs. Its unique character was emphasized in the way the PFP recruited its members: almost 5,000 soldiers were assigned to the PFP, while a general was to lead it. Although an additional 4,000 agents from the Highway Patrol were transferred as well, this indicates a next step in the militarization of the drug war.\textsuperscript{191} The army was also increasingly deployed in remote areas to eradicate crops, but even to set up roadblocks. It was even used in Juarez, where the military replaced an unreliable police force. Mexican law also provided some room for police tasks. Under a provision, soldiers could even arrest people, while not operating under any civilian scrutiny. Human rights organizations noticed therefore a rise in abuses by soldiers in this period as well as a peak in extrajudicial executions.\textsuperscript{192} This did not prevent the administration to implement the Azteka Directive, which established a permanent campaign of the army against DTO’s. As usual, crop eradication was one of the main tasks, but the scope was broadened to combat organized crime. This directive provided a legal base for further military involvement with law enforcement.\textsuperscript{193}

At the Mexican side of the border, Grupo Beta was still a big success, but fitting it in with the structure of local police forces was difficult. A lot of local police officers were involved in human trafficking, which was a major obstacle towards cooperation. And funding remained minimal. Also, the group was increasingly used to counter immigration at the southern border, where immigrants from South and Central America were trying to enter Mexico for a job in one of the northern maquiladoras.\textsuperscript{194}

The reforms of Zedillo made –theoretically- the legitimacy and accountability of the regime increase. Politicians became more accountable, since they could be ousted by elections and as a consequence, the PRI lost grip on some local municipalities. The most notable

\textsuperscript{190} Bailey (2002), 311-313.
\textsuperscript{191} Bailey (2002), 123-125.
\textsuperscript{192} Freeman, Lauren, ‘Troubling patterns. The Mexican military and the war on drugs.’ Washington Office on Latin American Affairs. (September 3, 2002), 4-6.
\textsuperscript{194} Bailey (2002), 322-326.
example is Mexico City, which represents almost 25% of the entire Mexican population and where voters elected a PRD candidate to become mayor. Under the IFE, a majority of Mexico enjoyed open and fair elections which enhanced the legitimacy of the government. Still, what was troubling here were the states that remained under control of old party bosses who increasingly sought assistance from the cartels. In these states corruption went unpunished. In a 1996 survey of Transparancy International, Mexico is ranked at 38 out of 54, with a score of 3,30. At the end of Zedillo’s term, the Federacy achieves the same score.

Adding to that is the fact that reforms were not always met with full cooperation. In a paradox way, the consequence of opening the system was that PRI governors got more power and showed less democratic behavior. When the president was still the central element in Mexican politics and the executive, the governors had no use to fully use their powers. But with the president now backing of and giving more control to lower branches of government, the governors acquired more power. At the same time, they had to fight for their position, making more use of their influence and the PRI apparatus. Sub-national elections in separate states could still be rigged by old PRI-leaders, which caused what Chappell Lawson has labeled “enclaves of authoritarianism”: local party bosses who did not reform the electoral system in their own states. With the federal state retreating on several levels, their position became more entrenched. This started a process in which some states became so autonomous that they slipped away from Zedillo’s central control. Although the governors of Guerrero and Morelos were involved in criminal activities, Zedillo could not oust them from office because of the reinforced PRI structure on the local levels. Typical bulwarks of the PRI remained opposed against clean elections. This entails states like Guerrero, Oaxaca, Chiapas, Veracruz, Puebla, Tabasco and Yucatán.

A somewhat different dynamic is present in the northern states, where democratic values started to take root. But here too, a widening distance between the presidency and the lower branches can be seen. The enclaves of authoritarianism are PRI-states that have slipped away from the president and gained more autonomy. In the case of Baja California and later on Chihuahua, the autonomy increased because of PAN-governors being elected in office. In

order to fight the PRI-controlled presidency, all of the powers belonging to a governor were fully used, as Ruffo’s confrontation with the PRI in the previous chapter has shown.\footnote{Mizrahi (Winter 1998), 154.} Although this had malign consequences for the state’s budget, the PAN managed to win gubernatorial elections again in 1995. This can be explained by the increased drug violence in Tijuana. The PRI was still considered to be involved with the cartels, and the confrontational attitude of Ruffo paid off in terms of electoral success. Surprisingly, the PAN in Baja California did not stay true to its ideology in which there is no room for patronage; Ruffo implemented several programs that undermined clientist programs of the PRI. At the same time, the PAN also created new ties which helped his party to secure a next victory.\footnote{Mizarhi (Winter 1998), 173-174.} This is not the case in Chihuahua.

In this state, a transformation took place in 1992, when PAN candidate Francisco Barrio was elected governor. His policies, just like Ruffo, focused on administrative and fiscal reform as well. However, Barrio was to be judged on his response to the Juarez massacre of more than 150 women, which was considered by many as insufficient. Although Barrio could tackle corruption in some instances, the PAN was judged mainly on this subject during elections in 1998. Not helpful either was the increased violence in Juarez, where even the army was sent in to fight the cartels and keep local (corrupt) police forces from the streets.\footnote{Freeman, Laurie, ‘State of siege, Drug-related violence and corruption in Mexico’, Washington Office on Latin American Affairs (June 2006), 15.} The PRI made a comeback during gubernatorial elections thanks to Barrio’s clumsy response to the killings in Juarez, as well as the PRI having primaries in which members could vote who was to become the PRI candidate.\footnote{Anderson, John Ward, ‘Mexico’s ruling party loses key race; elections for 3 northern governors show strength of opposition candidates’, Washington Post (July 7, 1998).} Also, Barrio’s cooperative stance towards the PRI backfired. His policies seemed to be diluted and the differences with the PRI were not clear at all.\footnote{Mizrahi (Winter 1998), 167.} More troubling was perhaps the fact that contrary to Ruffo, Barrio did not try to create clientist links with the civil society. Here, the PRI still remained in charge.\footnote{Mizrahi (Winter 1998), 174.} The overall result in other states was still bad, but the outcome in Chihuahua came as a big surprise and was a push for modernization of the PRI. The new governor Patricio Martinez Garcia promised to fight crime, but in the case of the Juarez killings, he too was soon criticized for a lax attitude.\footnote{Dillon, Sam, ‘Feminist propels outcry at brutal Mexico killings’, NY Times (February 28, 1999).}
In Sonora, governor Beltrones kept on denying allegations of his involvement with the cartels. The D.E.A., however, continued to investigate his ties with Carillo Fuentes, a powerful kingpin. These allegations were also supported by the Mexican Federal Police, but Beltrones was not persecuted.\textsuperscript{208} The killing of an editor working for a critical newspaper in 1997 further fueled these suspicions. Reporting on links between traffickers and government officials, the journalist had already received threats before his death.\textsuperscript{209} Still, Beltrones remained quite popular among the electorate because of his many clientist links. For example, when criticism on Beltrones mounted, an advertorial was published in several newspapers in which hundreds of businessmen sided with the Sonora governor in 1997. The PRI won the gubernal elections that same year when Armando Lopez Nogales was elected governor.

Although these states each have different experiences, they share one characteristic in this period: an increase of crime. In the period of 1990 to 1995, the number of criminal prosecutions went up with nine percent, which contrasts with a national increase of 2.3 percent. The cartels increasingly left their marks on the north.\textsuperscript{210}

### 3.5 Conclusion

Mexico entered a crucial phase in the political reforms during the Zedillo years. With a fully autonomous election oversight organ, the transition to a multiparty democracy with free elections was completed. Additionally, NAFTA increased the volumes of trade between Mexico and the U.S., which further integrated the economies of the two countries. This happened while Mexico was getting out of its worst economic crisis in years, which kept a large part of the Mexican population in poverty or forced them to work in the informal economy.

Influence of the U.S. on the capacities of Mexico remains limited during the Zedillo years. To be reelected, President Clinton had to keep the support of the unions, who distrusted NAFTA and were opposed against any relaxation of rules concerning Mexican laborers. Instead of tackling these problems, the Clinton administration chose to postpone them. No serious advances were made in cooperation concerning drug trade, although the administration during the yearly certification process claimed that it did. Discovering American influence on the Mexican state is difficult. The Bush sr. era was very focused on Mexico, but the Clinton years stand out as an 8-year period in which Mexican drug trade is

\textsuperscript{208} Dillon, Sam and Craig Pyes, ‘Shadow on the border. Drug taint ties 2 Mexican governors’, \textit{NY Times} (February 23, 1997).
\textsuperscript{209} Moore, Molly, ‘Crusading Mexican editor shot dead outside office; Foe of corruption, drugs had gotten threats’, \textit{Washington Post} (July 17, 1997).
\textsuperscript{210} Bailey (2002), 322.
underestimated. Exemplary is Colombia, which received 400 million dollars annually to fight the remains of the Cali and Bogota cartels; Mexico only received 40 million for drug enforcement. Moreover, the democratic process that culminated in the transition of 2000 was in no way assisted by U.S. policy. Although the IFE provided clean and honest elections, that did not mean Mexico was a democracy on all levels. Patronage still existed on the local levels, while the police force also had to adapt.

Most emphasis from the American side was on the enactment of NAFTA and keeping NAFTA alive. Although Colombia made great progress in its fight against the remains of the Cali and Bogota cartels, it was decertified. Mexico on the other hand, with no actual police reforms (the PFP was founded in 1999 and its effects were not clear yet) or any serious efforts against drug trafficking, was certified. The interests of NAFTA were paramount and made the U.S. look the other way. Economic priorities dominated the Mexican-American relations, while in the war on drugs Colombia was favored over Mexico. But at the same time, it was NAFTA that had created a great deal of new opportunities for the DTO’s.

The increasing reports about human right abuses by the military were worrisome and operation Casablanca made clear Mexico had a long way to go in its fight against corruption and laundering. Still, cooperation in this field was possible as the new information exchange system shows, which was set up with American help. The U.S. also assisted in the training of some military units for the drug war. But it was purely instrumental: how and when the units were going to be used, was a matter of Mexican affairs. A comprehensive strategy to tackle the narco lords was not designed.

The political reforms yielded great gains in the sphere of legitimacy and electoral reform. Political parties became accountable, although some states remained enclaves of authoritarianism. These unforeseen changes were caused by the PRI, which sought to regain legitimacy. Also, Zedillo was a main factor in these changes. A president belonging to the old vanguard would not have implemented reforms that effectively pushed the PRI out of office, what happened during the presidential elections of 2000.

On a local level, the trend of gubernatorial elections being won by opposition candidates continued. The patronage system in states like Baja California en Chihuahua was contested, and depending on the style of governing they were replaced (Baja California) or attacked (Chihuahua). Striking is that a confrontational attitude towards patronage networks on this level did not pay off. The transitions from PRI to PAN governorship in Chihuahua and Baja California can be fully attributed to internal dynamics which have been caused by an opening
of the political system. And whenever there is a retreat of the state notable, it does not seem to be linked to an external dynamic.

The influence of the U.S. remains limited on this level, except for one very important element. Increased border controls to stem the flow of migrants had the unforeseen consequence that some cartels were actually strengthened, now that smaller and midlevel players were pushed out of the market. Cartels residing in these states could therefore further consolidate their position. However, their smuggling routes came under increasing pressure from the American side of the border. At the same time, the old patronage networks of PRI members were increasingly attacked by the new local PAN leaders, which undermined an old dispute settlement mechanism. This pressure was to explode during the Fox years, when a new strategy against the cartels was deployed.
Chapter 4: The Fox years 2000-2006

The elections of 2000 were a watershed moment in the history of the federacy. First, the reforms of 1996 had turned the presidential elections into an open and honest contest for the first time in Mexico’s history. Second, these elections ended the decade long ruling of the PRI. In the U.S., George W. Bush jr. took office in the White House at almost the same time Fox got elected. Being a former governor of Texas and well known with border issues, the new American president wanted to improve ties with Mexico. Global events would dampen this ambition however, and also influence the cartels.

4.1 Overview
The economic situation in Mexico improved at the beginning of Fox’ sexenio. For two years, inflation had remained low and the price for oil went up, generating additional income. Also, Fox did not face a political crisis at the start of his term, as had happened to his predecessors. Under these stable circumstances, the economy could grow with three percent annually. Although this was a solid rate, it was not enough to absorb the entire labor population.\(^{211}\) Unemployment floated during this period around 3.5%, but worrisome here is the increase of youth unemployment. The year 2000 counted 98,200 new entrants on the labor market who could not get a job; in 2006 this number stood at 174,100.\(^{212}\) Additionally, estimates of participants in the informal economy now ranged at 43%.\(^{213}\)

Another problem besides this solid, yet insufficient growth was the global context. China took over Mexico’s position as main exporter to the U.S., which threatened the long term economic prospects of Mexico. In order to catch up, Fox pushed for a further deepening of NAFTA into a customs union with freedom of labor. But the U.S. government still remained skeptical of such an amendment and prevented a customs union from becoming reality.\(^{214}\) Meanwhile, Fox had to deal with a lax system of tax collecting in order to keep Mexico out of new debts and obligations.\(^{215}\) The term of Fox was further mainly associated with modest economic growth and low inflation. National debt in 2005 stood at a stable level of 45% of Mexico’s GDP.\(^{216}\)

\(^{211}\) Hamnett (2007), 294-295.
\(^{212}\) ILO, LABORSTAT.
\(^{213}\) Barshefsky (May 2008), 19.
\(^{214}\) Hamnett (2007), 296.
\(^{215}\) Tulchin (2003), 46.
\(^{216}\) ‘Six years of refried beans, and little confidence of better to come’, (July 1st, 2006) 21-23.
On a political level, the election of Fox did not mean an entire new start for Mexico. The PRI was weakened in the senate and Lower Chamber, but it was still a force to be reckoned with. Far-stretching reforms could not be implemented with a Congress where no single party had an absolute majority. The PRI still defended its patronage system, while the PAN wanted reforms. The PRD, being just as statist like the PRI, only further gridlocked the situation.\textsuperscript{217} At the second half of his presidency, Fox had not been able to fully implement his policies because of this divided Congress. As a consequence, the PAN lost the congressional elections in 2003, where the PRI made a modest comeback. Reaching consensus on reforms only became more difficult.

The leadership of Fox wasn’t undisputed either, especially in his own party.\textsuperscript{218} The first PAN president stayed clear from what the states did, which sharply contrasted with the hands on approach of previous presidents.\textsuperscript{219} But despite his negative image, Fox made some slight reforms in the political system in Mexico. He scaled back on executive legislation (presidential decrees) and gave the Mexican Congress a greater role in legislation. The judiciary was also given more autonomy. For the first time in Mexican history a dispute between a state and federal government was not resolved by intervention from the president, but by judicial ruling.\textsuperscript{220} Despite the greater involvement of these institutions, they were merely caused by the president steering clear from these affairs.\textsuperscript{221}

On a social level, Fox was rather successful. With a new program implemented under Zedillo, the PAN administration moved for social welfare for those that had to deal with extreme poverty.\textsuperscript{222} This program was inclusive and did not focus on creating new clientist linkages, as previous programs had done. Opportunidades turned out to be a big success and its concept was later on even implemented in other countries like Brasil.

\begin{center}
\textbf{4.2 Drug trade}
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The drug problem had grown worse and made some scholars like Ted Galen Carpenter to claim that “Mexico is the next Colombia”.\textsuperscript{223} Although a drug financed insurgency like Colombia’s experience with the FARC is missing here, the situation was indeed deteriorating.

\begin{footnotesize}
\footnotesub{218} Servin (2007), 384.
\footnotesub{219} Hamnett (2007), 306.
\footnotesub{220} Edmonds-Poli (2006), 399-400.
\footnotesub{221} Edmonds-Poli (2006), 415.
\footnotesub{222} ‘Six years of refried beans, and little confidence of better to come’, (July 1st, 2006), 21-23.
\footnotesub{223} Galen Carpenter, Ted, ‘Mexico is becoming the next Colombia’, CIAO Foreign Policy Briefing, no 87 (November 15, 2005), 1.
\end{footnotesize}
The Mexican police was outgunned by the cartels, which started to use automatic attack rifles. This did not only reveal their power and willingness to use these arms, but also another border problem: arms smuggling from the U.S. Mexico is known to have very strict laws concerning arms possession, so it came as no surprise when the Bureau of Alcohol, Tobacco and Firearms (ATF) estimated in 2004 that about 90-95% of all guns circulating in Mexico had been smuggled from the U.S. A GAO report states that the percentage of seized guns of American origin was lower in that year, at 73 percent but it increased to 90 percent in 2006. The Mexican border guard meanwhile, stood powerless against this phenomenon: in the period 2000-2005 it only seized 1,791 guns. Overall, the authorities seized 5,000-10,000 guns on a yearly base, while Mexico with its strict gun laws only has 6000 guns registered.

At the beginning of his term, Fox tried to turn back the militarization of the drug war by further involving police and special units. However, the reality on the ground made him to do this in a “gradual way”. This meant that the military was still to play an important role. In fact, Fox appointed army general Rafael Macedo as the new attorney general in 2002. Under his leadership, the army was increasingly used against the cartels.

The strategy in the drug war was also changed. From now own, the main objective of the drug campaign was to arrest gang leaders. But it backfired and caused an outburst of violence on the streets. Balance of power politics are important here. The violence started in 2001, when Joaquin “El Chapo” Guzman, leader of the Sinaloa cartel, bribed himself out of prison. This strengthened the Sinaloa cartel, but at the same time his rivals in the Tijuana cartel were weakened. Tijuana bosses Ramon and Benjamín Arrellano Félix were killed or arrested, which opened the route at Nuevo Laredo. Guzman was interested in this transit city, but so was the Gulf cartel. The latter deployed in 2002 a group of special enforcers to “conquer” Nuevo Laredo. These men were known as the Zetas, a former GAFE unit of the Mexican authorities. As explained in the previous chapter, this unit had been trained in the U.S., but it was unknown what these units were doing once they returned to Mexico.

For a year, the Gulf cartel could control Nuevo Laredo with these corrupted law enforcers, until its leader Osiel Cárdenas was arrested and Guzman made a new attempt to take over the city. With the Zetas remaining loyal to the Gulf cartel, violence continued.

226 Gereben Schaefer (June 2009), 24.
227 Barshefsky (May 2008), 37.
228 Bailey (2002), 270.
Meanwhile, Bejamín Arrellano Felix was placed in the same prison as Cárdenas, where the two had a privileged position. This allowed them to meet lieutenants and even have cell phones. In order to fight the Sinaloa cartel, the two entered into an alliance.  

Meanwhile, the larger cartels enjoyed the benefits of a renewed effort to control the border. 9/11 caused the border to be shut down, which pushed small and medium players of the market. Naturally, the main cartels now had an even larger market to take care of. Although border control had increased significantly after 9/11, the effect on the street price of cocaine was not felt, as the graphics in appendix A show. In fact, the price went down: in 2000 the street price of cocaine in the U.S. stood at 139 dollar/gram. In 2006, this had gone down to 99 dollar/gram. The shutdown of 9/11 also had some important effects on the trafficking of humans. Here too, the premium for ‘coyotes’ to smuggle people into the U.S. was raised and the cartels offered their expertise and protection. A 2008 survey estimates the additional income from human trafficking for DTO’s at two billion dollar.  

Still, despite the increased market share, the cartels had to deal with lesser internal discipline because of the new strategy in which lieutenants were targeted. Although there was more market share after 9/11, the number of trafficking routes went down. This explains the violence over some routes that followed the arrest of Cárdenas. Striking about the drug related violence is the cruelty the cartels show in this period. The Zetas implemented intimidation tactics that were adopted by other criminals as well. Public displays of cruelty had to scare other cartels, but also the authorities and civil population. The scale and cruelty of these actions served no other goal than to show the public and police that they should stay away from the traffickers’ business. The 2005 case of a new police commander in Nuevo Laredo makes this clear. Just hours after he was appointed commander and made a vow to fight crime, the officer was killed. The same had happened with the commander of Tijuana in 2000. These were no incidents; at the end of Fox’ term, the number of drug related homicides in Mexico had reached to 2,120.  

With still no end in sight in the war on drugs, Fox presented a proposal in 2006 to decriminalize the possession of small amounts of drugs. Police and the overburdened prison system could then be used for traffickers and dealers, instead of users. Fox and the Mexican congress backed this proposal, but a day after it was passed a massive outrage from the U.S. ensued. Among the criticasters were also government officials. Since the president was also

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230 Freeman, Laurie (June 2006), 2-4.
dealing with a treaty on immigration with the U.S., Fox send the proposal back to Congress to “clarify its language”. In 2009, when violence reached unprecedented levels, this law was eventually passed.

4.3 U.S. policies
The election of Bush jr. improved the prospects of having better U.S.-Mexico relations. Being a former governor of Texas, Bush had already dealt with border problems concerning drugs and immigrants. When the new president took office in 2001, he made clear that the U.S. would turn Mexico and Latin America into a priority. On the issue of immigration Bush and his Mexican counterpart were willing to make far reaching reforms, something that had been impossible under the union-backed presidency of Bill Clinton. Bush even made clear that he intended to stop the painful process of certification for Mexico. The upswing mood dominated a high level summit that Bush and Fox attended in Mexico on September 7, 2001. The summit was very promising for better relations, but the attacks of September 11 changed everything. The focus of the Bush administration shifted from domestic and Mexican affairs to the Middle East.

It is here where a paradox emerges. Although the U.S. shifted its attention to the War on Terror and an evil axis consisting of Iraq, North Korea and Libya, it was Mexico that became the first battleground of this war. Hours after the attacks, the Border Patrol was ordered to shut down the border out of fear for terrorists entering the U.S. The shutdown caused a lot of economic damage, since NAFTA had greatly increased trade volumes between the U.S. and Mexico. Crossing the border had become a daily practice for the 24 million people living along the border in both countries and the shutdown disrupted those daily practices.

The border was opened again after a few days and immigration would remain a priority. But had Bush first been a proponent of absorbing more immigrants, there he now made a u-turn. Fear for terrorists entering the country through Mexico made any relaxation of border control impossible. Undocumented workers were seen as terrorists who might smuggle WMD’s into the U.S. Where immigration used to be a matter of social policies and later on justice, it now experienced a transformation to an issue of national security. Illegal immigrants even became criminalized after a bill was passed in 2006 that illegal aliens were

234 Harman, Darna, Mexican Officials Say Drug Bill Misinterpreted, USA Today (May 5th, 2006)
235 Barshesky (May 2008), 8.
237 Payan (2006), 89-90
238 Payan (2006), 92.
felons. This entailed eleven million undocumented Mexican migrants living in the U.S. alone.  

In the words of a commissioner of the Border Patrol: “Our priority mission is nothing less than to preventing and detecting terrorists and terrorist weapons from entering the United States”. Border Patrol was included in the new Department of Homeland Security, which merged narco-trafficking, immigration and terrorism.

An attempt to solve the immigration problem was made during a summit in 2006 and although Bush called for the expansion of a guest worker program, the two countries were still at the level of 2001 when they started discussing immigration reform. No clear improvements were made, but the Border Patrol was expanded to almost 10,000 agents with additional hi-tech equipment. And it was not only Homeland Security guarding the border, since civilian groups also started to patrol the desert after 9/11. Organizations consisting of armed civilians like The Minutemen or Civil Homeland Defense patrolled the border, catching immigrants and handing them over to the Border Patrol.

Strict border control could not prevent drug related violence to spill over to the U.S. August 2005 saw the governors of Arizona and New Mexico declaring a state of emergency because of drug violence and the continuing influx of immigrants. Spillover effects got worse, although homicide rates remain unknown. Mexican cartels tend to hire local gangs for executions, which makes estimates very difficult. What might be a drug related homicide is often counted as a fight between two domestic rival groups over territory.

The training of new GAFE units went on, but problems emerged with the human rights records of these forces. Under the Leahy Law (accepted in 1997), U.S. assistance to foreign military forces is not allowed when a unit has a history of abuse. Local embassies have to vet these units, but a report from WOLA shows that in the case of Mexico, this almost never happened for the 600 to 1,000 soldiers the U.S. trained on a yearly base. And it was still unknown what kind of operations these units executed, except for the Zeta’s.

4.4 Mexican capacities under Fox
The processes that have been described before, found their culmination during the Fox presidency; the first free and open elections resulted in a PAN president taking power. To

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243 Galen Carpenter (November 15, 2005), 5-6
244 Freeman, Laurie (September 3, 2002), 11-12.
continue that process, Fox stayed mostly clear from using his presidential power. The economic liberalization has been fully implemented during these years, as the success of NAFTA proves. But the consequences of the 9/11 shutdown were severe.

Winning the first open presidential elections had given Fox an unprecedented amount of legitimacy.\textsuperscript{245} The problem was that this peaceful revolution had caused tremendous expectations that in no way could be met. A divided congress where no party had a clear majority or a willingness to reach consensus would eventually undermine Fox.\textsuperscript{246} Connected to the issue of legitimacy is the full bloom of the IFE that had made transparent elections possible, which meant a great improvement of the electoral system and the oversight on campaigns.

The new system of social welfare as implemented with Opportunidades was a way for the Mexican state to gain more strength. The population experienced lower levels of extreme poverty, thanks to effective welfare spending and sound economic policies. Poverty decreased from 47\% in 1990 to 32\% in 2006.\textsuperscript{247} Still, this number remains significant, especially when the underemployment is taken into account, as well as the high unemployment of new entrants to the job market.

Drug money still circulated through the economy but the government took more steps against laundering. It had already laid the foundations with American assistance for an information exchange system and in 2000, Mexico even joined the Financial Action Task Force (FATF) of the OECD. This intergovernmental group combats money laundering and admission requires having a strong framework concerning laundering. Mexico was equipped with such a framework, but it lacked the people to actually make use of it. The framework was to be further expanded. However, a continuing lack of adequate personnel made using this framework very difficult, as an evaluation of FATF in 2004 showed.\textsuperscript{248}

The newly established PFP played an important role in this period, but not in a positive way. In later analyses the PFP was labeled as inept, with the agency having a reputation of not being able to execute its police duties effectively and resorting too often to excessive violence. Still, Fox relied on this agency and reinforced it with an additional 1.600

\textsuperscript{245} Tulchin (2003), 35.
\textsuperscript{246} Servín (2007), 385.
\textsuperscript{247} Barshesky (May 2008), 20.
\textsuperscript{248} FATF, Mutual evaluation report – executive summary Mexico’, (October 17, 2008), 4.
soldiers and navy men, which further militarized the system of law enforcement in Mexico.\textsuperscript{249} Meanwhile, oversight and a professional attitude was lacking in this institution.\textsuperscript{250}

The Federal Judicial Police had become so notoriously corrupt that it was replaced by the Agencia Federal Investigación (AFI). This Mexican FBI was meant to be a more secretive police force. Payments were high, and AFI officers executed operations with masks to prevent criminals find out about their identity. The FBI was enthusiastic about this new agency and hence, information sharing intensified.\textsuperscript{251} However, just four years after its founding, one in five officers was under investigation. The agency was rumored to have been handling duties for the Sinaloa cartel, after a videotape appeared in which four Gulf members were tortured by alleged AFI agents. It also showed one of these Zetas being shot to dead. The director of AFI was quick to downplay any allegations connecting his group to the video, citing that the cartels tried to discredit his agency. But too many other cases were already known, like an incident in which the AFI had delivered chemicals for the production of designer drugs.\textsuperscript{252}

Clearly, corruption in this period got worse, although Fox tried to fight it by sacking 700 officers of the federal police just months after he had entered office. But the police was not the only group to be checked by the government: in 2002 an entire battalion of the army was dissolved after 600 members were investigated under corruption charges.\textsuperscript{253} Despite the scale of these operations, it did not tackle corruption in a structural way. It also showed that the army, which enjoyed a ‘clean’ image, was not incorruptible either. Still, the military was increasingly used as a last resort against crime. In 2002, 700 soldiers were sent to pacify Nuevo Laredo, which suffered from the war between the Gulf and Sinaloa cartels and ongoing corruption. The corruption in the city had completely spiraled out of control: when the army entered the city, local police officers attacked them to defend their turf.\textsuperscript{254}

The many cases of bribery and impunity undermined the trust of society in the state’s institutions. In 2004, two plain clothed police officers were burned to death by a crowd in Mexico City while a third was beaten. Suspicions about the three having kidnapped two kids had caused the public execution. This was not an incident; more communities in Mexico were losing their trust in the judicial powers and publicly executed (alleged) criminals.\textsuperscript{255}

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\item \textsuperscript{249} Meyer (November 2007), 5.
\item \textsuperscript{250} ‘Crítican inmadurez dentro de AFI Y PFP’, Reforma (July 3, 2007).
\item \textsuperscript{251} Galen Carpenter (2003), 186.
\item \textsuperscript{252} McKinley jr., James C., ‘Scandals shake Mexico’s confidence in elite drug police’, NY Times (December 28, 2005).
\item \textsuperscript{253} Galen Carpenter (November 15, 2005), 4
\item \textsuperscript{254} Freeman, Laurie, (June 2006), 5.
\item \textsuperscript{255} McKinley jr., James C., ‘Police arrest 33 after lynchings in Mexico City’, NY Times (November 25, 2004).
\end{itemize}
\end{footnotesize}
Border control also experienced some radical changes under Fox’ purge of almost every law enforcement institution. Oddly, the reform of the customs unit was not driven by the war on drugs, but because of Chinese illegal imports. These goods pushed Mexican companies out of business and hence, Fox had to respond. Almost 80 percent of all employees were replaced while 48 directors got fired. When a new force was deployed, it caused friction with the federal police on drug trade. It was not clear what the tasks of the two agencies exactly entailed.\textsuperscript{256}

On a local level, the capacities were different. Fox didn’t want to use all of his powers and meddle in the state’s affairs, which meant more autonomy for the governors. Another important point is the new narco-strategy, which was aimed at decapitating the organizations.

In Chihuahua, the PRI consolidated its position after gubernatorial elections in 2004. The outcome even showed an increase in support for the former monopolist party.\textsuperscript{257} This was a nationwide trend, since Fox’ inability to deal with the immigration issue and his perceived lax attitude caused the PAN to lose its appeal. Despite the victory of multiparty democracy, crime spiraled out of control. In 2001, governor Martínez was shot in his neck by an unknown assailant. He survived the attack, but got into a dispute with President Fox over his unwillingness to send in additional equipment and forces to combat crime in Chihuahua and more specifically, Ciudad Juarez. Martínez’ predecessor Barrio, who now was the anti-corruption-czar, even vented allegations that Martínez was corrupt, which undermined the cooperation. But after the elections of 2004, Chihuahua made an interesting move in the battle against corruption. In 2006 the judiciary, assisted by USAID, switched from oral to written trials. These are secretive and make it difficult for crime lords to influence trials. The reform was to set an example for the entire federacy.\textsuperscript{258}

Baja California stands out as an example of how pervasive corruption is; although the state was the first one to see a change of leadership, large parts of its branches were still on the payroll of the cartels. In a 2002 raid, the police commander and the commander of the State Judicial Police of Tijuana were arrested, together with 38 other high-ranking officials. This was considered to be a major blow against the already ailing Tijuana cartel, but it also showed the heavy corruption the state had to deal with.\textsuperscript{259}

\textsuperscript{256} Malkin, Elisabeth, ‘Mexico making headway on smuggling’, \textit{NY Time} (June 5, 2003).

\textsuperscript{257} Buckman, Robert, ‘Mexican voters mostly stick with status quo. Many ignored 3 closely watched governor’s races’, \textit{Washington Times} (July 6, 2004).

\textsuperscript{258} Gereben Schaefer, (June 2009), 42.

\textsuperscript{259} Seper, Jerry, ‘Drug raids snare Mexican officials’, \textit{Washington Times} (April 13, 2002).
In Sonora, the new strategy of Fox in fighting crime paid off with the arrest of the Sonora cartel’s boss Miguel Carro Quintero. The problem had not been his whereabouts, since Quintero faced his first charges in 1992, but the simple fact that the crime lord could move freely for nine years. His arrest was a major blow against the Sonora cartel as it weakened the discipline in the cartel’s ranks. The cartel further disintegrated when more leaders were arrested, which made the state safer. Sonora also remained under PRI control after the 2003 elections when businessman Castelo was elected governor. Violence in Sonora for this period remains quite low, despite the presence of a strong cartel. In 2006, only 61 people were killed in drug-related violence, compared to 163 in Baja California and 130 in Chihuahua.

4.5 Conclusion
The term of Fox has seen the culmination of several processes that had been going on for almost two decades. First, the political transition was completed when the election of Fox’ PAN started a multiparty democracy on the national level. Second, the economic transition was also finished, although the oil company PEMEX remained public. But Mexico was firmly integrated now in the global economy and therefore, it also became more vulnerable for foreign shocks. Third, the social situation seemed to improve, albeit in an incremental way. Next to that was the informal economy, which absorbed a considerable part of Mexico’s workforce.

The drug war was further intensified in this period. When looking at social control, the establishment of elite unites did not do much to tackle DTO’s. AFI and to lesser extent PFP, were just as vulnerable to bribery as regular police forces. Not only did this undermine the performance of these forces in the fight against the DTO’s, but it also undermined legitimacy, as the many lynch mobs proves. The strategy of targeting high and middle players in the cartels didn’t pay off either, since this only caused fragmentation and the entrance of new players. Oddly, in the sphere of border control a great improvement was made by sacking almost the entire Border Inspection Group, but the reason to do so was mainly instigated by economic motives; a strategy to combat drugs in cooperation with other agencies was not discussed.

Corruption seriously eroded the gains of the 2000 transformation. Fox was the first real legitimate president of Mexico, but the old PRI machinery in the executive did not change because of the elections. Hence, patronage and old practices still reined supreme,

although these networks were under increased pressure. Accountability of politicians seemed to improve as well, but some states were still under an authoritarian spell. In the field of social welfare, Opportunidades proved to be a revolutionary way of tackling the worst excesses of poverty, but it didn’t turn the informal economy obsolete. Still, a program that was not based on party affiliation was a sign of progress. Progress was also made in the field of financial regulation, but a lack of competent personnel to execute a new framework made this a useless exercise.

When looking at the U.S. influence, there are again intended and unintended consequences. In the sphere of financial assistance, the U.S. was present. In the period 2000-2006, contributions to the Mexican government entailed 396 million dollar, of which almost 170 million was spend on anti-narcotics efforts. A very direct intervention was when Fox moved for decriminalizing minor possession of drugs. American politicians and media were quick to warn for new “Amsterdams” at the border, while Mexican officials kept on emphasizing the advantage of having more personnel and cell capacity to process dealers and traffickers. It did not help, since the U.S. outrage forced him to effectively annul the proposal. This is highly unusual, since U.S. officials never try to influence legislation in this sphere. Further, the U.S. assisted in creating financial regulations to combat laundering. Justice cooperation between the states was enhanced, since Fox showed an increased willingness to arrest high level druglords who had moved freely for almost a decade. But another element of drug enforcement backfired, as the corrupted Zetas show. Again, the instrumental approach of the U.S. towards drug control must be emphasized.

In the unintended sphere, 9/11 has been a watershed moment. The border transformed from an issue of justice to one of defense. The U.S. did not directly influence Mexico’s capacities, but by putting further pressure on the cartels, it did overburden the justice system of Mexico. With traffickers having no clear leadership because of Fox’ new strategy, a very dangerous situation had come into existence. Adding to that is the constant flow of people willing to cross the border. These were not only Mexicans, but also immigrants from South and Central America. Because of the stricter controls, concentrations of young unemployed people emerged at the border. And the easy regulation of firearms in the U.S. had caused a steady flow of firepower to Mexico.

Chapter 5 - Final analysis

The hard-line stance of Fox was continued when Felipe Calderon took office as president in late 2006. Just days after taking office, the new leader sent in about 45,000 soldiers to cities that had been plagued by drug violence. Although applauded by the U.S., this new strategy caused an all out war in which cartels fight the army, the army fights the police and the police fights for its own survival. It caused 2,280 drug related homicides in 2007, while 2008 stands out with a doubling of 5,153 murders. The statistics for 2009 do not bode well: in June, the counter surpassed the rate of 2007 with a rate of 3,054 drug related homicides.  

Meanwhile, reports about corruption are worsening, and some scholars even warn for a shadow government consisting of narco lords.

The violence is a logical consequence of the processes described in the previous chapters. As has been shown, this is a complex matter in which three different actors are involved. To keep the analysis as clear as possible, this chapter will first start with an overview of these processes. The drug war is not a sudden manifestation of violence, but the result of a unique dynamic. After these processes have been described, the capacities of the Mexican state and the influence of U.S. policy will be examined.

As a first process, the gradual retreat of the PRI in all spheres of society caused a retreat of the state in general. The monopolist status of the party—which controlled business, unions and every branch of the government—made a democratic transition complex. When this process was started by De la Madrid and further exacerbated by Salinas, the underlying reasons were self-preservation. However, these small changes on local levels would give way to a democratic transition. The retreat of the PRI was also followed by a vacuum in some spheres of the Mexican society, because certain patronage networks no longer worked. For instance, caciques—persons that have a great deal of informal power—used to be firm supporters of the PRI. When the monopoly party got pushed back, the power of the caciques also decreased. Not only did this mean the breakdown of an old dispute settlement mechanism, it also entailed a secondary (and informal) retreat of the state. These problems were mostly ignored, since the focus was on Mexico’s political transition to a multiparty

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democracy. But the institutions that support a democracy did not see a transformation, and hence, one can label the transition as incomplete.

Second, the change of an import substituted economy to one that promoted a global competitive system had tremendous consequences. Companies and banks were privatized, but proper oversight lacked. In many cases this caused narco dollars to stay in the economy, while it also made some patronage networks weaker and hence, the dispute settlement mechanism that prevented violence. On the other hand, it also facilitated the growth of a competitive economy that was integrated in NAFTA. Although this agreement boosted Mexican employment, it also made the economy more vulnerable to shocks that affect the U.S. The current mortgage crisis has left its scars on the Mexican economy because of this interdependent relation.

Third, and closely related to the integration of Mexico in the global economy, are the social changes. Because the global crisis of the seventies struck Mexico as late as 1982, the shock was more intense and its consequences were to be felt for the next ten years. Wages during this ‘lost decade’ remained low or were even decreased. When after years of inflated growth, another crisis struck Mexico in late 1994, it was yet another blow for the middle classes and the start of an informal economy with a lot of underemployment. Immigration to the U.S. therefore increased in these two decades, with some dramatic results. A report from the council on Foreign Relations indicates that in 2008 about 15 percent of Mexico’s workforce resides in the U.S., be that legal or not. This number equals 10 percent of Mexico’s entire population.\footnote{266 Barshefsky (May 2008), 39.} Meanwhile, an entire generation has grown up under impoverished circumstances in which the incentives to engage in crime are many. The most recent report on the cartels’ strength estimates this reservoir at 100,000 young men.\footnote{267 Carter, (March 3, 2009).}

These processes give the context for the capacities of Mexico, as they have been examined in every separate chapter. The first question of this thesis deals with how Mexico’s capacities have developed in the last twenty years. The following paragraphs will deal with this question, while also taking U.S. influence into account.

To start with social welfare, the influence of the U.S. is least present here. Although the policies of De la Madrid and Salinas were undeniably shaped by the neo-liberal ideology that dominated the U.S. during the eighties and early nineties, there is no evidence of a direct or indirect relation here. The system of social welfare was -until the Fox presidency- linked to the dominant position of the PRI. Votes and support were attained by giving social welfare,
while the goal of poverty reduction remained insignificant. Although the IMF forced Mexico to slash its budget in social welfare, it was the downfall of the PRI that really forced a big reform. De la Madrid experienced a loss of support because of the reforms and Salinas tried to regain that support with PRONASOL. An additional goal was to show the U.S. that Mexico took care of its poor in order to have NAFTA accepted. PRONASOL did not work though, and the new approach of Opportunidades yielded real results in the fight against poverty. These reforms have got nothing to do with U.S. policies. The overall retreat of the state in this field, however, has led to the emergence of a large informal economy where wages are low and a willing reservoir of young men has been created who can work for the cartels.  

Overall, Mexico has seen a severe weakening of its capacity in social welfare, but U.S. influence is minimal. Only in the creation of PRONASOL was the U.S. of significance, but in an unintended and non-decisive way.

Influence over financial oversight has been mainly diminished during the IMF programs of the 80’s, which were formulated by U.S. advisors. However, the eagerness with which Mexican business was opened up for foreign competition is completely attributable to Mexican officials. PRI members at the lower levels saw an opportunity for short-term gains by opening up the markets. Most companies were bought by narco lords, since there was a lack of controls on the banks which made money laundering quite easy. It was not until the early nineties that laundering became a crime, which was done during the negotiation process for NAFTA. Later on, a framework was established to deal with laundering. Although it seemed to be far from implemented, Mexico could join the FATF. American assistance has been given to enhance Mexico’s capacity in this respect, although its effects have not always been notable because of a lack of personnel.

The issues of legitimacy, electoral oversight and political accountability cannot be seen separately. It is clear that the U.S. has had a great influence over political reforms which eventually strengthened Mexico. NAFTA had to be approved by a skeptical Congress, and to enhance Mexico’s image in the U.S. a series of reforms were set in motion. The changes in electoral norms and oversight can be attributed to this influence, which also increased legitimacy of the presidency during the nineties. A combination of U.S. pressure - especially in the press- and the will to keep the PRD and PAN quiet, caused the founding of the IFE in 1994. This institution would play a major role in the democratic transition of Mexico and its significance must be emphasized here. Although the U.S. did not specifically push for it, the

reforms of Salinas (and Zedillo) culminating in the IFE can be seen as an unintended consequence of U.S. pressure.

Oversight and accountability have been enhanced with the democratic wave incited by the process of admission to NAFTA. After all, open elections have led to an environment in which politicians are accountable and the results of local elections were to be respected. However, these reforms, just like the municipal reforms of De la Madrid, were mainly used to strengthen the position of the PRI or to outmaneuver certain members. The framework was there, but it required a president like Zedillo -who did not want to serve PRI interests- to actually make use of it. This does not count for some states on a local level, where Zedillo could not oust corrupt governors. Moreover, some government institutions are still under the spell of old, clientist practices that did not stop with the end of PRI dominance in 2000. This renders certain institutions dysfunctional.

Legitimacy increased with the reforms. In 1988, after the massive fraud of the presidential elections, Salinas had no other choice but to regain legitimacy by opening the system. Trust in the system increased, even when the PRI won in 1994. But legitimacy is threatened. First of all, the persistence of the old patronage system makes a well functioning government difficult. The leadership might have changed, but that does not mean old practices are gone overnight. Second, although the image of Mexico in the U.S. was important to get NAFTA (and IFE) accepted, the U.S. caused another, unintended effect. Contrary to the democratization that was urged by NAFTA, this effect was negative. The virtual takeover by the Mexican army of the war on drugs is eroding legitimacy. Since the eighties, the army has been favored by the U.S. in intelligence sharing over the police. As an institution with no civilian or democratic oversight, the army might threaten the frail democracy. In the researched period the army was increasingly used in law enforcement, leading to the deployment of 40,000 soldiers in the north of Mexico in 2006, when Calderon was elected president. The result of this militarization has been a further fragmentation of the cartels, which increasingly diversified their activities to kidnapping and extortion. This means more pressure on the civilian population. Moreover, complaints of abuse by soldiers are mounting, but there is no institution where these complaints can be filed. Hence, distrust in the government grows.\footnote{Booth, (July 28, 2009).} This process has been been stimulated by the U.S. in the eighties and nineties. What started with intelligence sharing soon became training and the lending of equipment. In this respect, the U.S. has directly challenged the legitimacy of the Mexican...
authorities by giving priority to a non-democratic, non-accountable institution like the army and thereby overruling the police. In this respect, the record of U.S. influence has two sides: an unintentional one in which legitimacy was increased with the admission to NAFTA and a side where intended policy concerning Mexico’s army has eroded this. But the gravest threat is embodied in the persistence of a system of patronage and dysfunctional government institutions.

Social control is a difficult variable to measure. In the Mexican case, this is even more complicated since the Mexican justice system was established to protect the interests of a centralist party. The protection of civilians has always been a secondary objective. When the political transition took place, the goal of those who are part of the justice system did not change. Hence, the police continued with its old practices and lacked any kind of professional training. The most noteworthy reforms were those where the government started new and special agencies, like the AFI and the military/civilian hybrid that was known as the PFP. But on the lower level, police forces were overburdened and lacking in their capacities. A measure to decriminalize minor possession of drugs might have taken away some of this workload, but the intense response from U.S. lawmakers prevented this in 2006.

Further involvement of the U.S. has been very present in this sphere, since it provided training for special units. But it was never clear when and how these forces were going to be used. After all, they operated under the old framework and there was no strategy to fight crime. Additionally, the training was mainly focused on soldiers. Although the Leahy Law made it obligatory for embassies to vet these units, it was done in a very selective and inadequate way. It is therefore not surprising that some forces shifted their allegiance, with the most notorious example being the Zetas. The approach of training military units also further emphasized the Mexican army in the war on drugs. This institution already received intelligence from the U.S., favoring it over the regular police.

U.S. involvement on this capacity remains therefore mixed. It facilitated training and during the Fox years, American agencies also started to share information on certain kingpins. In this respect, Mexico’s capacity in social control increased. But these policies also facilitated a further involvement of the army, which backfired in some cases. And the assistance was only symptomatic; no strategy had been formulated to fight the cartels.

In the field of border control, a functionality gap exists. Although Mexico tried to enhance its interdiction capacities at the southern border, it could not deal with the northern border. From the Mexican side, the main task of northern border control is to stem the smuggling of guns from the U.S. to Mexico. Additionally, forces are deployed to protect
people from smugglers and give them relief when possible, as the U.S. financed Grupo Beta does. A strengthening can be noticed here, but since Mexican border control is very insufficient, this influence is negligible.

The cartels have responded to the many transformations by expanding their activities. Important is the role of displacement effects. The dismantling of the French connection led to a thriving heroin industry in Mexico in the seventies, while disrupting the Caribbean supply lines in the eighties turned Mexico into a transit country for cocaine. Even worse was the breakdown of the Cali and Bogota cartels in Colombia, which made Mexican cartels to contact growers themselves and become vertically integrated. The influence of the Colombians diminished, which means that more proceeds were left for Mexican cartels.

The profits from this trade were used to buy influence in politics and the justice system. Under the circumstances of the late eighties and nineties, when Mexico was in a state of transition, the narco lords consolidated their position. Privatization of state companies offered an opportunity to invest in legit business, while lacking bank oversight made it possible to launder proceeds in Mexico. The political changes meanwhile, weakened certain links to political parties. This forced the cartels to become more confrontational, as the high profile killings of ‘93 and ’94 indicate. This caused authorities during the Zedillo years to steer clear from apprehending high level players.

Around this time NAFTA started. This event tremendously increased the opportunities to smuggle contraband to the U.S. The cartels gained more ground, but the immigration issue in the U.S. made the Border Patrol to expand and increase its activities. This drove up risk premiums and pushed small and medium level traffickers out of the market, leaving the large cartels behind with even more market share. The same dynamic occurred after 9/11 when the tightening of the border pushed more small players out of the market.

However, the balance of power shifted. Fox’ strategy of attacking the lieutenants and bosses seemed to end years of impunity, but the new approach had negative effects. With a lack of leadership, the DTO’s lost their internal discipline. Although the tightening of the border after 9/11 provided great opportunities for more market share, the number of smuggling corridors went down. The remaining routes were disputed by several DTO’s, as the fight for Nuevo Leon in 2002 shows. Hence, the crime rates in the north of Mexico increased. As a secondary effect of the stricter border checks, some organizations diversified their activities to kidnappings and extortion. In this way, a process ended in which just one cartel controlled the cocaine trade, to a decentralized chaos with many different players who are active in a wide range of criminal activities. This makes law enforcement challenging.
The role of the U.S. in the transformation of Mexico’s capacities is twofold. The analysis has shown that unintended consequences of U.S. policies have influenced Mexico. The intended policies, like training units and providing assistance in formulating legislation have not had a great impact on Mexico’s capacities (and sometimes even backfired, like the Zetas). Intelligence sharing with the military made the army’s role in law enforcement increase, with might threaten legitimacy in the long run. Of course, NAFTA was a great event, but it was the culmination of a process that had been going on for years: the economic integration of the U.S. and Mexico. Although NAFTA was meant as a countermeasure against the EU, it lacked the political component of its European example. The agreement purely focused on economic integration, while not facilitating integration in other fields like labor or human rights. Such a component could have reinforced the institutions of Mexico. That is also what stands out in the field of intended policies: it could have been far more. For example, the U.S. assisted Colombia in the nineties with 400 million dollars annually in its fight against the cartels and the FARC, while Mexico only received 40 million in the same period. And whenever the U.S. assisted Mexico with training units, no reforms in the police system were implemented. A comprehensive strategy was also missing in which the two countries adopted common goals and means.

The unintended consequences have had far more impact on Mexico. Logically, the campaigns of the U.S. against drug lords in other countries caused Mexico to become a producer and later on a transit country. Once Mexico was a transit country, the measures the U.S. took against trafficking had again adverse effects. Besides the campaigns abroad, the most important unintended consequence has been the shutdown or tightening of the border. Although aimed to stop migrants from entering the U.S., this made the cartels only stronger and even made them expand to human trafficking. It seems as if there is a relation between the strengthening of cartels and border security. If border control increases, the number of DTO’s goes down, but those that stay in business will find a larger market with higher prices. This strengthens their position and makes it harder to combat the cartels since the DTO’s have more money to spend on bribes. In the Mexican case, the cartels even have better opportunities because of an impoverished young generation and an incomplete political transition.

However, the unintended consequences of U.S. policy are not only negative. Opening the political system was partially motivated by getting a better image in the U.S. to have NAFTA approved. The IFE and the open elections of ’97 and 2000 cannot be explained without the role of how Mexico was perceived in the U.S. At the same time it is this transition
where the U.S. has missed a great chance to help Mexico. The transition was taken for granted, but what policymakers did not see was that the PRI embodied a system of patronage that included the judiciary, the executive and the police forces. A change in leadership did not entail a change in all these other spheres. For seventy years, Mexico was a dictatorship and its institutional practices were not gone overnight after honest elections. For all of its talk about nation building in war torn countries like Afghanistan and Iraq after 9/11, the U.S. actually missed a great opportunity in Mexico.

In the introduction, it was explained that one of the goals of this thesis is to use the framework of Phil Williams to see whether or not it is suitable to explain violence of this scale. The capacities approach is indeed a good way of examining if a state is resilient against crime. By combining economic, social and political factors it gives a very complete overview of a state and the weaknesses it can develop when confronted with organized crime. But it lacks one important factor: external actors. The capacities approach seems to have been constructed for domestic crime. Not crime that is being caused by foreign demand and supply, as what has happened to Mexico. Without a major drug market to the north and a willing supplier in the south, Mexico’s recent history would have been far more peaceful.

Another goal of this thesis is to look at under what circumstances drug violence explodes. Here, the capacities approach has given several factors that might facilitate violence. But these are all underlying causes; none of them has been a direct trigger. A decrease in social welfare does not create a drug war. But it does create a large group of young men with no other perspective than to engage in crime. What actually incited the violence was pressure from an outside actor and a renewed strategy of domestic authorities, which pushed the cartels into open warfare. Hence, the framework should be expanded with some proximate causes.

The question remains what should be done to assist Mexico in becoming a “stronger” state. Any solution should take into account that the demand for illicit goods does not stop when a supply line is shut down or a poppy field is eradicated. The need for narcotics will remain, and hence, DTO’s can find another (weak) state to continue their business. Predicting this is difficult, but the capacities approach is a nice tool to figure out which states are eligible for narco violence. As the local analyses have shown, this displacement effect can also occur on an intra-state level. When radar stations in the early nineties made trafficking by air complicated, the cartels moved their activities further south to states which had not experienced any DTO’s yet. Any policy to tackle drug trade must take this displacement effect into account.
To end the violence in Mexico, a pragmatic stance is necessary. The authorities lack reliable police forces and the military is under increased pressure as well. Bribery is increasing in the army and the cartels, although fragmented, are capable of adapting to military tactics. Training more police officers is a logical first recommendation, just as setting up a reliable justice system and a coherent strategy. This should count for all police forces, with no emphasis on special units like GAFE or AFI. And if there is any assistance from the U.S. in training military units, this should be done under the strict supervision of the Leahy Law. Next to the restructuring of the police force, an effort must be made to completely decouple the justice system from clientist links to ensure the loyalty of the officers. More importantly, civilian oversight on the police must be expanded. It is understandable that the record of the army concerning human rights abuses has been criticized, but the same also counts for the police. Only in a system where the police must take full responsibility for its actions, can the militarization of the drug war be reversed. Until that moment, law enforcement will remain a choice between the least of two evils.

As a second recommendation, it would be wise to combine this policy with a renewed effort to combat money laundering. Mexico already has the legal capacities under the FATF to do so, but not the people to implement it. More emphasis on this element can hurt the DTO’s in a way in which collateral damage remains minimal.

Third, the frail democracy of Mexico must be safeguarded. As has been shown, the transition of 2000 was only a partial transformation. Many old practices continue, making reform difficult. The local analyses show that political parties are forced to adept to these practices in order to stay in power, which creates a vicious cycle. It is here where institution building is necessary.

Unfortunately for Mexico, the real solution for its war against the cartels lies at the other side of the border. The U.S. is the main market for marihuana, heroin, cocaine and amphetamines and any policy designated to end the terror of the cartels must take the U.S. into account. Hence, a fourth recommendation would be to invest more in demand reduction. This recommendation is repeated in every study on drug trafficking, but no serious efforts have been taken to reduce demand. Although the need for illicit substances will always exist, a comprehensive approach can tackle the scale of drug trade. Hurting DTO’s by arresting high or middle management does not make a difference; the high profits in drug trade are still attracting new players. Above all, one cartel’s loss is another cartel’s win. But lesser demand for illicit drugs will make these profits go down, especially when this is implemented with Mexico fully executing its anti-laundering regulations.
Fifth, the option of decriminalizing certain drugs should be explored. The premiums DTO’s earn on illicit substances are very high: a package that passes the border increases its value with a factor six. The stricter controls make this premium only higher. Although legalization is still very controversial in the U.S., it is worth to consider decriminalizing certain drugs. Due to health risks, cocaine and heroin are not eligible for legalization. However, legalizing marihuana might have positive effects by creating a distinction between ‘hard’ and ‘soft’ drugs. Legalization of marihuana will push its price down, while the comparatively higher prices for hard drugs remain. As the experience in Europe has shown, this does not lead to more usage of soft drugs, but it does create a high threshold against using hard drugs.

The sixth recommendation is based upon the data concerning border problems. Stricter controls have only had the effect of turning the cartels into stronger organizations which are prone to use excessive violence. In the last few years, the policy to enhance border control has yielded more seizures, but this did not affect the prices of illicit substances. These have only gone down, while the strategy of supply side reduction is focused on pushing the price up. In the case of North-Mexico, an additional consequence of these border controls has been more violence over smuggling routes. As has been shown, intercepting drugs at the border puts a tremendous burden on the local community. In order to relieve this area, the strategy must be changed. Most of the drugs passing the border are stashed in special places where the packages are distributed for further use. Putting more effort in locating these centers in the U.S. can take some pressure away from the border region.

However, these recommendations are useless if both nations do not recognize that they have become far more integrated than NAFTA ever envisioned. For instance, drug use is no longer a purely American problem. Demand for illicit substances in Mexico is rapidly increasing as a collateral effect of trafficking. And the consequences of the drug war in Mexico are threatening its frail democracy. Legitimacy of the authorities is eroded by the harsh intervention of the army, while the population is increasingly becoming dependent on self help. The lynch mobs count as a firm warning. At the same time, the U.S. cannot afford to have one of its two neighbors be overpowered by DTO’s. The political reality also reflects this; the community along the 2.000 mile border suffers from restrictive policies and violent spillover effects. Adding to that is the Mexican community in the U.S., which is increasingly becoming organized. More than ten percent of Mexico’s population resides in the U.S. and this Diaspora is the fastest growing group of the American electorate, but one that runs the risk of becoming stigmatized because of crime in the home country (as what happened before
with Italian migrants). In order to gain its support, politicians will have to take their demands into consideration as well. The intermestic character of U.S.-Mexican relations has made problems in both countries therefore a shared responsibility. It is time that Mexico and the U.S. start to acknowledge that the solution lies in real cooperation as equal partners with common goals. Mexico is perhaps far from God, but a closer bond with the United States will prevent worse.
### List of abbreviations

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<tr>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>AFI</td>
<td>Agencia Federal Investigación</td>
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<td>ATF</td>
<td>Bureau of Alcohol, Tobacco and Firearms</td>
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<td>CIA</td>
<td>Central Intelligence Agency</td>
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<td>DEA</td>
<td>Drug Enforcement Administration</td>
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<td>DTO</td>
<td>Drug Trading Organization</td>
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<td>EZLN</td>
<td>Ejército Zapatista de Liberación Nacional</td>
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<td>FDN</td>
<td>Frente Democrático Nacional</td>
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<td>IFE</td>
<td>Instituto Federal Electoral</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INCSR</td>
<td>International Narcotics Control Strategy Report</td>
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<td>IRCA</td>
<td>Immigration Reform and Control Act</td>
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<td>GAFE</td>
<td>Grupo Aeromóvil de Fuerzas Especiales</td>
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<td>GAO</td>
<td>Government Accountability Office</td>
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<td>GATT</td>
<td>General Agreement on Trade and Tariffs</td>
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<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
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<td>NSA</td>
<td>National Security Agency</td>
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<td>OAS</td>
<td>Organization of American States</td>
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<td>ONDCP</td>
<td>Office of National Drug Control Policy</td>
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<td>PAN</td>
<td>Partido Acción Nacional</td>
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<td>PFP</td>
<td>Policía Federal Preventiva</td>
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<td>PRD</td>
<td>Partido de la Revolución Democrática</td>
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<td>PRI</td>
<td>Partido Revolucionario Institucional</td>
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<td>PRONASOL</td>
<td>Programa Nacional de Solidaridad</td>
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Appendix: drug prices in the U.S.A./seizures Mexico and U.S.A.
Prices are adjusted for inflation in 2007.