

➤ Cocaine's 'Blowback' North: A Commodity Chain Pre-History of the Mexican Drug Crisis¹

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Behind the sensational headlines, national security panic, and grim statistics from six years of horrific drug violence along the Mexican-US border, lies a blowback-strewn history of US drug policy entanglements across the hemisphere. Here, rather than probe the system's capacity or incapacity for reform, I analyse the shifting historical 'commodity chains' of drugs that helped, along with misbegotten policy, to prompt the ongoing crisis with Mexico.

Under rising American pressures, cocaine – once a minuscule benign legal trade in a distant corner of the Andes – became an illicit drug by the 1950s. This fuelled the dramatic rise of the Colombian 'cartels' of the 1980s. By the mid-1990s, further US pressures pushed the drug's profitable wholesaling north to Mexico – the prelude to today's showdown between drug-lords and the Mexican state. Half of world usage of recreational cocaine is still in the United States, where outlays for this expensive drug make up half of the \$80 billion or so spent annually on illegal drugs. Given the staggering historical growth in the drug's supply (which grew ten-fold during the 1980s boom), it is hardly surprising that cocaine's retail price has plummeted almost continuously since the 1970s, as smugglers outwit the rising costs of interdiction and from competition sparked by prohibition's risk premium. The outbreak of the Mexican drug war in 2007 provided the only respite from this trend. This dramatic price fall is the exact opposite of the DEA's chief stated aim of driving drug prices up and out of the range of casual users or addicts at home.

FROM LEGAL TO ILLICIT TRADES

The Andean cocaine boom of the late-twentieth century was founded on the vestiges of a legal economy of cocaine, which bequeathed the techniques and first illicit networks.² Cocaine production, mainly for anaesthesia and other medicinal uses, passed through two phases: first its construction as an export commodity (1885-1910); and second, its steep contraction from 1910-48, due to Asian colonial competition, shrinking medicinal usage, and the impact of initial US and League of Nations drives to restrict 'narcotics.' In a dramatic turn, after 1905 the United States – the drug's avid booster – became its militant global foe, and early US drug authorities preached universal drug eradication at its origins. But until the 1940s, despite rising informal sway in the Andean region, the United States was not able to convince or cajole producer nations of the evils of cocaine. The Peruvian industry, which entailed the processing of coca leaf into crude cocaine, *Pasta Básica de Cocaína* (PBC), shrank to an east-central Andean hub in the Huánuco region near the Upper Huallaga valley.

1 Note: Many versions of this paper circulate, this one first edited by Fred Rosen for the Spring 2011 LASA Forum. My Ph D student Froylán Enciso helped on Mexico issues.

2 This draws from my book: *Andean Cocaine: The Making of a Global Drug* (Chapel Hill: University of North Carolina Press, 2008).

This precursor drug culture had three legacies. First, legal cocaine was a largely peaceful enterprise, save for mild local plantation labour coercion. Secondly, legal cocaine economies like Peru's did not spawn border-crossing contraband networks – even if the recreational pleasures of 'coke' were widely appreciated. A multi-polar cocaine world prevailed between 1910 and 1945, when some nations like the United States banned and dried up non-medicinal cocaine use, and others openly made or tolerated the drug. This diversity of regimes did not spawn incentives for a black market nor violent competition. Third, this shriveled and antiquated business survived as the basis of regional life in remote Huánuco, which after World War II became the world's last bastion of cocaine-making lore.

Following the war, when the United States emerged as the uncontested power in world drug affairs, its eradication ideals magnified through new UN drug agencies such as the Commission on Narcotic Drugs (CND). Helped by a wave of compliant Cold War regimes in Latin America, the Federal Bureau of Narcotics (FBN) and the State Department were finally to achieve their long-standing goal of criminalising cocaine (and on paper, even the Andean coca leaf) – in Peru by 1948 and Bolivia by 1961.

The immediate effect of cocaine's total criminalisation – and a secret FBN campaign against Andean cocaine launched in 1947 – was the birth and dispersion of an *illicit* circuit of cocaine. Geographically, cocaine trafficking was a grass-roots movement, in which modest 'chemists', smugglers, and club-owners linked up from diverse social worlds to establish a web of new drug scenes and way-stations across South America and the Caribbean. It was not the work of cartels or the international mafia. By the early 1960s, these ever-more elusive and experienced smugglers were joined by a hardy new social class of peasants entrenched in illicit coca growing. Highland *campesinos*, marginalised during the US-sponsored 'development decade' of the 1960s, began migrating *en masse* to lowland Bolivia and Peru, lured by the mirage of Amazonian road and modernisation projects. Combining a smuggling class with a class of peasant suppliers resulted in cocaine's uncontained expansion in the decades ahead.

Cold War politics stamped the emergence of cocaine.³ The illicit drug was born in 1948-49 in the Huallaga of eastern Peru, as the rightist pro-US military regime of General Manuel Odría cracked down on the country's last factories, jailing manufacturers (branded as subversives) and sending others into clandestine outlets. The jungle processing technique that passed into illicit hands was 'crude cocaine', which peasants easily adopted with cheap developmental chemicals like kerosene and cement. By the early 1950s, smugglers ferried PBC out to refiners of powder cocaine (HC1) along two main transshipment chains: a Caribbean passage via Havana (a regional hub of mobsters lured by dollars and corruption), and northern Chile, where Valparaíso clans moved coke up the west coast via Panamanian and Mexican hideouts. Meanwhile, the US-backed cocaine crackdown in Peru, coupled with the lack of authority and US sway in revolutionary Bolivia, meant that PBC swiftly spread to this latter country. Bolivia thus became the drug's key incubation site during the 1950s, in dozens of small and scattered 'labs.' By the early 1960s, coke was found throughout the hemisphere, with thriving scenes and routes across Argentina and Brazil, and new users in US cities like New York. Two Cold War events consolidated cocaine's presence. First, Fidel Castro's 1959 revolution in Cuba meant the expulsion of Havana's traffickers, who took their skills and connections with them to South America, Mexico, and Miami. These exiles formed the first professional cocaine trafficking class. Secondly, US efforts to gain control over the shaky Revolutionary Nationalist Movement (MNR) in Bolivia led by 1961 to a joint anti-narcotics campaign there (and a conservative military shift by 1964). This drove thousands of peasants into dynamic remote coca frontiers in lowland Chapare, Santa Cruz, and Beni.

3 Paul Gootenberg, 'The 'Pre-Colombian' Era of Drug Trafficking in the Americas: Cocaine, 1947-1965,' *The Americas* 64/2 (2007): 133-76.

Meanwhile, the United States, whose authorities quietly worried about their inability to halt the new drug, supported a slew of secret hemispheric policing summits, visiting UN drug missions, and INTERPOL raids. All such repressive measures further dispersed the drug and hardened its new smugglers. By the late 1960s, however, the rise of US-backed 'bureaucratic authoritarian' military regimes in nations including Brazil and Argentina drove long-distance cocaine routing through one site: the continent's one viable democracy, Chile. Here, the break-up of the 1950s clans created many competing exporters linked to ample supplies of Bolivian, and once again, Peruvian coca paste.

RISE AND DEMISE OF COLOMBIAN CARTELS, 1973-95

Before the 1970s, Colombia played no systematic role in South American cocaine trades, though the country had a tradition of entrepreneurs, regional smugglers, marijuana exports from the Caribbean coast, and a legacy of everyday violence from the 1950s. Cocaine's politics-driven shift to Colombians came during the Nixon era (1969-74).

Two more Cold War events propelled cocaine's geographic presence to the north. The first, related to Nixon's anti-communism policies, was General Augusto Pinochet's September 1973 military coup in Chile. By 1970 some low-level Colombians served as mules for Chileans. Pinochet, to win favour with Washington and the newly-formed DEA, launched campaign in late 1973 against Chilean traffickers, most of whom were quickly jailed or expelled. The impact was to swiftly push routing of peasant coca-paste from the Huallaga and Bolivia north, via the Amazonian border-town of Leticia, to Colombia. Pioneering Medellín smugglers like Pablo Escobar and the Ochoa brothers restructured the trade and dramatically expanded its scale and reach. The second political event was Nixon's 1969 declaration of 'war' against drugs, aimed primarily against marijuana (i.e., America's 1960s anti-war youth culture) and heroin (feared among Vietnam vets and as a scapegoat for the 'black' crime wave sweeping US cities).⁴ Crackdowns on these drugs – the 1970s' Operation Intercept sweeps of the Mexican border, and the squeeze against the French Connection heroin pipeline – made a perfect market opening for Andean cocaine. This hit 1970s American culture as a glamorous and pricey 'soft-drug.' Cocaine was easier, safer, and lucrative to conceal, and weed suppliers from Colombia to Mexico quickly switched product lines.

Much has been said about the Colombian 'cartels', an official misnomer for such robust regional and family market enterprises. Once propelled to Colombia, cocaine thrived in places like Medellín, the nation's declining entrepreneurial city.⁵ *Empresarios* like Escobar, Ochoa, and Carlos Ledher took advantage of Caribbean island-hopping wholesale transport routes, Colombian workers in places like Miami and Queens, and the 1970s lag in DEA attention, which deemed cocaine a rich man's vice. By 1975, the Colombian trade passed the four tonne mark and by 1980 some 100 tonnes of cocaine entered the United States. Exporters concentrated in three regional groups: Medellín, Central (Bogotá), and Cali (del Valle) – the latter a bustling new city near the Pacific port of Buenaventura, promoted by clans like the Rodríguez-Orejuela and Herreras. However until the early 1990s, Medellín, under Escobar's charismatic lead, handled some 80 percent of the trade, mostly from coca paste made in Peru's Huallaga.

By the mid-1980s, cocaine had some twenty-two million American users. Sliding prices and racially-tagged discount markets (such as 'crack'), together with the drug's growing aura of violence, transformed cocaine into the top target of American drug warriors. Under Republicans Reagan and Bush senior, this extended drug hysteria around cocaine led to a sharp militarisation of the overseas campaign against the Andean coca bush.

4 Michael Massing, *The Fix* (New York City: Simon and Schuster, 1998) claims Nixon's policies were 'working.' I would argue that they worked in the long term to spawn the latter US cocaine boom.

5 Mary Roldán, 'Cocaine and the 'miracle' of modernity in Medellín, in Paul Gootenberg (ed.), *Cocaine: Global Histories*, (New York: Routledge, 1999), 165-78.

Reliable state allies were difficult to find in the tolerant regimes of Peru, Colombia, and Bolivia (especially infamous during García Meza's 'narco-regime' in the early 1980s). The 1980s escalation of hemispheric interdiction measures in Peru (direct military aid, Huallaga adviser bases); in Bolivia (Operation Blast Furnace, US-trained UMOPAR forces); Colombia (the late 1980s forced extradition pact), and Panama (climaxing in the 1989 invasion to oust ex-ally Manuel Noriega); failed to slow cocaine. Just the opposite: US pressures led to enhanced trafficker concealment and business expertise; to a doubling of Amazonian coca between 1982 and 1986 (as crop insurance against captured lots); and a nosedive in the drug's wholesale price from \$60,000 to \$15,000 per kilo across the decade.

As competition and monetary stakes rose to millions per shipment, Colombians drew on strategic violence, in contrast to the precursor trades. Colombians deployed *sicario* hitmen against remnant Cuban rivals, and early 1980s Miami was beset by gang turf battles among motley 'cocaine cowboys'. In Colombia itself, force remained a defensive impunity tool against the police and informers, though bribes usually sufficed. The business-like trafficker class at first sought broader legitimacy: running for office (Escobar was briefly an Alternativa Liberal senator), financing elections, offering strategic truces or fiscal support to the state and local good works. But a mix of US pressure and Colombian anxieties about narco 'infiltration' of the state led to a political breakdown in the mid-1980s. After 1984, the impunity of drug traffickers faded (starting with Justice Minister Lara Bonilla's political ouster of Escobar), and traffickers retaliated with a barrage of symbolic and real attacks against the state: terror bombings, kidnappings, and assassinations of judges, candidates, and journalists, including the audacious killing of Lara Bonilla himself. Colombia, already awash in political violence (including a rising tide of guerrillas and paramilitaries), became the world murder capital.⁶ Between 1980 and 1990, Medellín homicides spiked from 730 to 5,300 yearly, anticipating the contemporary tragedy of Mexico's Ciudad Juárez.

If any lesson exists for Mexico today, it is that the early 1990s war against Colombia's Medellín cartel did not really work. It mainly shifted cocaine's centre of gravity from that besieged city to rivals in Cali, and many observers read the campaign as a tacit alliance between the Colombian state and Cali's low-key dealers against the riskier Escobar. As shown by criminologist Michael Kenney, US intervention in 1990s Colombia ultimately led to more effective drug trafficking organisations.⁷ Colombia now hosts some 600 camouflaged export webs, so-called cellular 'boutique' *cartelitos*, which have diversified with global sales strategies (to Brazil, Africa, and Europe), branched into complementary drugs, and gone high-tech with counter-intelligence and genetically-altered coca.

Two other repressive measures shifted cocaine's trajectory. First, during the early to mid-1980s, the DEA and FBI became alarmed by the visible intensity of trafficking, money laundering, and gang violence in Dade County – the main entry-point for Colombian cocaine – and focused interdiction on Florida's south coast. The military-style Joint Florida Task Force and offensives like 'Operation Swordfish' centralised more than 2,000 agents headed by then Vice-President Bush. By the late 1980s, Colombians were actively retreating from the Caribbean corridor. A 1992 bust of their major courier was the last straw for Cali exporters, who turned to alternative transshipment via Panama, Central America, and soon through northern Mexico, brokered by the Honduran Juan Matta Ballesteros.⁸ Caribbean drugs trickled only through Haiti, the closest 'failed state' to US borders (particularly after the ousting of Aristide), and handled by the Duvalier-era military. The 1980s' inroads against Florida's Colombian cocaine powered a blowback thrust to nascent Mexican drug-lords.

6 Robin Kirk, *More Terrible Than Death* (New York City: Public Affairs Books, 2003).

7 Michael Kenney, *From Pablo to Osama: Trafficking and Terrorist Networks, Government Bureaucracies, and Competitive Adaptations* (University Park: Penn State University Press, 2007).

8 Ron Chepesiuk, *Drug Lords: The Rise and Fall of the Cali Cartel* (Preston: Milo Books, 2003); Stan Zimmerman, *A History of Smuggling in Florida* (Stroud: The History Press, 2006), chapter 8.

The second shift of the late 1990s came with pyrrhic successes against peasants and middlemen in eastern Peru and Bolivia resulting in coca's move to Colombia. During the mid-1990s, US pressures on compliant regimes finally led to visible reductions in Andean coca. In Peru, the authoritarian Fujimori regime, alarmed by the lucrative alliance of *Sendero Luminoso* guerrillas with harassed Huallaga *cocaleros*, embraced militarist suppression, including a shoot-down policy that cut cocaine's air bridge to Colombia. In Bolivia, the US-funded Plan Dignidad finally slashed coca paste exports, leaving in its wake, however, the militant peasant movement that would propel, as political blowback, the coca nationalist Evo Morales to the presidency in 2005. Yet these temporary victories simply drove coca cropping to Colombia, a country with scant native coca tradition, thus concentrating a thriving vertically integrated agro-industrial cocaine industry in Colombia by the late 1990s.

MEXICAN OPPORTUNITIES SEIZED, 1985-2000

Since the mid-1990s, the hottest profit site of cocaine's trail to the United States has snaked a thousand kilometres north: to the US borderlands of Mexico, adjacent to the American market. This was the prequel to the post-2007 Mexican drug war. Drug smuggling activities in border-towns like Tijuana, Nogales, and Juárez date to the early twentieth century: first patent drugs, alcohol, later opiates and then marijuana. By the 1970s, the city of Culiacán, Sinaloa, was the storied capital of Mexican drug trades, and *narcotraficantes* still originate in northern rustic under-classes, if aligned and tutored under decades of Institutional Revolutionary Party (PRI) rule along with regional businessmen and politicians. By 1989, a third of cocaine bound for the US market entered via Mexico; by 1992, that figure reached half, and by the late 1990s, 75-85 percent.⁹ In the mid-1990s, income generated by drug exports in Mexico, led by this cocaine surge, ranged from \$10 billion (according to US officials) to \$30 billion (Mexican figures). This dwarfed the income generated from Mexico's largest legal commodity export, oil (\$7.4 billion).

This move to Mexico was blowback from the clampdown on the 1980s Medellín cartel through interdiction against Florida air and sea corridors. Cali took the lead, soon traversing Central America looking for partnerships with Pacific Mexican traffickers, who fenced goods across the border on a fee per kilo basis. Tough-minded Mexicans, like Sinaloa's pioneer Félix Gallardo, soon won leverage against the beleaguered Colombians by implementing new mechanisms, such as shares in kind payments, which increased profits by five to tenfold, as did tapping Chicano gangs as retailers in the United States. By the early 1990s, according to the DEA, the Sinaloan cartel exceeded Medellín's peak of revenues, and after 2000, moved to fully outflank Colombians, with direct purchases from faraway peasants in Peru's Huallaga and sale outlets in such places as Argentina. Other forces magnified cocaine's role: Mexico's 1980s 'lost decade' of economic meltdown, the long death-throws of the original PRI, the transformation of frontier towns like Juárez and Tijuana into sprawling metropolises, and the boom of border commerce with the 1994 NAFTA treaty.

Exposed in the 1985 'Camarena affair', in which the killing of a DEA agent exposed official complicity in the trade, Sinaloan smugglers dispersed, splintering into a series of regional 'cartels' now fueled by cocaine super-profits. This geographic proliferation of drug organisations crossed the north from Sinaloa to bases in Tijuana, Juárez, and Matamoros and Reynosa in the east, and transit points everywhere.¹⁰ As in Colombia, successive anti-drug sweeps since 1970 worked to strengthen innovative firms, insofar as they weeded out weaker and less efficient operators and favoured a protective vertical business structure. The transition to the Juárez cartel (founded by real estate moguls and federal police) began in the mid-1980s with Pablo Acosta's cocaine transshipment base in Ojinaga, Chihuahua, which ferried cargo planes to and from Colombia. This was soon amplified by Amado Carrillo Fuentes, who later became Mexico's richest and most iconic trafficker of the 1990s Salinas era.

⁹ Luis Astorga, *Mitología del 'narcotraficante' en México* (Mexico: Plaza y Valdés, 1995); Peter Andreas, *Border Games* (Ithaca: Cornell University Press, 2nd Edition, 2009), chapter 4.

¹⁰ Froylán Enciso helped untangle cartel geographies; we also co-edited: 'Mexico's Drug Crisis: Alternative Perspectives,' *NACLA Reports* 44/3 (May-June 2011); Howard Campbell, *Drug War Zone: Frontline Dispatches from El Paso and Juárez* (Austin: University of Texas Press, 2009).

As in Colombia and Medellín vs. Cali in the 1990s, Juárez groups exploited the government's post-1985 drive against the Sinaloans, moving to the top of the Mexican trafficking pyramid. Félix Gallardo dispersed men throughout the northwest, until he was jailed in 1989, and rival organisations grew out of regional partners who evolved or split from Sinaloa, such as Tijuana's Arellano-Félix brothers. The Matamoros or 'Gulf' cartel gained ground as the Mexican state escalated the conflict and later targeted Juárez. In a stunning case of blowback, Gulf forces recruited the 'Zetas' – ruthless former members of an elite US-trained anti-drug squad, who have branched out since 2003 on their own across Mexico.

By the 1990s, the spectacular billions in cocaine money unveiled and undermined the Mexican state's traditional political collusion with regional drug traders. Dating to the aftermath of the 1910 Revolution, this compact consolidated after 1940 into a profit-sharing management of violence and rivalries between the state and the Sinaloan mafia. After the rigged 1988 elections, the United States revised its support of Mexico's authoritarian order to include drug suppression, as well as new trade openings. The neoliberal regime of Carlos Salinas de Gortari (1988-94) embodied the contradictions of drug politics. On the one hand, Salinas, seeking to refurbish Mexico's image for NAFTA, assumed an active national role in US-led drug wars, creating inter-agency policing institutions based on the model of the US DEA. Mexico's Attorney General office (the PGR) became a professional anti-drug bureaucracy. The focus also hardened on the US side of the border, militarised as an official 'High-Intensity Drug Trafficking Region' during the 1990s South-West Border Initiative. Gone were the easy days of patrolling the cocaine-strewn Florida straits.¹¹

On the other hand, most Mexican 'drug control' was a pretence, undercut by the involvement of Salinas' high appointees and family in the burgeoning trades and drug-related political assassinations. Cocaine interdiction and its evasion multiplied opportunities for work and profit. Total trafficker bribes rose from \$1.5-3.2 million in 1983 to some \$460 million in 1993, larger than the entire PGR budget, and thousands of federal agents jumped into oiling the drug trades. Cocaine's destabilisation became public during the next 1994-2000 Zedillo *sexenio*, when (breaking with Mexican custom) the new president openly condemned his predecessor's corruption. Epitomising this exposure, in 1997, was the discovery (as US intelligence and training moulded the Mexican drug war) that the military chief of Mexico's 'DEA', General Gutiérrez Rebollo, was in fact collaborating with the Juárez cartel, an incident sampled in the Hollywood drama *Traffic*. The blowback of the long American war against cocaine, begun in the 1940s, had come home to roost.

CONCLUSION

The Mexican drug war, declared by National Action Party (PAN) President Felipe Calderón in 2007, is repeating, with more than 60,000 killings so far, Colombia's bloodletting of the 1980-90s. The PRI, with copious US aid, will likely continue the fighting in the north. Institutionalised as Plan Colombia after 2000, that earlier intervention did not dent the global cocaine trades, but merely shifted and diversified illicit drugs more menacingly and murderously close to 'home.' There is little or no historical memory of such previous US hemispheric failures at prohibitionist drug control. Indeed, the Colombian experience since the 1990s is often officially touted as a 'successful' security model for Mexico today. As cocaine commodity chains, under pressure, are poised once again for dramatic geographic shifts – to transshipment via faltering states like Honduras, with coca sourcing boomeranging back to eastern Peru, and with consumption expanding to globalised sites in Brazil, the UK, and China – we should recognise this deep history of blowback-driven failures. Many leaders in Latin America, at least, are beginning to see the pattern. ■

11 Andreas, *Border Games*, 55-7.