

Drugs, Gangs, Transnational Organized Crime and “Malgoverned Spaces” in the Americas

R. EVAN ELLIS¹

During the spring of 2014, the U.S. media and Washington politics were briefly dominated by the crisis of thousands of children from Central America detained at the Mexican border as they attempted to enter the United States.² While the phenomena of children, among such immigrants was not new, the attention given by the media to their plight illustrated how the desperate conditions created by the cycle of crime, violence, and lack of opportunity in the region impacts the U.S., connected with the region through ties of geography, family, and commerce.

In recent years, the challenges of gangs and transnational organized crime in the Americas have received increasing attention as threats to both the U.S. and the region.³ Many good analyses have been done of the phenomenon of Central American street gangs such as Mara Salvatrucha and Barrio-18,⁴ transnational organized crime,⁵ and the security situation in individual countries such as Mexico, El Salvador, Honduras, and Guatemala. References are often made in such analyses to U.S. narcotics demand,⁶ or poverty and inequality as causal factors.⁷ Yet insufficient attention is paid to the systemic interdependencies between narcotics, youth gangs, and other forms of organized crime, underlying socioeconomic conditions, governance issues, and complicating international dynamics.

This article advances the concept of “malgoverned spaces” to examine those interdependent and reinforcing dynamics as a system, using Mexico and the “northern triangle” countries of Central America as illustrative cases. The work is principally based on the author’s experience over five years in applying system analysis techniques in conducting exercises with security officials in Mexico and Central America, although in consideration of the partner institutions involved, that work and the methodologies employed are not discussed in this work, and the views expressed are strictly the author’s own.

Malgoverned Spaces

The key element of the destructive dynamics involving drugs, street gangs, transnational criminal groups, and many of the other non-state security challenges in the Western Hemisphere (and elsewhere) is “malgoverned spaces.”⁸ In each of the cases, malgoverned spaces are enablers of the criminal groups involved and in turn, are fed by their activities and the corruption, conflict, and malaise they generate.

Malgoverned spaces may occur in virtually any form, from urban slums to impoverished countryside, from individual neighborhoods, to the disfunctionality of entire state or national governments. However, malgoverned spaces are not necessarily “failed states.”⁹ In malgoverned spaces, significant commerce may occur, and the government may function reasonably well and provide public services in certain domains. In addition, a malgoverned space may encompass only part of a geographically defined political unit.

The defining characteristic of a malgoverned space is that the ability of the formal authority to enforce its laws and regulations, and the possibility of residents to rely on those authorities and the formal legal system to protect their property and physical well-being there is severely curtailed.

A common characteristic of malgoverned spaces is that corruption of official institutions, including the judiciary, police, and select public functions, has broken the bond between citizen and government, distorting the ability of those institutions to perform their roles, particularly with respect to public security and judicial functions. In varying degrees, citizens do not trust authorities to report crimes, or to cooperate with investigations or judicial processes. Such attitudes, in turn, reinforce impunity.

In malgoverned spaces, businessmen and other residents rely principally on private channels to address problems and protect themselves, sometimes including payments to guards and security firms, criminals, or both. In such an environment, investment is often limited to assets that can be protected or rapidly withdrawn or liquidated, making good jobs scarce, and increasing the importance of personal connections and informal activity to survive.¹⁰

In malgoverned spaces, criminal organizations, as providers of opportunity, and gangs, as providers of protection and family, find ample recruits, while facing minimal risk from extortion and other illegal activities that help them to earn money. At the same time, the continuing functionality of financial, logistical, and commercial infrastructures in such spaces, however distorted and inefficient, plays an important enabling role in those revenue generating activities, including the smuggling of narcotics, people and contraband goods. Similarly, the useful combination between the functionality and corruptibility of financial institutions, in combination with a large informal sector and cash-based economy, facilitates laundering money and the legitimization of illicit income.¹¹

The revenue from such activities, in turn, allows the illicit groups to corrupt more officials in support of their operations, acquire more lethal weapons, and attract or recruit more members, who in turn, conduct more violent and/or criminal acts, further expanding the culture of corruption, criminality and violence at the heart of the malgovernance of the spaces in which they operate.¹²

The Relevance to the United States and Regional Security

From the perspective of the United States, malgoverned spaces, in all their forms, create a fertile environment in which threats to the security of the U.S. and the hemisphere can flourish. In addition to drugs, human smuggling, and the violence and corrupting influences brought to the U.S. by gangs and other transnational criminal groups operating in the region, malgoverned spaces facilitate the operation of terrorist entities in the region, and global terrorist finance from the region.

Important sources of finance for the international activities of the terrorist organization Hezbollah, for example include Chekry Harb, a narcotrafficker of Lebanese descent who operated in the region, reportedly contributing 12% of his proceeds to the the radical islamic group Hezbollah,¹³ as well as Ayman Joumaa, who reportedly laundered money for the Mexican cartel Los Zetas, similarly channeling part of the money to Hezbollah.¹⁴

Beyond generating revenues for terrorist activities elsewhere, examples of terrorist entities leveraging malgoverned spaces to operate in the region include the Guyanese Islamic radicals Abdul Kadir and Abdel Nurwere, and their Trinidadian counterpart Kareem Ibrahim. The three were arrested in 2007 for planning an attack against the John F. Kennedy international airport in New York City.¹⁵ Another example is Manssor Arbabsiar and Gholam Shakuri of the Iranian Qods force, who in October 2011, were implicated by the DEA for trying to contract the Mexican cartel Los Zetas to kill the Saudi Arabian ambassador in Washington DC.¹⁶ In October 2014, Peruvian authorities arrested Muamad Amadar, a Lebanese Hezbollah operative, in the Lima suburb of Surquillo, on evidence that he was stockpiling explosives to attack targets in the country.¹⁷

Criminal and terrorist networks operating in malgoverned spaces may also reinforce each other. In Central America, for example, leaders from the street gang Mara Salvatrucha (MS-13)

are believed to have negotiated with representatives from Al Qaeda to smuggle its operatives into the United States for pay.¹⁸

The Role of Drugs

In Mexico and Central America, and elsewhere in the region, the destructive dynamics of malgoverned spaces presented in the previous section were significantly strengthened by the flow of drugs through the region toward the United States.

Although most transnational organized criminal groups, gangs, and terrorist/insurgent groups today obtain only a portion of their earnings from drugs, in the cases examined in this paper their production of drugs in, and transport through, the region greatly expanded the resources of those groups, expanding their ability to corrupt law enforcement and other institutions and intimidate populations.

Further contributing to the destructive dynamic, with time, a “payment-in-kind” system evolved to compensate those in the production and transport chain, creating local drug markets in the region, and with it, expanded violence through competition for sales territory, as well as further socioeconomic degeneration through expanded drug use.¹⁹

Mexico

The current configuration of transnational criminal cartels, gangs and “transport” groups in the Americas was strongly impacted by the unintended consequences of U.S. and partner nation efforts against drug trafficking in the 1990s. These include expanded efforts to interdict narcotics moving by air and maritime routes to the U.S. from Andean source zone countries, plus success during the 1990s in dismantling the Colombia-based Medellin and Cali cartels, which dominated those supply routes.²⁰

As moving drugs from South American source zone countries to the U.S. by air and sea became more difficult, narcotraffickers increasingly used of land and costal routes through Central America and Mexico.²¹ The destruction of the Medellin and Cali cartels allowed Mexican groups which had previously served as middlemen for the Colombians, to expand their own reach to dominate the new overland routes.

Although drug corruption had long been a problem in Mexico, the expanding wealth and power of Mexican cartels during this period deepened the corruption of authorities and intimidated society, thus allowing them to operate with virtual impunity in certain areas of the country.²² Hence, by the time that Mexico’s incoming president Felipe Calderon declared war on the cartels and sent the Mexican military into Michoacán in 2006, the drug cartels had already transformed parts of Mexico that corresponded to the transit corridors into malgoverned spaces, although other parts of Mexico, its economy and its government continued to work remarkably well.²³

In this context, when Mexican authorities stepped up actions against the cartels and their leadership beginning in 2006, the indirect consequence was a significant expansion of violence as groups sought to take advantage of the government actions by moving into the territory of their now weakened rivals. Government actions against cartel leaders also generated succession struggles within their organizations, occasionally causing them to disintegrate into rival factions. By the end of 2012, such splintering had produced between 60-80 distinct organizations in the country,²⁴ with at least 60,000 persons killed in cartel-related violence.²⁵

Thus although the Mexican government’s actions against the cartel leaders were successful from an operational perspective, and may have temporarily disrupted the activities of their organizations, from a systemic perspective, the net result in the fight against organized crime was arguably negative. Specifically, the government actions produced the byproduct of a significant increase in bloodshed across the country, which in turn, served to weaken the bond between

Mexican citizens and the state at two levels: (1) decreasing civic participation through fear and intimidation,²⁶ and (2) creating the impression among Mexicans that their government could not protect them, reinforcing their already existing frustration with impunity and corruption in the country.

From a systemic perspective, the ability of the cartels to diversify functionally and geographically also produced undesirable side effects. The previously-mentioned fracturing of the cartels gave rise to new organizations with new business models, including the greater generation of income from extortion, human trafficking,²⁷ illegal mining, contraband goods, and money laundering. The approach of distinct organizations differed according to their origins and areas of comparative advantage. The group Los Zetas, which started as the paramilitary enforcement arm of the Gulf Cartel, for example, initially focused on controlling territory and charging a percentage of all criminal activity under their control, and less on producing and moving illicit drugs per se.

Geographically, due to a combination of opportunity and pressure from Mexican authorities, some of the cartels, including Los Zetas expanded into “franchises” in Central America,²⁸ pouring new resources into the patchwork of gangs and transport groups in that sub region, expanding violence there as well.²⁹

With time, the Mexican cartels also developed ties to, and operations in, other regions as well, with the Sinaloa cartel establishing a presence throughout South America, in every major U.S. city, and across the globe from Egypt to Australia to Asia.³⁰ Its operations also included a presence in the Philippines where it reportedly worked with Chinese triad organizations such as Sun Yee On and Sap Sze Wui³¹ to obtain precursor chemicals.

As is common in complex systems such as the malgoverned spaces described in this paper, Mexican government authorities and society also evolved and adapted to the challenge presented by the criminal organizations in their midst.

Within the Mexican Navy, the naval infantry, which has the constitutional authority to operate inland near the coast, greatly expanded its role during the Calderon sexenio to take on a key role the fight against the narcotraffickers, while also expanding its level of coordination with its institutional rival, the Mexican Army.³²

On the civic side, residents began forming self-defense organizations, most notably in Michoacán, obliging the government to accommodate and work with the new entities.³³

When the new government of Enrique Peña Nieto took office in December 2012, it instituted a number of changes in the drug war that were part superficial, part substantive. From the beginning, it sought to lower the profile of the campaign against the cartels in the media, and has declared a new strategy which focuses on reducing violence, rather than going after the organizations per se.³⁴ Yet government actions to date suggest more continuity than change. The arrest of Sinaloa Cartel boss “El Chapo” Guzman in February 2014³⁵ suggests that the government continues to target cartel leadership to some extent, while a campaign promise to create a new 50,000 man militarized police force to assume the burden of the fight against the cartels from the military was ultimately scaled down to a force only one-tenth of the originally announced size, with the military continuing its role in the fight.³⁶

Central America

As noted previously, expanded U.S. efforts in the 1990s against drug flows arriving from South America by air and maritime routes prompted narcotraffickers to move more illicit product through Central America and Mexico. Such activities in the northern triangle countries of Honduras, Guatemala and El Salvador expanded even more after 2006, when the Calderon administration’s efforts against the cartels in Mexico forced narcotraffickers to shift to routes with more intermediate stops in Central America.³⁷

Expanded narcotrafficking activities had a particularly corrosive effect in the northern triangle, whose economies and social fabric were already decimated by long and bloody civil wars. In these countries, narcotraffickers found weak institutions susceptible to bribery and intimidation, marginalized populations willing to work for the organizations, and large informal economies that helped to facilitate and conceal the activities of criminal organizations in their midst.

In Honduras, the country's June 2009 political crisis also contributed its expanded use as a base for drug transits. In response to the ouster of the country's president, Manuel Zelaya, Honduras was isolated from the international community, including a reduction in counternarcotics cooperation. Drug traffickers took advantage of this lapse to expand use of the sparsely populated eastern portion of the country for landing and refueling drug carrying aircraft. By 2011, an estimated 80% of U.S. bound narcotics flights made a stop in Honduras,³⁸ although the resumption of U.S. engagement helped to lower the use of the area for drug transits back down to pre-crisis levels by 2015.

The movement of narcotics through Central America also made use of, and helped to transform two key societal actors: smuggling groups, and street gangs.

Family-based groups had long played a role in both legal and illicit commerce in the region. The new role of these groups in moving drugs, in alliance with the Mexican cartels and other actors, transformed them into much more powerful and deadly actors. Key smuggling groups becoming involved in the drug trade include the Lorenzana, Leon, and Mendoza families in Guatemala, the Cachiros and Valles in Honduras, and the Perrones and Taxis cartel in El Salvador.

Beyond the smuggling groups, drugs also played an important role in the rapid rise of two highly violent street gangs, Mara Salvatrucha (MS-13) and Barrio 18, displacing their rivals and becoming the number one public security issue in the Northern Triangle.³⁹

In addition to extortion and petty theft, these groups earned money as enforcers, and moving drugs for narcotrafficking organizations. As noted previously, with time, the narcotraffickers began paying MS-13 and Barrio 18 in drugs, rather than cash, allowing them to run and expand the market for drugs in the neighborhoods that they controlled, expanding the violence and social problems already tearing apart those areas apart.⁴⁰

The association of MS-13 and Barrio 18 with brutality, lethal firearms, and hard drugs such as cocaine was an attribute of the groups when they originally formed in the 1990s in marginal suburbs of Los Angeles, and was one of the factors which allowed them to quickly dominate El Salvador, Honduras and Guatemala when the U.S. inadvertently transported gang members en masse to those countries by significantly increasing deportations of migrants with criminal antecedents beginning in 1997.⁴¹

The coincidence between the expansion of the gangs in Guatemala, Honduras and El Salvador, and the increasing movement of drugs through the region created a deadly reinforcing cycle, with the drugs generating a flow of money to the cartels and contributing to their size and level of armament, while the rivalry for territory and spoils produced by their new role as drug dealers, as well as extortion and other illegal acts by their expanding membership, unleashed an explosion of violence and criminality that drove other youth in marginalized neighborhoods to join one or the other gangs for protection from the dangerous streets, as well as for a sense of belonging.⁴²

At the same time, the growing violence and criminality, particularly extortion, also increased pressure to emigrate from the region, and for parents to send their children out of the country.⁴³

At the same time, the violence and extortion also discouraged investment and propelled existing businesses to close, deepening the lack of economic opportunity, driving even more persons to leave in search of economic opportunity.⁴⁴

Immigration, in turn, also fueled the gang problem. The children of those who departed were frequently left with grandparents or other relatives in conditions of inadequate supervision, increasing their own risk of falling into the gangs.

Moreover, the immigrants themselves, often carrying large quantities of cash for the journey, created additional opportunities for the gangs to rob and extort.⁴⁵

As the gang presence expanded, attempts by the region's governments to control it have proven ineffective, and even counterproductive. As the problem ballooned in the early 2000s, governments initially sought to address the problem through new laws and detentions of gang members, including the "Mano Dura" program of then-Honduran president Ricardo Maduro, and the "Super Mano Dura" program of Salvadoran President Tony Saca.

Yet such early efforts arguably made the problem worse. Upon arresting more gang members, the justice systems lacked adequate personnel and technical capabilities to prosecute them, while victims in the neighborhoods that the gangs dominated were often too intimidated to help investigations or testify in court.

The incarceration of gang members which did occur rapidly overwhelmed the capacity of detention facilities. In El Salvador, for example, prisons are currently at more than three times capacity, while holding cells have, on average, six times more people than they were designed to hold.⁴⁶ This, combined with corruption, intimidation, and inadequate controls in the prisons themselves quickly converted such facilities into centers of operation for gang leaders and recruitment centers new members. In Guatemala, an estimated 75% of extortion threats come from inside of the nation's prisons.⁴⁷

With respect to recruitment, prisoners who were not affiliated with MS-13 or Barrio 18 upon entering, often joined in order to survive.⁴⁸ In El Salvador, attempts to put members of different gangs in different prisons, only helped the groups to reinforce their control.⁴⁹

Over time, the Central American gangs also have become more sophisticated. Many of the new generation of gang members eschew tattoos to conceal their gang membership from authorities. Gang leaders now also send some members to school to become accountants, lawyers, or other professionals to serve the organization. Others have been directed to join the police and other organizations of government to infiltrate them in the service of the gangs.

Although MS-13 and Barrio 18 organizations are each relatively decentralized, they have become increasingly international, with the U.S. Treasury Department designating MS-13 a transnational criminal organization in October 2013.⁵⁰

As the Northern Triangle governments have been unable to bring more than a decade of escalating gang violence under control, two of them, Honduras and El Salvador, have turned to negotiating with these gangs. In 2013, members of the government of El Salvador covertly facilitated a truce with imprisoned gang leaders to stop inter-gang killings in exchange for an improvement in prison conditions for the leaders.⁵¹ The negotiations also contemplated special "peace zones" in which the gangs would cease their fighting, in exchange for economic opportunities for gang members.⁵²

While the controversial measures temporarily reduced violence from 13 homicides per day in February 2012, to 5 per day within a span of several months,⁵³ the truce was also believed to have helped the gangs consolidate their control over territory and expand their extortion and drug trafficking operations.⁵⁴ One of the gangs, Barrio 18, itself split into two factions, the "revolucionarios" and the "Sureños," in part over differences regarding the truce. The truce began to noticeably break down in 2013, with a 56% increase in violence in the country that year, returning the country to pre-truce levels.⁵⁵

In Honduras, on the other hand, attempts at a truce in 2013 never fully got off the ground.⁵⁶

In Guatemala, frustration over the web of drug and gang-related violence and criminality led to the election of the conservative former general Otto Perez Molina, who surprised the international community in September 2012, when he suggested consideration of the legalization of drugs as one vehicle for bringing under control the criminality and violence ripping his and other countries in the region apart.⁵⁷

Policy Recommendations

This paper has argued that the core of the current security challenge in Mexico and Central America is the dynamic phenomenon of malgoverned spaces. As highlighted in the text, the flow of illegal narcotics through the region played a key role in the expansion of the problem to its current magnitude, yet an effective policy response requires a systemic approach that includes, but is not limited to attacking drugs and trafficking organizations.

Effectively addressing the challenges discussed in this paper requires internationally coordinated, whole-of-government solutions, including improved efforts to both reduce the demand for narcotics, as well as to stop their production, movement, and distribution. It further requires efforts to intercept other illicit flows, including contraband merchandise, illegal mining, and human smuggling, as well as the shipment of weapons from the U.S. to the region. It must also include increased efforts and effectiveness against money laundering, and the identification and seizure of ill-gotten wealth of criminal organizations, as well as actions against those organizations their leadership, support base, and links to society. Effective action should include reform and expansion of the capacity of civilian law enforcement, judicial institutions and prison systems, redress of rampant corruption within those organizations, and creation of economic opportunities in the formal economy for those who would participate in those activities, as well as the restoration of citizen confidence in public institutions and a value-based, rule-of-law culture that does not tolerate criminality, rights violations, or undemocratic processes.

As suggested by this merely illustrative list, the resources are simply not available in the region, even with generous contributions from the U.S., to simultaneously address all aspects of the problem in their totality. Yet the systemic nature of the challenge means that excessive focus on just one aspect, such as interdiction or actions against the leadership of criminal groups, will only displace the problem, and may be counterproductive.

What is necessary is a systemic understanding of the problem coupled with a coordinated, adaptive approach that dedicates some resources to all dimensions of the problem, yet also concentrates resources on high-payoff areas shifting that focus over time as the problem evolves.

In designing such an adaptive, comprehensive strategy, a shared understanding of the system would be helpful, including high-level graphical representations of the interrelationships between relevant phenomenon such as poverty, gang membership, transnational cartels, illicit income, violence, corruption, immigration, values and the government-citizen bond, to name a few. While such a representation may not be complete or precise, the mere process of thinking through relevant relationships would advance the formation of effective, coordinated strategy.

Ideally, the discussions surrounding the representation of the problem should involve personnel from both the U.S. and partner nations in the region, since a shared understanding of the challenge is fundamental for collaborative solutions.

Based on such representations and shared understanding of the problem, analysts should identify the “centers of gravity.” These are not necessarily “things” that can be physically attacked, such as a cartel leadership, or flows that can be interdicted, such as drugs. Rather, they are dynamics whose alteration has the greatest potential to affect the system in the direction desired. For example, some have suggested that going after “the money” of criminal organizations could have a disproportionate effect,⁵⁸ undermining the ability of those groups to corrupt officials, acquire arms, and conduct resource generating activities.

An effective discussion of “centers of gravity” should facilitate an analysis of where to focus resources, as well as what types of activities to conduct in coordination, in order to create the maximum desired impact on the system. Increased detentions of gang members, for example, should be coordinated with expansion of judicial capability and prison controls, so that police efforts are not squandered through the rapid release of detainees, and so that poorly controlled, overcrowded prisons do not become incubators for gang membership.

Systemic analysis should also address how successful application of the strategy will impact the system, going beyond recording actions taken, to measuring systemic effects. Doing so will also help decisionmakers adapt to both actions that are ineffective, and those whose very effectiveness makes them moot.

If possible, as with mapping out the problem as a system, international and intergovernmental participation is similarly desirable at this “strategy formulation” stage is desirable.

The possible contribution of new technologies should also be evaluated from a system perspective to identify those which, however simple, could potentially produce dramatic changes in the dynamic of the system. The key is the effect, not the sophistication of the technology. Implementing lie detector tests across a police force, for example, might be elevated to the strategic level as transformational technology if it could dramatically lower police corruption, raise operational effectiveness against criminal organizations, and help to restore the bond of confidence between authorities and the population.

Conclusion

The complex interrelationships between gangs, transnational crime poverty, drugs, violence, and other factors as a problem of “malgoverned spaces” is intuitive. Ironically, though, analyzing those interrelationships in systemic terms to develop effective, coordinated whole-of-government solutions seems at once both reasonable and unrealistic. Yet the US connection to Latin America through bonds of geography, commerce, and family mean that our ability to work with or partners to develop effective solutions to the scourge of malgoverned spaces will shape our collective security and prosperity in the coming years. Understanding that challenge in systemic terms, and using such a systemic framework to formulate appropriate solutions, is a step that the United States and the region cannot afford to postpone.

Notes

1. The author is Research Professor of Latin American studies at the U.S. Army War College Strategic Studies Institute. The views expressed in this article are his own, and do not necessarily represent the Army War College or U.S. Government.

2. See, for example, Richard Cowan, “Waves of immigrant minors present crisis for Obama, Congress,” *Reuters*, May 28, 2014, <http://www.reuters.com/article/2014/05/28/us-usa-immigration-children-idUSKBN0E814T20140528>.

3. The 2014 Quadrennial Defense Review notes, for example that “In the Western Hemisphere, predominant security challenges...stem from the spread of narcotics and other forms of transnational organized crime.” *Quadrennial Defense Review 2014*, U.S. Department of Defense, March 2014, http://www.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf.

4. See, for example, Claire Ribando Seelke, *Gangs in Central America*, Congressional Research Service, Document No. RL34112, February 20, 2014, <http://fas.org/sgp/crs/row/RL34112.pdf>. See also Maras: *Gang Violence and Security in Central America*, Thomas Bruneau, Lucia Dammert, and Elizabeth Skinner, Eds., (Austin, TX: University of Texas Press, 2011). See also Max G. Manwaring, *Street Gangs: The New Urban Insurgency*, Carlisle Barracks, PA: U.S. Army War College Strategic Studies Institute, March 1, 2005, <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=597>.

5. See, for example, *Transnational Organized Crime: A View from Six Continents*, Jay S. Albanese and Phillip L. Reichel, Eds., (Los Angeles: Sage Publications, 2014). See Also *Transnational Organized Crime: Analyses of a Global Challenge to Democracy*, Heinrich Heinrich, Ed., (2014). See also Howard Abadinsky, *Organized Crime* (Belmont, CA: Wadsworth, 2013). See also Jay S. Albanese, *Transnational Crime and the 21st Century: Criminal Enterprise, Corruption, and Opportunity* (Oxford: Oxford University Press, 2012),

6. See, for example, Bruce Bagley, *Drug Trafficking and Organized Crime in the Americas: Major Trends in the 21st Center*, Washington DC: Woodrow Wilson International Center for Scholars, August 2012, <http://www.wilsoncenter.org/sites/default/files/BB%20final.pdf>.

7. “Peru: Poverty and Drug Trafficking Inseparable,” *Dialogo*, February 28, 2014, http://dialogo-americas.com/en_GB/articles/saii/features/main/2014/02/28/feature-01?source=related.

8. The English word “malgoverned” is deliberately used rather than the term “poorly governed because it better captures the negative normative tone sought by this article.

9. See, for example, *When States Fail*, Ed. Robert I. Rothenberg, Princeton, NJ: Princeton University Press, 2004. See also Brennan Kraxberger, *Failed States: Realities, Risks, and Responses*,

10. See, for example, Enrique Ghersi, "The Informal Economy in Latin America," *CATO Journal*, Vol. 17, No. 1 (Spring/Summer 1997), pp. 99-108. See also H DeSoto, E Ghersi, and M. Ghibellini, *El Otro Sendero* (Lima, Peru: Editorial El Barranco, 1986).

11. One of the best, and most accessible discussions of the dynamics of the illicit economy is the book by Moises Naim, *Illicit* (New York: Doubleday, 2005).

12. This phenomenon is particularly significant in Latin America, which contains 86% of the world's most violent cities. Elyssa Pachico, "Latin America Dominates List of World's Most Violent Cities," *Insight Crime*, January 22, 2015, <http://www.insightcrime.com/news-analysis/latin-america-dominates-list-of-worlds-most-violent-cities>.

13. For a good discussion of the case, see Stephen Dudley, "Terrorism and Crime in the Americas – 'It's Business'," *Insight Crime*, April 9, 2014, <http://www.insightcrime.org/news-analysis/terrorism-and-crime-in-the-americas-its-business>.

14. The link was uncovered in "Operation Titan" in which the U.S. and Colombia collaborated to move against one such network operating in the region in 2008. See Jason Ryan, "Lebanese Drug Lord Charged in US: Links to Zetas and Hezbollah," *ABC News*, December 13, 2011, <http://abcnews.go.com/blogs/politics/2011/12/lebanese-drug-lord-charged-in-us-links-to-zetas-and-hezbollah/>. See also Douglas Farah, Testimony, Subcommittee on Oversight and Management Efficiency, Committee on Homeland Security, U.S. House of Representatives, July 9, 2013, <http://docs.house.gov/meetings/HM/HM09/20130709/101046/HHRG-113-HM09-Wstate-FarahD-20130709.pdf>.

15. The concept for the attack involved blowing up fuel tanks and setting off a chain of explosions under the airport. See G. Sulzburger, "2 men convicted in Kennedy Airport Plot," *New York Times*, August 3, 2010, p. A1. See also Farah, Testimony...

16. Ewen McAskill, "Iranians charged in US over plot to assassinate Saudi ambassador," *The Guardian*, October 11, 2011, <http://www.theguardian.com/world/2011/oct/11/iranians-charged-us-assassination-plot>. See also Benjamin Weiser, "Man Sentenced in Plot to Kill Saudi Ambassador," *New York Times*, May 30, 2013. See also Dudley.

17. Cecilia Valenzuela, "Terrorismo sin fronteras," *El Comercio*, September 29, 2014, <http://elcomercio.pe/opinion/columnistas/terrorismo-sin-fronteras-cecilia-valenzuela-noticia-1767395>. See also "Presunto miembro de Hezbolá fue detenido en Surquillo," *El Comercio*, Lima, Peru, October 28, 2014, http://elcomercio.pe/lima/ciudad/presunto-terrorista-hezbola-fue-detenido-surquillo-noticia-1767375?ref=nota_lima&ft=mod_leatambien&e=titulo.

18. Al Qaeda operative Adnan G. El Shukrijumah is reported to have met with MS-13 leaders in Honduras in July 2004 and perhaps on other occasions. "Out of the Underworld," *The Economist*, January 5, 2006, <http://www.economist.com/node/5354677>. See also Hitha Prabhakar, "From Prison to Gangs to the World's Most Notorious Terrorist Group," *Financial Times*, December 8, 2011, <http://www.ftpress.com/articles/article.aspx?p=1768313&seqNum=5>. El Shukrijumah and other Al Qaeda operatives have been reported in Central America on other occasions as well. See "Terroristas Islamistas Estarian en Honduras," *La Prensa*, Tegucigalpa, Honduras, May 27, 2011. <http://www.laprensa.hn/honduras/541621-97/terroristas-islamistas-estarian-en-honduras>.

19. See, for example, "MS-13," *Insight Crime*, <http://www.insightcrime.org/el-salvador-organized-crime-news/maralsalvatrucha-ms-13-profile>, Accessed January 23, 2015.

20. For a detailed account, see Ron Chepesiuk, *Drug Lords* (Preston, England: Milo Books, 2005).

21. Scott Stewart, "Mexico's Cartels and the Economics of Cocaine," *Stratfor*, January 3, 2013, <http://www.stratfor.com/weekly/mexicos-cartels-and-economics-cocaine#axzz3PffWG42em>.

22. See David Shirk, *The Drug War in Mexico: Confronting a Shared Threat*, Washington D.C.: Council on Foreign Relations, March 2011, http://i.cfr.org/content/publications/attachments/Mexico_CSR60.pdf.

23. James R. Jones, "Mexico Not A 'Failed State' As It Faces Drugs, Guns and Violence," Interview, *Council on Foreign Relations*, March 1, 2011, <http://www.cfr.org/mexico/mexico-not-failed-state-faces-drugs-guns-violence/p24661>.

24. "Mexico's war on cartels made drug crisis worse, says new government," *The Guardian*, December 19, 2012, <http://www.theguardian.com/world/2012/dec/19/mexico-government-condemns-calderon-war-drugs>.

25. "Mexico Drug War Fast Facts," *CNN*, November 18, 2014, <http://www.cnn.com/2013/09/02/world/americas/mexico-drug-war-fast-facts/index.html>.

26. This included self-censure on matters involving the cartels by the otherwise highly vocal Mexican press. See Tracy Wilkinson, "Under threat from Mexican drug cartels, reporters go silent," *Los Angeles Times*, August 16, 2010, <http://articles.latimes.com/2010/aug/16/world/la-fg-mexico-narco-censorship-20100816>.

27. See, for example, "Central America's drug cartels turn their attention to trafficking people," *The Guardian*, July 4, 2013, <http://www.theguardian.com/global-development/2013/jul/04/central-america-drug-cartels-trafficking-people>.

28. Daniel Sachs, "Los Zetas' Southward Expansion," *Forbes*, August 27, 2013, <http://www.forbes.com/sites/risk-map/2013/08/27/los-zetas-southward-expansion/>.

29. For a good detailed account of how the Zetas organization entered Guatemala through an alliance with the organization of Guatemalan smuggler Walther Overdick, see "Part I: The Incursion," *Insight Crime*, September 7, 2011, <http://www.insightcrime.org/investigations/part-1-the-incursion?highlight=WyjvdmVyZGJlYsIm92ZXJkaWNrj3MiLCj6ZXRhcyIsInpldGFzZjYsIid6ZXRhcyIsIid6ZXRhcyiLCjVmdVYzGjYjY6ZXRhcyJd>.

30. Jan-Albert Hootsen, "How the Sinaloa cartel won Mexico's drug war," *Global Post*, February 28, 2013, <http://www.globalpost.com/dispatch/news/regions/americas/mexico/130227/sinaloa-cartel-mexico-drug-war-US-global-economy-conflict-zones>.

31. Julieta Pelcastre, "‘El Chapo’ conspires with Chinese mafias to produce synthetic drugs in Latin America," *El Dialogo*, February 19, 2014, http://dialogo-americas.com/en_GB/articles/rmisa/features/regional_news/2014/02/19/sinaloa-alianza-china.

32. "Coordinación, la clave dicen Sedena y Semar," *La Razón*, January 22, 2014, <http://www.razon.com.mx/spip.php?article182935>.

33. Stephanie McCrummen, "In the hills of Michoacan, self-defense groups battle a Mexican drug cartel," *Washington Post*, September 9, 2013, http://www.washingtonpost.com/world/the_americas/in-the-hills-of-michoacan-self-defense-groups-battle-a-mexican-drug-cartel/2013/09/09/6947e47a-119f-11e3-a2b3-5e107edf9897_story.html.

34. Vanda Felbab-Brown, "Changing the Game or Dropping the Ball? Mexico's Security and Anti-Crime Strategy under President Enrique Peña Nieto," *The Brookings Institution*, November 2014, <http://www.brookings.edu/research/papers/2014/11/mexico-security-anti-crime-nieto-felbabbrown>.

35. Catherine E. Shoichet, Evan Perez, and Brian Todd, "‘El Chapo’ Guzman: How the world's most wanted drug lord was finally busted," *CNN*, February 23, 2014, <http://www.cnn.com/2014/02/23/world/americas/el-chapo-capture/index.html>.

36. Tracy Wilkinson and Cecilia Sanchez, "Mexico's Pena Nieto unveils police unit, much smaller than envisioned," *The Monitor*, http://www.themonitor.com/news/local/mexico-s-pena-nieto-unveils-police-unit-much-smaller-than/article_33e2e2a2-2a72-11e4-ac58-0017a43b2370.html.

37. *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*. New York: United Nations Office on Drugs and Crime, September 2012.

38. Mark Stevenson, "Honduras Becomes Main Transit Route For Cocaine Trafficking," *Huffington Post*, December 30, 2011, http://www.huffingtonpost.com/2011/10/30/honduras-south-american-cocaine_n_1066325.html.

39. Randal C. Archibold, "Gangs' Truce Buys El Salvador a Tenuous Peace," *New York Times*, August 27, 2012, <http://www.nytimes.com/2012/08/28/world/americas/in-el-salvador-gang-truce-brings-tenuous-peace.html?pagewanted=all&r=0>.

40. Jason Beaubien, "El Salvador Fears Ties between Cartels, Street Gangs," *National Public Radio*, June 1, 2011, <http://www.npr.org/2011/06/01/136829224/el-salvador-fears-ties-between-cartels-street-gangs>.

41. Mary Helen Johnson, "National Policies and the Rise of Transnational Gangs," *Migration Policy Institute*, April 1, 2006, <http://www.migrationpolicy.org/article/national-policies-and-rise-transnational-gangs/>.

42. See, for example, Maria Ignacia Arriagada, "Identidad violenta en los jóvenes: análisis de cómo influye la familia y cómo se refuerza en Las Maras y/o Pandillas." *Comunidad y Prevencion*. <http://www.comunidadyprevencion.org/wp-content/uploads/2013/09/Mar%C3%ADa-Ignacia-Arriagada.pdf>.

43. Tom K. Wong, "Statistical Analysis Shows that Violence, Not Deferred Action, Is Behind the Surge of Unaccompanied Children Crossing the Border," *Center for American Progress*, July 8, 2014, <https://www.americanprogress.org/issues/immigration/news/2014/07/08/93370/statistical-analysis-shows-that-violence-not-deferred-action-is-behind-the-surge-of-unaccompanied-children-crossing-the-border>.

44. See, for example, "Testimony of Elizabeth Hogan, Senior Deputy Assistant Administrator for Latin America and the Caribbean, before the House Foreign Affairs Committee," U.S. Agency for International Development, May 23, 2013, <http://www.usaid.gov/news-information/congressional-testimony/testimony-elizabeth-hogan-senior-deputy-assistant>.

45. See, for example, Ray Walsler, Jena Baker McNeill, and Jessica Zuckerman, "The Human Tragedy of Illegal Immigration: Greater Efforts Needed to Combat Smuggling and Violence," *The Heritage Foundation*, Backgrounder 2568, June 22, 2011, <http://www.heritage.org/research/reports/2011/06/the-human-tragedy-of-illegal-immigration-greater-efforts-needed-to-combat-smuggling-and-violence>.

46. Tim Hohnson, "El Salvador prison overcrowding creates horrific conditions in police station holding cells." *McClatchy DC*, October 4, 2013, <http://www.mcclatchydc.com/2013/10/04/204274/el-salvador-prison-overcrowding.html>.

47. Lorena Baires and Sergio Ramos, "Criminals continue life of crime from inside Central America prisons," *Inside Costa Rica*, December 6, 2013, <http://insidecostarica.com/2013/12/06/criminals-continue-life-crime-inside-central-america-prisons>.

48. See, for example, Ana Arana, "How the Street Gangs Took Central America," *Foreign Affairs*, May/June 2005, <http://www.foreignaffairs.com/articles/60803/ana-arana/how-the-street-gangs-took-central-america>.

49. Roberto Valencia, "How El Salvador Handed its Prisons to the Mara Street Gangs," *Insight Crime*, September 3, 2014, <http://www.insightcrime.org/news-analysis/how-el-salvador-handed-its-prisons-to-the-gangs>.

50. "Treasury Sanctions Latin American Criminal Organization," U.S. Department of the Treasury, Official Website, October 11, 2012, <http://www.treasury.gov/press-center/press-releases/Pages/tg1733.aspx>.

51. Randal C. Archibold, "Gangs' Truce Buys El Salvador a Tenuous Peace," *New York Times*, August 27, 2012, <http://www.nytimes.com/2012/08/28/world/americas/in-el-salvador-gang-truce-brings-tenuous-peace.html?pagewanted=all&r=0>.

52. Elyssa Pachico, "El Salvador's military to withdraw from 'peace zones'," *Christian Science Monitor*, February 4, 2013, <http://www.csmonitor.com/World/Americas/Latin-America-Monitor/2013/0204/El-Salvador-s-military-to-withdraw-from-peace-zones>.

53. Oscar Martinez, "Making a Deal With Murderers," *New York Times*, October 5, 2013, www.nytimes.com/.../making-a-deal-with-murderers.html?pagewanted=all.

54. Marguerite Cawley, “El Salvador Gangs Using Truce to Strengthen Drug Ties: Official,” *Insight Crime*, July 19, 2013, www.insightcrime.org/news-briefs/el-salvador-gangs-using-truce-to-strengthen-drug-ties/security-minister.

55. See, for example, Marguerite Cawley, “MS13 Expanding After Truce Collapse in El Salvador?” *Insight Crime*, June 2, 2014, <http://www.insightcrime.org/news-briefs/ms13-expanding-after-truce-collapse-in-el-salvador>.

56. James Bargent, “Murders in Honduras Rising Despite Gang Truce,” *Insight Crime*, August 5, 2013, <http://www.insightcrime.org/news-briefs/murders-in-honduras-rising-despite-gang-truce>.

57. “Otto Pérez apoya legalizar marihuana y amapola,” *Prensa Libre*, March 4, 2014, http://www.prensalibre.com/noticias/politica/Perez-apoya-legalizar-marihuana-amapola_0_1113488655.html.

58. See, for example, Celina B. Realuyo, “Its All About the Money: Advancing Anti-Money Laundering Efforts in the U.S. and Mexico to Combat Transnational Organized Crime,” Woodrow Wilson International Center for Scholars, May 2012, http://www.wilsoncenter.org/sites/default/files/Realuyo_U.S.-Mexico_Money_Laundering_0.pdf.



Dr. Evan Ellis is a research professor of Latin American Studies at the U.S. Army War College Strategic Studies Institute with a focus on the region’s relationships with China and other non-Western Hemisphere actors. Dr. Ellis has published over 90 works, including the 2009 book *China in Latin America: The Whats and Wherefores*, the 2013 book *The Strategic Dimension of Chinese Engagement with Latin America*, and the 2014 book, *China on the Ground in Latin America*. Dr. Ellis has presented his work in a broad range of business and government forums in 25 countries. He has given testimony on Chinese activities in Latin America to the US Congress, and has discussed his work regarding China and other external actors in Latin America on a broad range of radio and television programs, including CNN International, CNN En Español, The John Bachelor Show, Voice of America, and Radio Martí. Dr. Ellis is cited regularly in the print media in both the US and Latin America for his work in this area, including the *Washington Times*, *Bloomberg*, *America Economía*, *DEF*, and *InfoBAE*. Dr. Ellis holds a PhD in political science with a specialization in comparative politics.