Mexico and the United States have an antinarcotics arrangement. Each side contributes funds to this effort, the United States close to $500 million a year under the Mérida Initiative (the institution that defines the arrangement) and Mexico around $4.3 billion a year. The murders (about 22,000 since Felipe Calderón assumed the presidency in December 2006) take place in Mexico, and the consumption that provides the funds for the drug trafficking organizations (DTOs) takes place overwhelmingly in the United States.1 Most of the weapons used by DTO enforcers are shipped illegally into Mexico from the United States. In light of the disparate suffering in the two countries, it is a stretch to call their arrangement a partnership.

When President Calderón assumed office in December 2006, he announced that he would use some 45,000 troops of the Mexican army and enter into an all-out fight with the DTOs. His stated reason was that the way to achieve tranquility for Mexico’s citizens was to face organized crime until it was defeated. It is now almost four years since that decision was made. Mexican citizens have had to live with turmoil ever since. The reputation of the army was sullied because of the many human rights abuses registered against its antinarcotics efforts. The army has since been replaced in this antidrug effort by federal police.

Any unbiased observer must conclude that Calderón misjudged what he could accomplish in his struggle with the DTOs—which now act with at least as much or greater abandon than they did earlier. This was demonstrated when DTO enforcers in their vehicle overtook the car of Roberto Torre, the gubernatorial candidate of the Institutional Revolutionary Party (PRI), in the state of Tamaulipas, and gunned him down. This took place on June 28, just days before the July 4 gubernatorial election. The election was held as scheduled and the slain candidate’s brother was elected governor.

In light of the combination of U.S. drug consumption and the power that the DTOs are able to exert, the Mexican government has two options. The first is to continue present policy: to give no respite to the DTOs because they are criminal organizations. Their main revenue comes from the sale of drugs, but they also engage in kidnapping, extortion, and other lawbreaking actions. The second option is the polar opposite: to cease the direct confrontation with the DTOs, mainly to avoid the violence this generates, but also because current policy is not working. There are practically no successful convictions for the murders committed by DTO enforcers. The DTOs control large areas of Mexican territory, and it is this along with the impunity with which the DTOs operate that gives rise to the argument that Mexico is a failed state. It is not—more on this later—but it is hard to consider Mexico a successful state when its elected authorities cannot provide public safety. The second option was essentially that chosen by the PRI when it governed Mexico before the election of Vicente Fox in 2000. This option is probably the one supported by most Mexicans.

Six states abutting Mexico’s northern border (Baja California Norte, Sinaloa, Sonora, Tamaulipas, Chihuahua, and Nuevo León), plus the state of Durango, have had the largest increases in homicides since 2007, the first full year after President Calderón instituted his policy of confrontation. The overall murder rate in Mexico as a whole has been declining since 1990—except for the northern region. The U.S. public does not notice these differentiations between regions of Mexico; the whole country is generally seen as being violent. My wife and I spend much time in Cuernavaca, in the mountainous area about an hour’s drive from Mexico City and essentially a peaceful city with a wonderful climate; when we tell our friends where we are going, many are amazed because they incorrectly assume that we are putting ourselves in danger.

Mexico is a developing country with many economic and political weaknesses. These include a reputation for much
corruption, a failing energy policy, low tax collections, great income inequality, an inadequate educational structure at the primary and secondary levels, excessive monopolies in both the public and private sectors, an inefficient labor market with about half the workers in formal jobs and the other half in informal (unregistered) jobs, inadequate infrastructure, and a legal system that urgently needs reform. Each of these shortcomings is understood by Mexican authorities and academics, and steps are being instituted to deal with them. Even if reforms are successful, they will take time.

However, Mexico can also boast of many accomplishments. I will look here only at 2010. Twelve new governors were elected on July 4, all but Tamaulipas in an orderly process. The country has many first-rate universities, both public and private. Gross domestic product is expected to grow by about 4 percent this year. Mexico is the second-largest trading partner of the United States, after Canada. Its share of the U.S. market for manufactured goods is increasing, especially for electrical and electronic products, and auto parts. Foreign direct investment is expected to be between $15 and $20 billion this year. Mexico attracts many tourists because of its beaches, historical places, and location next to the United States.

The drug-related murders in northern Mexico are one facet of the country’s reality—but there are other realities both in the north and other parts of the country. The increase in Mexican exports to the United States stimulated by the North American Free Trade Agreement (NAFTA) was particularly beneficial for northern Mexico because of its proximity. Much of the production in that region is shared between affiliated companies in the United States. Mexico City is fortunate in that it does not have competing DTOs, which is the basis of the violence in the north. Consequently, there is little drug-related violence there. Greater Mexico City is a complex place with insufferable travel problems, but the personal safety of the 20-plus million people who live there is not a major issue.

There is much discussion from time to time about what the United States can do to minimize the damage that its consumption of illicit narcotics inflicts on Mexico. What has been done thus far is minimal, largely embodied in the Mérida Initiative. The most serious problems created in Mexico by U.S. drug consumption flow from the large amounts of money that the DTOs have at their disposition. This leads naturally to the idea of legalizing drug sales in the United States and thereby cutting off the earnings of the DTOs. There is clearly no disposition to legalize sales of cocaine, including crack, in the United States, and an estimated two-thirds of the value of U.S. consumption comes from this. The United States could do more to educate existing and potential cocaine users about the harm this drug inflicts on them; and education and publicity can be useful as we learned from education on the dangers of cigarette and alcohol use.

The most widely used illicit drug in the United States is marijuana, and there is much more receptivity to the idea of its legalization. The California legislature is considering several bills; in addition, a proposition to legalize marijuana in the state is on the ballot for November this year. No jurisdiction anywhere in the world has taken this drastic a step. One of the advantages of legalization is that this not only would allow the California authorities to impose as excise tax—i.e., capture the consumption profits—but also to control the strength of the ingredients that go into marijuana production. The impression one gets from statements by responsible Mexican authorities is that they would be pleased if the United States handled its own marijuana situation thereby removing Mexico from the loop.

Mexico’s political, economic, and social situation is more complex than most Americans realize. The transition from an authoritarian government (Mario Vargas Llosa, the Peruvian novelist, called Mexico “the perfect dictatorship” in 1990) was peaceful, even though many of the electoral rules are still under discussion. The Mexican economy is more advanced than most of its counterparts in Latin America, although serious structural shortcomings remain. About 40 percent of the population lives in poverty, although this percentage is being reduced, as is income inequality to some degree. Most of Mexico’s exports are manufactured goods, and about 80 percent of these go to the United States, a situation that led to the 6.5 percent decline in Mexican GDP in 2009. The way that the federal government handles its future interaction (by confrontation or coexistence) with the DTOs will play a large role in the degree of drug-related violence the country experiences in the years ahead. At the moment, one expects that President Calderón will continue with the direct confrontation between the federal government and the DTOs that he has pursued over the past four years.

Sidney Weintraub holds the William E. Simon Chair in Political Economy at CSIS.

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