

State vs. Street (Part I)

Strategic Implications of Criminal Insurgencies in Latin America

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“Organized crime constitutes nothing less than a guerrilla war against society.”

– Lyndon B. Johnson, 5 May 1966

Wars, crises, and conflicts that make the headlines, especially if they are closer to us, often shade other areas of concern taking place in other parts of the world, making them all but disappear from the radar screen. One contemporary example is Latin America, a colossal geopolitical theater caught at a crossroads between prospective opportunities and inherent blocking challenges. One such challenge is the durable and ascending trend of organized crime (OC) that defies nation-states. With a virtual non-existence of interstate conflicts and a decline of politically-motivated guerrilla movements in Latin America, organized crime wages irregular warfare targeting not only profit but, potentially, a seizure of power as well.

The criminal wars affect all aspects of security, politics, economy, and society in many countries in that part of the world. The recent crisis in Ecuador that erupted in January 2024 provides a persuasive example of the destabilizing capabilities of organized criminal outfits that can directly attack the state and public order. An alliance of more than 20 gangs began an armed uprising with the intention of preempting reforms announced by the newly elected president. The action was carried out through mass jail riots and breakouts, street carnage, mass hostage-taking, and other widespread violent acts. Although the severity of the crisis has decreased now, the basic causes of the troubles remain persistent, not only in Ecuador but also across the region. Given the expanding geographic outreach

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and transnational connections of Latin American organized criminal actors, that problem has a global dimension too.

Therefore, this IDD Analytical Policy Brief, which will be presented in two consecutive parts, addresses the root causes of the phenomenon of Latin American organized crime, navigates its geographic layout and structural and operational characteristics, and assesses its multiple security, political, economic, and societal effects, particularly in relation to narcotic drugs. Furthermore, the brief evaluates possible ways of mitigating the impact of the mentioned phenomenon. A special emphasis is placed on the controversial issue of the use of force and the roles of national militaries, security services, and law enforcement agencies in that regard.

Genesis and Evolution: Root Causes Meet the End of “Dirty Wars”

The inception of the phenomenon in review dates back to the 1970s, when military dictatorships governing most of the Latin American countries were combating leftist (Marxist, Maoist, or Trotskyist) insurgencies and terrorism. That fight was embedded in the global context of the Cold War. To sustain their counterinsurgency campaigns, the generals, aside from other means, outsourced proxy clandestine networks of “death squads” used to target not just the armed elements but also the political opposition in general. That practice, generally known as “dirty wars” (a term originating from the Argentina context), has shaped an enduring dichotomy—left-wing guerrillas vs. state-affiliated right-wing paramilitaries—and took its unintended effects a decade later.

The wave of democratization in Latin America that coincided with the end of the Cold War in the late 1980s forced most of the military juntas to step down; the armies returned to their barracks and the elected civic governments took the helm. That process created a moment of embarrassment for the aforementioned violent non-state and sub-state actors: the leftist guerrillas lost their *raison d’être* and had to seek a new identity, while disenchanted paramilitaries found themselves in a free-floating autonomy. Henceforth, a new status quo came into resonance with broader structural trends.

There is a persistent array of underlying root causes and drivers for the advent and growth of organized crime in Latin America. The economic situation in most countries remains volatile. According to World Bank forecasts, in 2024, Latin America will show economic growth of just 2.3 percent, the slowest rate in the Global South (for the South American sub-region, it will be just 1.4 percent). The global economic downturn, unstable international markets, and geopolitical conflicts that drive up energy and food prices all have negative impacts on national economies. There are just three main facets to mention: a high inflation rate (which hits triple digits in Venezuela, Argentina, and some other countries), unemployment, and

poverty. For instance, no less than 45 percent of the population of Mexico lives at or below the poverty line. Over 25 percent of Peruvians live below the poverty line, and that country has one of the lowest marks on the global food security index. Other non-economic factors like political (left-right) polarization and associated violence, crises of governance, weak institutions, corruption, police outrage, social inequality, and human insecurity amplify the socio-economic stress.

Eventually, bad economic conditions, misery and deprivation, a lack of life perspectives, and political instability produce frustration and discontent that push people—especially young people—to choose between illegal migration to the Global North and a petty crime pathway. Many opt for the latter option. The culture of violence, gangs' glamour, overcrowded prison communities, and the circulation of firearms magnify the trend.

Consider the following figures that highlight this state of affairs. The homicide rate in Ecuador skyrocketed to 228.1 percent between 2019 and 2022. In 2022, there were 40.4 murders per 100,000 inhabitants in Venezuela and 36.4 in Honduras. Brazil has the highest homicide rate in the world; close to 60,000 people were killed in 2018 alone. The jail population in El Salvador is 37,000 inmates; in Guatemala, it is 25,000; and in Honduras, it is over 20,000 (as of 2020). The prison occupancy rate in Bolivia is 264 percent, in Guatemala, it is 239 percent, and in El Salvador, it is 237 percent. Not surprisingly, the congested penitentiary facilities serve as an incubator for criminals rather than a correctional system.

Somewhere at the turn of the 1980s and the 1990s, the preconditions (the abovementioned fundamental trends) came across the precipitants (the transformation of the political environment). The already existing felonious entities (be they white-collar criminals, mafia-style rings, or street gangs) started to merge with the hardcore vestiges of politically motivated violent actors (guerrillas, paramilitaries, and the rogue members of the military and police forces). A fusion of the organizational structures and the combat experience of the latter actors with the immense recruitment pool of street “foot soldiers” (petty criminals), further amplified by the accelerating process of globalization, has shaped the core of the Latin American organized criminal locus as it stands now—in the form of drug cartels. Those entities are running what is called “geo-drugs” industries (i.e. the production and distribution of illegal narcotics sold far beyond its geographic area of origin, generating broader social, political, and security effects at a global level).

The Murky Universe of Cartels: Guns, Drugs, and Submarines

The phenomenon of transnational organized crime (TNOC) represents the “dark side” of globalization. According to the UN, the estimated worldwide turnover of illicit money in 2021 consisted of some \$2 trillion, or 2 percent of the combined global GDP. Latin American drug cartels are thought to be in charge of more than

\$170 billion of that volume. Those cartels (drug-trafficking organizations, or DTO, in U.S. law enforcement terminology) represent unique entities with a multilayered command hierarchy, spatially distributed structure, distinctive *modus operandi*, specific moral codes of conduct, and other subcultural attributes. They evolve, split, merge, disappear, and resurface again with changed names and new leaders. It is possible to define four mega-hotbeds from where the major Latin American criminal clusters originate: Mexico, Colombia and the Andean Belt, the Central American triangle (El Salvador, Guatemala, and Honduras), and Brazil.

Mexican drug cartels (consisting of six main entities as of 2020) run a *de facto* parallel shadow economy and maintain a full-size army. By 2022, an estimated 450,000 people were involved directly in drug-related activities, 175,000 of whom were full-time hitmen (*pistoleros*). Additionally, more than three million individuals are engaged as part-time associates or auxiliaries; the majority of them are from impoverished rural communities that depend on money paid by cartels. One of the principal cartels, the Sinaloa Cartel, has some 45,000 hardcore members and manages between 40 percent and 60 percent of the entire drug trafficking in the U.S. and Canada. Its earnings in 2012 reached \$3 billion, and the overseas network spans over 50 countries. Sinaloa's rival DTO, the Jalisco New Generation Cartel, controls assets worth \$20 billion. In 2021, the estimated annual gross revenue of all Mexican cartels reached \$13 billion.

Mexican DTOs are producing and trafficking cocaine, cannabis, marijuana, and chemical narcotics such as amphetamine and fentanyl (the production cost of the latter substance is 10 U.S. cents per pill, while its price in the street market reaches between \$10 and \$30). The vast system of narco-labs, distribution networks, and other logistic assets is functioning. Other illegal activities include the firearms trade, trafficking in human beings, transborder smuggling, and money laundering. The illicit money earned by the DTOs is then laundered and then invested in the "clean" economy. They also used to support the peasants in the areas of operations in the spirit of hearts-and-minds policy and to corrupt the governmental institutions. In recent years, a number of high-ranking politicians and law enforcement executives have been detained and convicted for their links with organized crime. Nonetheless, cartels' connections at all levels of the establishment most likely remain persistent.

Despite being in a violent turf conflict with each other over their illicit business interests, the cartels altogether wage concurrent irregular warfare against the Mexican government's forces, using both improvised assets (e.g., homemade armored cars or "narco-tanks") and sophisticated means (e.g., modern command centers equipped with encrypted computers and countrywide concealed autonomous radio communication networks). The definite feature of Mexican DTOs is their expressive brutality (including mass killings) displayed to deter their opponents and society in general. In 2006-2021, the Mexican "drug wars" claimed the lives of an estimated 350,000-400,000 people, with over 60,000 more missing.

Some 61 percent of the world's areas of coca crops (the active ingredient in the production of cocaine) are located in Colombia, which provides 43 percent of the global production of those drugs. The estimated turnover value of Colombian cocaine in 2022 was \$18.2 billion. In the past years, Colombian DTOs have become more decentralized, supplanting the former four major cartels, including the now much diminished Medellín Cartel, which had been led by the infamous Pablo Escobar, once listed as the seventh richest man in the world. Dozens of mid- and small-size groups (termed “emergent criminal organizations” by the government of Colombia) have materialized instead. The most active of them are the above-mentioned former paramilitaries from now-defunct right-wing outfits. There are up to 10,000 hardcore members who refused to disarm and turned outlaws. The ex-paramilitary DTOs control between 40 and 50 percent of Colombia's total cocaine output. Their former nemeses in the Colombian civil war—the remnants of disbanded Marxist movements FARC and ELN—are also in business, imposing “taxation” on the drug dealers and peasants cultivating coca. In addition to cocaine, the mountain plantations of opium poppy make it possible to refine heroin, whose production in 2020 reached 1.5 metric tons, according to the UN Office on Drugs and Crime. Colombian drug-trafficking groups maintain widespread operational contacts with the kindred criminal communities of the Andean Belt countries (Peru, Bolivia, and Ecuador). While Peru has been experiencing a chronic political crisis since 2016, local criminal rings use this opportunity to grow their business. In 2022, the areas of coca farming in that country increased by 18 percent compared to the previous year, reaching more than 80,000 hectares.

There are myriad ways of “exporting” drugs like cocaine produced in Latin America to external markets, ranging from individual “drug mules” and concealed unaccompanied cargoes to light aircraft. However, the ultimate tool is the so-called “narco-submarine”: a fleet of small, hard-to-detect submersible or semi-submersible boats. Weirdly, Colombian and other associated DTOs operate the largest submarine fleet in the world—more than the U.S., China, or Russia. Indeed, those subs cannot launch torpedoes or missiles, but most of them can covertly ship two to five tons of cocaine instead. Those vehicles transport up to 80 percent of cocaine delivered to the United States. In 2019 alone, the U.S. Navy recorded over 40 submarine-related incidents in the Caribbean and the Pacific. In the same year, the first-ever narco-sub that had crossed the Atlantic Ocean was detected off the coast of Spain.

Colombian and Andean DTOs are extremely violent. As early as 1985, a group of leftist guerrillas, instigated by the Medellín Cartel leaders, attacked the Palace of Justice in Bogotá, Colombia, to destroy the documentary evidence of drug-related activities. In the process, they killed 15 of the 24 judges of the country's Supreme Court. Five presidential candidates were killed in Colombia in different years, and a candidate for the presidency promising to fight the narco-mafia was slain in December 2023 in Ecuador. Outside the political spectrum, DTOs display brutality towards the population in the areas of their activity, often in the form of “social cleansings” (in fact, massacres). Attacks on critical infrastructure are another tactical hallmark.

The Central American criminal community (colloquially known as *Maras*) emerged initially in the 1980s in the U.S. and was staffed by youth street gangs, which absorbed many of the migrants who had fled the civil war in El Salvador. Later, those entities (including the primary gangs MS-13 and Mara Barrio-18) reestablished a presence in their country of origin and partially amalgamated themselves with gangs in neighboring Honduras and Guatemala. The operational profile of Central American OC includes, beyond drug-related activities, a “taxation” of business (in fact, extortion), kidnapping-for-ransom, and the trafficking of illegal migrants to the United States. The strategic significance of *Maras* is that they bridge the geographic connectivity between the Colombian and Mexican OC clusters.

The Brazilian organized criminal community stands a bit apart from the above-described clusters. The leading entities are the First Capital Command (PCC) and the Red Command (CV), based in the slums (*favelas*) of Sao Paulo and Rio de Janeiro metropolises, respectively. The mentioned quarters are virtually no-go areas for law enforcement, amounting to acting as states-within-state in some cases. In addition to drug trafficking, Brazilian criminal organizations specialize in extortion, kidnapping, illicit firearms smuggling, and control of the gambling industry and prostitution.

The byproduct of those activities is mass weaponized violence. There were 41 recorded major mass murder episodes in Rio *favelas* in 2007-2022. The criminal organizations fight the state and each other in the tit-for-tat mode. Since the late 2000s, the intensity of confrontation has risen to the level of urban war, pushing the government to launch military-style operations by deploying in *favelas* thousands of army and police personnel supported by armor and helicopters (some of whom were shot down by gangs). The de-facto existing social apartheid in Brazil provides criminal rings with a never-ending recruitment pool from *favelas*. Ringleaders sponsor music festivals, fitness clubs, and other activities, providing some material support, and distributing free drugs to attract impoverished youth, who can find no other social lift opportunities except joining gangs.

Hence, the Latin American criminal locus represents an unparalleled underworld conglomerate, entrenched throughout the whole region. Its existence and activity affect virtually all socio-economic and politico-security aspect of Latin American states and beyond. Those effects, as well as the geopolitical implications of the Latin American OC, will be addressed in more details in Part II of this IDD Analytical Policy Brief.

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