By Scott Stewart

We talk to a lot of people in our effort to track Mexico's criminal cartels and to help our readers understand the dynamics that shape the violence in Mexico. Our contacts include a wide range of people, from Mexican and U.S. government officials, journalists and business owners to taxi drivers and street vendors. Lately, as we've been talking with people, we've been hearing chatter about the 2012 presidential election in Mexico and how the cartel war will impact that election.

In any democratic election, opposition parties always criticize the policies of the incumbent. This tactic is especially true when the country is involved in a long and costly war. Recall, for example, the 2008 U.S. elections and then-candidate Barack Obama's criticism of the Bush administration's policies regarding Iraq and Afghanistan. This strategy is what we are seeing now in Mexico with the opposition Institutional Revolutionary Party (PRI) and Democratic Revolutionary Party (PRD) criticizing the way the administration of Felipe Calderon, who belongs to the National Action Party (PAN), has prosecuted its war against the Mexican cartels.

One of the trial balloons that the opposition parties — especially the PRI — seem to be floating at present

is the idea that if they are elected they will reverse Calderon's policy of going after the cartels with a heavy hand and will instead try to reach some sort of accommodation with them. This policy would involve lifting government pressure against the cartels and thereby (ostensibly) reducing the level of violence that is wracking the country. In effect, this stratagem would be a return of the status quo ante during the PRI administrations that ruled Mexico for decades prior to 2000. One other important thing to remember, however, is that while Mexico's tough stance against the cartels is most often associated with President Calderon, the policy of using the military against the cartels was established during the administration of President Vicente Fox (also of PAN), who declared the "mother of all battles" against cartel kingpins in January 2005.

While this political rhetoric may be effective in tapping public discontent with the current situation in Mexico — and perhaps obtaining votes for opposition parties — the current environment in Mexico is far different from what it was in the 1990s. This environment will dictate that no matter who wins the 2012 election, the new president will have little choice but to maintain the campaign against the Mexican cartels.

Changes in the Drug Flow

First, it is important to understand that over the past decade there have been changes in the flow of narcotics into the United States. The first of these changes was in the way that cocaine is trafficked from South America to the United Sates and in the specific organizations that are doing that trafficking. While there has always been some cocaine smuggled into the United States through Mexico, like during the "Miami Vice" era from the 1970s to the early 1990s, much of the U.S. supply came into Florida via Caribbean routes. The cocaine was trafficked mainly by the powerful Colombian cartels, and while they worked with Mexican partners such as the Guadalajara cartel to move product through Mexico and into the United States, the Colombians were the dominant partners in the relationship and pocketed the lion's share of the profits.

As U.S. interdiction efforts curtailed much of the Caribbean drug flow due to improvements in aerial and maritime surveillance, and as the Colombian cartels were dismantled by the Colombian and U.S. governments, Mexico became more important to the flow of cocaine and the Mexican cartels gained more prominence and power. Over the past decade, the tables turned. Now, the Mexican cartels control most of the cocaine flow and the Colombian gangs are the junior partners in the relationship.

The Mexican cartels have expanded their control over cocaine smuggling to the point where they are also involved in the smuggling of South American cocaine to Europe and Australia. This expanded cocaine supply chain means that the Mexican cartels have assumed a greater risk of loss along the extended supply routes, but it also means that they earn a far greater percentage of the profit derived from South American cocaine than they did when the Colombian cartels called the shots.

While Mexican cartels have always been involved in the smuggling of marijuana to the U.S. market, and marijuana sales serve as an important profit pool for them, the increasing popularity of other drugs in the United States in recent years, such as black-tar heroin and methamphetamine, has also helped bring big money (and power) to the Mexican cartels. These drugs have proved to be quite lucrative for the Mexican cartels because the cartels own the entire production process. This is not the case with cocaine, which the cartels have to purchase from South American suppliers.

These changes in the flow of narcotics into the United States mean that the Mexican narcotics-smuggling corridors into the United States are now more lucrative than ever for the Mexican cartels, and the increasing value of these corridors has heightened the competition — and the violence — to control them. The fighting has become quite bloody and, in many cases, quite personal, involving blood vendettas that will not be easily buried.

The violence occurring in Mexico today also has quite a different dynamic from the violence that occurred in Colombia in the late 1980s. In Colombia at that time, Pablo Escobar declared war on the government, and his team of sicarios conducted terrorist attacks like destroying the Department of Administrative Security headquarters with a huge truck bomb and bombing a civilian airliner in an attempt to kill a presidential candidate, among other operations. Escobar thought his attacks could intimidate the Colombian government into the kind of accommodation being in discussed in Mexico today, but his calculation was wrong and the attacks served only

to steel public opinion and government resolve against him.

Most of the violence in Mexico today is cartel-on-cartel, and the cartels have not chosen to explicitly target civilians or the government. Even the violence we do see directed against Mexican police officers or government figures is usually not due to their positions but to the perception that they are on the payroll of a competing cartel. There are certainly exceptions to this, but cartel attacks against government figures are usually attempts to undercut the support network of a competing cartel and not acts of retribution against the government. Cartel groups like Cartel de Jalisco Nueva Generacion (CJNG) have even produced and distributed video statements in which they say they don't want to fight the federal government and the military, just corrupt officers aligned with their enemies.

This dynamic means that, even if the Mexican military and federal police were to ease up on their operations against drug-smuggling activities, the war among the cartels (and factions of cartels) would still continue.

The Hydra

In addition to the raging cartel-on-cartel violence, any future effort to reach an accommodation with the cartels will also be hampered by the way the cartel landscape has changed over the past few years. Consider this: Three and a half years ago, the Beltran Leyva Organization (BLO) was a part of the Sinaloa Federation. Following the arrest of Alfredo Beltran Leyva in January 2008, Alfredo's brothers blamed Sinaloa chief Joaquin "El Chapo" Guzman Loera, declared war on El Chapo and split from the Sinaloa Federation to form their own organization. Following the December 2009 death of Alfredo's brother, Arturo Beltran Leyva, the organization further split into two factions: One was called the Cartel Pacifico del Sur, which was led by the remaining Beltran Leyva brother, Hector, and the other, which retained the BLO name, remained loyal to Alfredo's chief of security, Edgar "La Barbie" Valdez Villarreal. Following the August 2010 arrest of La Barbie, his faction of the BLO split into two pieces, one joining with some local criminals in Acapulco to form the Independent Cartel of Acapulco (CIDA). So not only did the BLO leave the Sinaloa Federation, it also split twice to form three new cartels.

There are two main cartel groups, one centered on the Sinaloa Federation and the other on Los Zetas, but these groups are loose alliances rather than hierarchical organizations, and there are still many smaller independent players, such as CIDA, La Resistencia and the CJNG. This means that a government attempt to broker some sort of universal understanding with the cartels in order to decrease the violence would be far more challenging than it would have been a decade ago.

Even if the government could gather all these parties together and convince them to agree to cease hostilities, the question for all parties would be: How reliable are all the promises being made? The various cartels frequently make alliances and agreements, only to break them, and close allies can quickly become the bitterest enemies — like the Gulf cartel and its former enforcer wing, Los Zetas.

We have heard assertions over the last several years that the Calderon administration favors

the Sinaloa Federation and that the president's real plan to quell the violence in Mexico is to allow or even assist the Sinaloa Federation to become the dominant cartel in Mexico. According to this narrative, the Sinaloa Federation could impose peace through superior firepower and provide the Mexican government a single point of contact instead of the various heads of the cartel hydra. One problem with implementing such a concept is that some of the most vicious violence Mexico has seen in recent years has followed an internal split involving the Sinaloa Federation, such as the BLO/Sinaloa war.

From DTO to TCO

Another problem is the change that has occurred in the nature of the crimes the cartels commit. The Mexican cartels are no longer just drug cartels, and they no longer just sell narcotics to the U.S. market. This reality is even reflected in the bureaucratic acronyms that the U.S. government uses to refer to the cartels. Up until a few months ago, it was common to hear U.S. government officials refer to the Mexican cartels using the acronym "DTOs," or drug trafficking organizations. Today, that acronym is rarely, if ever, heard. It has been replaced by "TCO," which stands for transnational criminal organization. This acronym recognizes that the Mexican cartels engage in many criminal enterprises, not just narcotics smuggling.

As the cartels have experienced difficulty moving large loads of narcotics into the United States due to law enforcement pressure, and the loss of smuggling corridors to rival gangs, they have sought to generate revenue by diversifying their lines of business. Mexican cartels have become involved in kidnapping, extortion, cargo theft, oil theft and diversion, arms smuggling, human smuggling, carjacking, prostitution and music and video piracy. These additional lines of business are lucrative, and there is little likelihood that the cartels would abandon them even if smuggling narcotics became easier.

As an aside, this diversification is also a factor that must be considered in discussing the legalization of narcotics and the impact that would have on the Mexican cartels. Narcotics smuggling is the most substantial revenue stream for the cartels, but is not their only line of business. If the cartels were to lose the stream of revenue from narcotics sales, they would still be heavily armed groups of killers who would be forced to rely more on their other lines of business. Many of these other crimes, like extortion and kidnapping, by their very nature focus more direct violence against innocent victims than drug trafficking does.

Another way the cartels have sought to generate revenue through alternative means is to increase drug sales inside Mexico. While drugs sell for less on the street in Mexico than they do in the United States, they require less overhead, since they don't have to cross the U.S. border. At the same time, the street gangs that are distributing these drugs into the local Mexican market have also become closely allied with the cartels and have served to swell the ranks of the cartel enforcer groups. For example, Mara Salvatrucha has come to work closely with Los Zetas, and Los Aztecas have essentially become a wing of the Juarez cartel.

There has been a view among some in Mexico that the flow of narcotics through Mexico is something that might be harmful for the United States but doesn't really harm Mexico. Indeed, as the argument goes, the money the drug trade generates for the Mexican economy is quite

beneficial. The increase in narcotics sales in Mexico belies this, and in many places, such as the greater Mexico City region, much of the violence we've seen involves fighting over turf for local drug sales and not necessarily fighting among the larger cartel groups (although, in some areas, there are instances of the larger cartel groups asserting their dominance over these smaller local-level groups).

As the Mexican election approaches, the idea of accommodating the cartels may continue to be presented as a logical alternative to the present policies, and it might be used to gain political capital, but anyone who carefully examines the situation on the ground will see that the concept is totally untenable. In fact, the conditions on the ground leave the Mexican president with very little choice. This means that in the same way President Obama was forced by ground realities to follow many of the Bush administration policies he criticized as a candidate, the next Mexican president will have little choice but to follow the policies of the Calderon administration in continuing the fight against the cartels.