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Introduction

1.1 THE PUZZLE OF CARTEL–STATE CONFLICT

In December 2006, just ten days after his inauguration, Mexican President Felipe Calderón launched a "battle with no quarter" against his country's drug cartels, involving the largest non-humanitarian deployment of Mexico's army in modern times. Calderón's crackdown did not start Mexico's drug war—cartel-related killings had doubled under the previous administration—but it would, he hoped, end it. Whatever political calculations informed his decision, and there were many, Calderón clearly believed that a militarized crackdown would *work*: that it would reverse rising drug violence, cripple the cartels, exorcise the thoroughgoing corruption that had reigned for decades, and restore public order and the rule of law. It did none of these things.

If trafficking and corruption continued predictably apace over Calderón's six-year term, violence exploded unimaginably. Not even the most vocal critics of his strategy anticipated that the conflict would *escalate* by an order of magnitude, claiming a staggering 70,000 lives by 2012. Moreover, though the lion's share of these killings were among traffickers, Calderón's tenure saw an equally sharp and unexpected eruption of cartel–state violence. Traffickers invaded police stations, assassinated mayors, blockaded cities, and publicly called on Calderón to withdraw federal troops. Cartel attacks on army troops, once unheard of, became everyday occurrences. Such brazen armed defiance undermined government claims that traffickers were merely exterminating one another, and deepened the sense of crisis and loss of state control that Calderón's crackdown was meant to allay. More than a decade later, cartels' armed resistance continues.

Mexico is not the only place where militarized crackdowns[1] on cartels led to unexpected anti-state violence. In 1984, Colombian Justice Minister Rodrigo

[1] Throughout, I define "crackdowns" to mean increases in the degree of state repression on cartels. See Section 1.2 for further discussion.

Lara Bonilla launched the first serious offensive against his country's cocaine traffickers, not to curb violence—cartels were then peacefully dividing a wildly lucrative boom in global demand—but to fight corruption. The crackdown triggered not only Lara Bonilla's own assassination but a decade of withering, anti-state "narco-terrorism" and some of the most severe urban violence on record anywhere. Drug lord Pablo Escobar led Colombia's cartels into an overt war on the state—and eventually among each other—that convulsed a nation and, for a time, overshadowed an ongoing civil war.

In Rio de Janeiro, the same 1980s' cocaine boom fed the takeover of the city's retail drug trade by a sophisticated criminal syndicate born in the dungeons of Brazil's military dictatorship. Its willingness to fight back against state repression led authoritarian officials to erroneously categorize it as a left-wing insurgency, christening it the "Comando Vermelho" ("Red Command," CV). From the 1990s on, increasingly repressive crackdowns on the CV and its rivals produced acute escalation, while curbing neither rampant police corruption nor traffickers' armed dominion over the city's nearly one thousand *favelas* (slums). Violence peaked in 2007, with police alone killing 1,330 alleged criminals in armed confrontations, including a lethal but failed attempt to retake Complexo do Alemão, the CV's principal favela stronghold.

What sets these cases apart from drug violence in general, and from turf wars among traffickers in particular, is the phenomenon I call *cartel–state conflict*—sustained armed confrontation between sophisticated and well-armed drug trafficking organizations (DTOs) and state forces.[2] Once unique to Colombia, cartel–state conflict has now ravaged Latin America's three largest countries, producing casualties and social disruption on par with many civil

[2] The term "cartel" is controversial; I use it for the following reasons: (1) "DTO" is unwieldy and imprecise: only a very small and specific subset of DTOs ever attack states, namely, those with sufficient division of labor to maintain a dedicated capacity for armed violence. (2) "cartel" is the local nomenclature for such DTOs in two of my three cases: the Mexican and Colombian DTOs I discuss are *named* "cartels" and referred to collectively as such by authorities, the groups themselves, and local journalists and scholars. (3) Similarly, "drug cartel" is widely used in US and international media, and some scholarship, to refer to such groups. (4) The main argument against using "cartel"—that these groups rarely if ever meet the technical definition of an economic cartel by engaging in collusive price-fixing—is correct as far as it goes, but seems outweighed by common usage. (5) Moreover, the cartels under study are in fact made up of semi-autonomous actors, among whom real cooperation does sometimes occur. That said, the term remains problematic; as Grillo (2011) points out, it has been politically useful to both journalists and drug warriors for reifying and making into a tangible enemy a rather diffuse group of actors. A further drawback is that Rio de Janeiro's DTOs are neither named nor commonly referred to as "cartels," making the term awkward in this case. Yet Rio's DTOs share the key characteristic of interest: the organizational capacity to engage the state in sustained armed confrontation. There is also no perfect term for them even when considered in isolation (they are known locally as *facções* (factions), which is a misnomer even in Portuguese). I use "syndicate" when discussing Rio's DTOs in isolation, and "cartel" when considering them together with the Mexican and Colombian cases.

wars.[3] Even where cartel–state violence is numerically overshadowed by inter-cartel killings (as in Mexico), systematic armed defiance of state authority is uniquely damaging to social and political life. Civilians, especially vulnerable populations living in peripheral areas often better served by cartels than the state, find themselves caught in the lethal crossfire of a shooting war whose stakes seem alien to the local economic and political development it violently disrupts.

Why did cartels respond to these crackdowns with sustained anti-state violence? Why do cartels fight states at all, if not to topple or secede from them? The answer may seem obvious: "To keep the state off their back." Yet this answer is clearly insufficient: all organized crime groups—including major drug cartels—would like less state repression; precisely for this reason, they usually adopt evasive strategies, eschewing anti-state violence that could attract attention. Indeed, this is why leaders were surprised when cartels responded to initial crackdowns by attacking the state. Leaders then intensified crackdowns, declaring "war" with strategic, state-building objectives borrowed largely from civil-war contexts: crushing armed opposition, restoring the rule of law, and establishing a monopoly on the use of force. Yet these objectives proved unattainable, despite unprecedented deployments of state forces. Instead, leaders found themselves caught in escalatory spirals of armed violence, social disruption, and erosion of public confidence in the state as its enforcement agents proved both brutal and corrupt. Cartels, for their part, suffered immense losses in merchandise and personnel, yet fought on.

Fortunately, not all of the surprises have been unpleasant; some repressive approaches heralded rapid abatements of cartel violence far beyond policymakers' expectations. These "pleasant surprises" suggest that, whereas initial state crackdowns seem to trigger and exacerbate cartel–state conflict, enlightened state policy can curtail it. Together, these episodes point to this book's core insights: there is nothing inevitable about cartel–state conflict. Cartels use violence, especially anti-state violence, when it is in their interest. Incentives matter, and few things shape cartels' incentives as thoroughly as state policy. The implications go well beyond the cases studied here: using repressive force wisely against criminal and armed groups is a struggle for states everywhere. If cartel–state conflict represents an extremely bad unintended consequence of initial crackdowns, what sorts of policies produced abatement?

In August 1990, as Pablo Escobar's campaign of terror was reaching its peak, incoming Colombian president César Gaviria introduced a policy facilitating voluntary surrender (*Sometimiento*) and plea bargaining for wanted criminals. The policy's formulators had modest hopes: "We expected the possible surrender of some paramilitaries … and maybe a few mid-level *narcos*, but the big fish, the capos, it was unlikely they would turn themselves in" (Pardo

[3] In both Mexico and Brazil, armed clashes between traffickers and state forces regularly produce more than 1,000 "combatant" deaths per year, a common criterion for civil war.

Rueda 1996, 267).[4] Instead, within a few months, three of the country's top drug lords had surrendered under the new policy. By July 1991, Escobar himself had followed suit, bringing an abrupt respite from the violence.

Rio too witnessed an unexpected turnaround. After record violence in 2007, authorities began experimenting with a new policy approach inspired in part by "focused deterrence" experiments in the United States and Rio. Pacification, as it came to be known, involved pre-announced militarized occupations of individual favelas, permanent installation of "Pacifying Police Units (UPPs)"[5] and an explicit shift in priorities away from eradicating drug traffic toward minimizing violence and the armed presence of traffickers. Pacification proved successful in the smaller favelas where it debuted, but many traffickers fled to Alemão, the Comando Vermelho's massive favela stronghold. Recalling the 2007 botched invasion, police and military forces preparing to Pacify Alemão in 2010 publicly warned of a potential second bloodbath. To their surprise, most traffickers fled or peacefully surrendered. More surprising still, over the next three years traffickers continued to eschew violence, allowing the state to recapture enormous swathes of territory while barely firing a shot. By 2013, some 200 favelas were under Pacification, and deaths from cartel–state clashes had fallen by almost 70 percent.

The varied responses of cartels to different repressive approaches constitute a central puzzle: *if some militarized anti-cartel interventions trigger or exacerbate intense cartel–state conflict, why do others drastically curb it?* What characteristics of *Sometimiento* and Pacification made them effective? The answer is not that the state backed off: overall state repression *expanded* with the implementation of these reform policies, and Pacification in particular involved unprecedented increases in police manpower and deployment of federal armed forces. Rather, I argue, it is the fact that much of this increased repressive capacity was held in reserve, as a deterrent. By conditioning repression on cartel behavior, reform policies created counter-incentives that led cartels to eschew anti-state violence. Backed into a corner, cartels fight; given an attractive alternative to conduct their business in less violent ways, most do.

This raises a second aspect of this book's central puzzle: *if state policy shapes cartel–state conflict, what shapes state policy?* Initial crackdowns and the ensuing cycles of escalation have stretched on for decades, outliving any realistic hope of definitively destroying cartels; violence-reducing strategies, meanwhile, seem tragically difficult to implement and to sustain despite their apparent efficacy. The *Sometimiento* and Pacification policies only came about

[4] Author's translation.

[5] UPP stands for Unidades de Polícia Pacificadora. The term "UPP" has become a synecdoche for the larger Pacification strategy, and the terms are often used interchangeably. This is a mistake, because Pacification involves occupation by non-UPP special forces prior to implantation of a UPP unit in a community. Moreover, due to the program's success, "UPP" became a kind of brand name; for example, a raft of favela social programs was named "UPP Social," although it had nothing to do with policing and was implemented by the city, not state, government.

after numerous failed attempts at reform, and both proved all too fragile once implemented. *Sometimiento* collapsed when Escobar fled prison, and intense cartel–state conflict raged for nearly two years until his death at the hands of state forces. In Rio, Pacification's initial success and rapid expansion soon produced severe growing pains. From 2013 onward, policing practice in the larger Pacified favelas partially reverted to the *status quo ante*, and cartels began to re-engage the state militarily. Although cartel–state violence and homicide in general remain well below pre-Pacification levels, the increasingly non-pacific reality of Pacified Rio has severely undercut public support. The economic and political crises that rocked Brazil in 2016 further darken Pacification's future.

In Mexico, policy reform efforts never succeeded in the first place. As violence accelerated through 2010 and 2011, Calderón doubled down on his "no quarter" strategy. He flatly rejected public calls for violence-reducing approaches, equating them with the highly corrupt (though peaceful) state management of cartels practiced up until the 1990s. Yet once Calderón left office, it became clear that some of his own top security officials had sought to reform policy in a more conditional direction. This effort largely failed, especially in terms of the administration's public stance, though it probably influenced operations within some security agencies. Calderón's successor, Enrique Peña Nieto, came into office promising violence-reducing policy reforms, but these were never specified or clearly implemented; instead, he largely copied Calderón's approach (Hope 2015). No official measures have been released since 2011, but media and other sources suggest that cartel-related violence (including anti-state violence), while down from its 2011 peak, continues at alarmingly high levels.

The similarities and differences among the cases' trajectories raise a host of questions. Are initial crackdowns *ex ante* mistakes? Once cartel–state conflict has set in, why do reform efforts so often fail? Are leaders myopic? Stubborn? Uninterested in reducing violence? Or are they (also) fundamentally constrained by weak institutions and the fraught politics of drug wars? If so, what factors mitigate these constraints and facilitate implementation of violence-reducing policies? And, once implemented, what self-undermining dynamics make violence-reducing policies difficult to sustain in the long run?

The answers this book develops to its two central questions stand at the intersection of strategy and politics, with implications for both policy and theory. As with all types of war, any satisfying theory of cartel–state conflict must account for both sides' interests, and explain how sustained and costly violence can be an equilibrium of the strategic interaction between them (Fearon 1995a). Cartels may operate in illegal markets that lack legal property rights and governance, but their overall strategic environment is fundamentally structured by the state: by its formal laws and policies, and by its capacity and will (or lack thereof) to enforce them. State leaders in turn must formulate repressive policy in contexts of limited resources, complex and often inefficient institutional structures, and rampant police corruption.

Equally important are the distinctive politics of drug war. State policy is not simply a strategic response to cartel behavior. Leaders are severely constrained in their policy decisions and public stances, and not only by the international treaties and acute pressure from the United States that undergird the global drug-prohibition regime. Domestic factors can be equally or more important: resistant, often corrupt police corps; opportunistic political rivals; and widespread public perceptions of traffickers as venal, demonic figures with whom negotiation and detente are taboo. Cartels are not immune to politics either. Global prohibition surely informs their lack of interest in seizing formal state power, while domestic political considerations shape their efforts to influence and penetrate the state at different levels. Cartels are, in this view, a unique type of interest group: illegal and armed to be sure, and with preferred policies that lie beyond the political pale, but nonetheless keenly engaged in honing their public image and political voice.

This study—the first extended cross-national comparison of cartel–state conflict to my knowledge—tilts unabashedly toward the theoretical, drawing on, and hopefully contributing to, several rich traditions in comparative politics. Most obviously, it speaks to long-noted connections between state formation, war-making, and organized crime (Tilly 1985). Indeed, leaders often frame cartel crackdowns as state-building exercises, explicitly aiming to (re)claim the monopoly on the use of force, consolidate the rule of law, eliminate armed non-state actors, and protect citizens. While these crackdowns led to expansions in state coercive capacity, they largely failed to deliver on overarching, state-building goals; in some places, state presence and rule of law probably receded. Reform policies that prioritized violence reduction over drug eradication, in contrast, have had tangible success in extending state presence and restoring order. If unreformed drug war is ineffective at making states, it is likely because the very act of prohibiting and repressing large illicit economies like the drug trade creates lucrative black markets. These are, by nature, state-less areas, power vacuums that often produce violent competition for primacy among criminal groups (Gambetta 1993; Skaperdas 2001) and generate the illicit profits used to corrupt state officials. Drug war, if made naively, can *unmake* states.

The literature on civil war—particularly the "rationalist explanations of war" (e.g., Fearon 1995a) and "logics of violence" (e.g., Kalyvas 2006) approaches—provides critical theoretical and methodological foundations, but understandably sidelines issues of corruption within state forces. I develop formal models and logics of violence that adapt these approaches to the distinct contours of cartel–state conflict; the results may in turn illuminate civil wars whose belligerents depend on criminal profits (e.g., Keen 1998) and "wartime political orders" that lie in the gray zone between war and peace (e.g., Staniland 2012). I draw on another tradition that sees corruption as a form of political influence (Huntington 1968; Scott 1972), while rectifying the view that corruption and violence are substitutes; as we will see, they are all too often

complementary. An eclectic literature on policymaking (e.g., Kingdon 1984; Schickler 2001) informs my analysis of the politics and optics of drug war, and may in turn be enriched by it. Finally, the qualitative and quantitative data presented here both flesh out my theory and provide a rich empirical basis for further research into this novel and increasingly destructive form of conflict.

1.2 THE ARGUMENTS

1.2.1 Conditionality of Repression as Explanation

Cartels, presumably, get no inherent pleasure from attacking the state;[6] they do so when the benefits outweigh the costs. State policy has an overwhelming effect on this calculus. On the one hand, the very act of repressing the drug trade creates incentives for cartels to fight back. On the other, if attacking the state will bring down additional state repression, then cartels have incentives to eschew such violence. To disentangle these opposing sets of incentives, I distinguish the overall level or *degree* of repression directed at the drug trade from the extent to which that repression is *conditioned* on cartels' use of violence. Much of the variation in cartel–state conflict can be explained by changes in these two dimensions of state anti-narcotics policy.

Increases in the degree of repression, I argue, create incentives for anti-state violence, while increases in the conditionality of repression create disincentives; the respective mechanisms are quite distinct. In the following section, I introduce several key logics of violence by which increases in the degree of repression create "positive" incentives for cartels to fight back. Explaining the benefits cartels reap from attacking the state—and how those benefits can grow when the state cracks down—is one of this book's central theoretical contributions. Nevertheless, these positive incentives cannot by themselves explain the dynamics of cartel–state conflict, since overall degrees of repression generally increased not only with the blanket crackdowns that initially triggered and exacerbated anti-state violence, but also with the reform policies that—where implemented—curbed it. These reform policies, it seems, must have created countervailing *dis*incentives to anti-state violence.

Repressive policies create these disincentives, I argue, by conditioning the amount of repression a cartel faces on its choice to use violence. The extra repression (if any) that traffickers incur by attacking the state is likely to constitute the primary cost of anti-state violence. To be sure, guns (and the physical means of violence more generally) are not free, but neither are they restrictively costly. US traffickers, for example, avoid killing police not because

[6] Individual cartel members who carry out violence against state forces may very well act on strong emotional impulses; honor, vindication, and revenge may be important motivations for individual soldiers, as they surely are in many contexts of armed conflict. For the cartel itself, though, violence is presumably instrumental and strategic; any bloodlust among its rank-and-file amounts to a felicitous source of morale and motivation.

bullets are expensive, but to avoid the additional repression that cop-killing will engender, over and above whatever "baseline" they face just for trafficking.

I call this aspect of anti-narcotics policy the *conditionality of repression*, in the same sense that "conditional cash transfers" are conditional on recipient behavior, or the International Monetary Fund's practice of "Conditionality" ties loans to recipient countries' economic policies. In policy circles, conditional approaches are often referred to as "selective repression" or "focused deterrence" (or given proper names like Rio's "Pacification," Boston's "Ceasefire," or the eponymous "High Point Strategy"). Analytically, though, it is not the targeting of specific cartels per se that deters anti-state violence, but rather the fact that *how much repression cartels face depends on how much (or how little) anti-state violence they employ*; "conditionality" is meant to capture precisely this quality. Repression *can* be made conditional on other types of violence or bad behavior, but states are likely to condition first and foremost on anti-state violence. Moreover, my goal is to explain anti-state violence, so I focus on this form of conditionality throughout.

Figure 1.1 represents the *degree* and *conditionality* of repression as two dimensions of state policy, producing four state-policy ideal types; overlaying my theoretical claims about the incentives for or against anti-state violence created along each dimension yields predictions about cartel behavior under

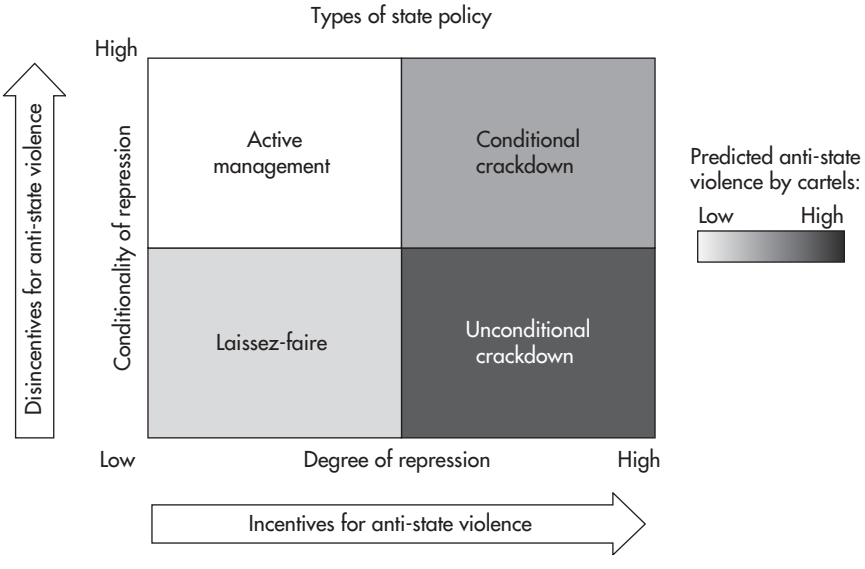

FIGURE 1.1. **Degree vs. Conditionality of Repression: Policy Types and Incentives for Violence.** *Degree of repression* measures the overall amount of force directed at cartels; *conditionality of repression* measures how much additional repression a cartel incurs by engaging in anti-state violence.

each policy type. Under "Laissez-Faire," the state makes little effort to rein in the activities of traffickers, and also does not try to dissuade them from specific forms of violence. In "Active Management," the state is more concerned with making cartels follow rules than in eliminating them; this requires enough repressive force to punish rule-breakers,[7] but in practice such punishment can be quite rare. Though active management does not logically require corruption, in my cases, it has taken the form of systematic extraction of illicit rents from traffickers by police. In "Unconditional Crackdowns," repression is high but conditionality low—the state simply maximizes its efforts to destroy or hurt cartels regardless of their use of violence. Finally, in "Conditional Crackdowns," the degree of repression remains high—the state is still on a war footing, as it were—but cartels can earn a reprieve from repression if they eschew anti-state violence.

These two dimensions of repressive policy constitute the independent or explanatory variables of my argument, with inverse predicted effects on anti-state violence by cartels. High degrees of repression produce incentives for anti-state violence, and so are a necessary condition for sustained cartel–state conflict; they are not, however, a sufficient condition. High conditionality of repression dissuades anti-state violence, and can at least partially overcome the strong incentives to fight back created by high degrees of repression. This framework thus predicts that anti-state violence is most acute under unconditional crackdowns, low to moderate under laissez-faire and conditional crackdowns, and very low or nonexistent under active management.

The book's central empirical finding is that unconditional crackdowns indeed led to an increase in anti-state violence, while shifts to more conditional approaches produced abrupt reduction in such violence. Moreover, where conditionality was high and overall repression low, states have been able to effectively (if corruptly) manage cartels and other criminal groups, leading to very low levels of anti-state violence. Table 1.1 summarizes the evidence: pooling case-episodes from all three conflicts and coding them by policy type, I find that cartel–state violence consistently took on its predicted values. In that sense, *conditionality of repression* is the "master variable" of this book. To reiterate, though, conditionality of repression does *not* explain cartels' incentives to fight back in the first place. These vary directly with the degree of repression, operating through logics of violence I elaborate. Rather, conditionality explains why some crackdowns lead to reduction in violence: by creating enough disincentives to outweigh the positive incentives.

In Rio, for example, early crackdowns (1980s–1990s) were unconditional: heavily armed police made tactical incursions aiming to arrest, or more likely kill, as many traffickers as possible. Traffickers, responding to the positive incentives for violence these crackdowns created, fought back. For decades

[7] For this reason, these two dimensions are not fully independent. This fact emerges algebraically in the formal models of Chapter 4.

TABLE 1.1. *Predicted Effects of Policy Types on Anti-State Violence and Observed Ou*

		Laissez-Faire	Active Management	Uncondit Crackd
IVs	**Degree of Repression**	Low	Low/Moderate	High
IVs	**Conditionality of Repression**	Low	High	Low
DV	**Anti-State Violence**	Low/Moderate	Low	High
Case-Episodes	**Colombia**	Cocaine Bonanza 1970s–1983	–	Crackdo 1983–19 Manhunt
Case-Episodes	**Rio de Janeiro**	–	Rent Extraction (Numbers Racket): –1970s	Crackdo 1980s- [Pacificat 2013–
Case-Episodes	**Mexico**	Interregnum: 1990s–2003	State-Sponsored Protection Racket: –1990s	Limited C 2003– Full Crac 2006–

The case-episodes represent policy regimes, and are coded into types by the independent variables (IVs) Evidence for this coding is presented in the case studies; square brackets indicate episodes whose cod saw levels of anti-state violence consistent with the predicted values for the dependent variable (DV).