Impact

Measuring the impact of any social phenomenon is difficult, and it is especially so for clandestine matters like transnational organized crime. The following discussion does not aspire to being comprehensive, but rather focuses on four areas where impact is relatively clear: violence, drug use, economic development, and governance.

Violence

Violence is an issue in itself, and also has ramifications for economic development and governance. Present depictions of the violence in Central America and the Caribbean are often over-simplifications. It is true that every country in this region, to a greater or lesser degree, suffers from drug market-related violence, but the experience between countries varies dramatically. There is no easy association between the amount of drug trafficking and the amount of violence experienced. Countries with very little traffic at present can experience much higher rates of violence than countries with lots.

El Salvador is probably the best example in the region of a country with a relatively low cocaine flow (an estimated four or five tons per year) and the highest sustained murder rate in the region (60 per 100,000 between 2001 and 2010). Costa Rica has 26 times the cocaine flow, and one-sixth the ten-year murder rate of El Salvador. As the recent *mara* truce indicates (see Box: The 2012 *mara* truce in El Salvador), a large share, perhaps a third, of El Salvador's violence is tied to the orchestrated violence of the *maras*. This does not appear to be the case in the other countries of the region.

Similarly, the ratio between the value of the drug flow and the size of the local economy is greatest in Nicaragua, where the cocaine passing through every year is worth 14% of GDP. But the flow is largely confined to remote areas, and Nicaraguans themselves are not major players in the global cocaine market. Unlike the other countries of the region, Nicaragua's murder rate is not increasing, and most of its people feel safe.

Recent trends in Central America and the Caribbean suggest that drug trafficking alone does not cause violence. For many years, cocaine flowed through Mexico by the ton, and violence rates remained moderate. What causes violence is change in the balance of power between territorial groups. Any change in the *status quo*, even when it is the result of the necessary and legitimate action of law enforcement agencies, can contribute to instability and violence between territorial groups. Any event that changes the trafficking landscape can precipitate contests between and within these groups, including unrelated events such as the Zelaya coup in Honduras, or changes in drug demand, or re-routing due to a natural disaster.

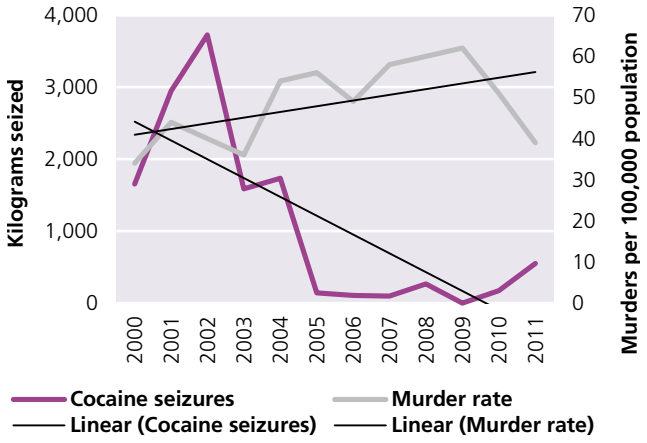
Indeed, declines in drug trafficking can be just as destabilizing as increases. Much of the fighting in Mexico today boils down to increasing competition for a shrinking pie. Jamaica provides an interesting case study of a country whose murder rate rose as drug trafficking declined. Estimates of the cocaine flow through Jamaica dropped from 11% of the United States supply in 2000 to 2% in 2005 and 1% in 2007.[90] During the same period, the

90 Statement of the Donnie Marshall, Administrator, US Drug Enforcement Administration before the United States Senate Caucus on International Narcotics Control, 15 May 2001; National Drug Intelligence Centre, National Drug Threat Assessment 2006. Washington, D.C.: Department of Justice, 2006; National Drug Intelligence Centre, National Drug Threat Assessment 2007 Washington, D.C.: Department of Justice, 2007; National Drug Intelligence Centre, National Drug Threat Assessment 2009. Washington, D.C.: Department of Justice, 2009.

murder rate skyrocketed, from 34 per 100,000 in 2000 to 59 per 100,000 in 2008.

There are historical reasons for this paradoxical effect. The importance of Jamaica as a transit country in the cocaine trade rose markedly after the violent 1980 elections in that country. A large number of important crime figures left Jamaica for New York, where they became key suppliers in the crack cocaine boom. This period of growing criminal opportunities represented a time of relative calm in Jamaica. When this market died out and cocaine flows began to shift westward, these men returned to Jamaica to find a much less well organized crime scene, where 'neighbourhood dons' had turned to more direct means of income generation: violent acquisitive crime, including extortion and robbery. Cooperative efforts between Jamaican law enforcement and the United Kingdom sharply reduced the air courier traffic to Europe around 2002. Street-level competition for diminishing returns has fuelled growing homicide rates: the highest in the Caribbean and among the highest in the world until recently.

Figure 58: Murder rate versus cocaine seizures in Jamaica, 2000-2011

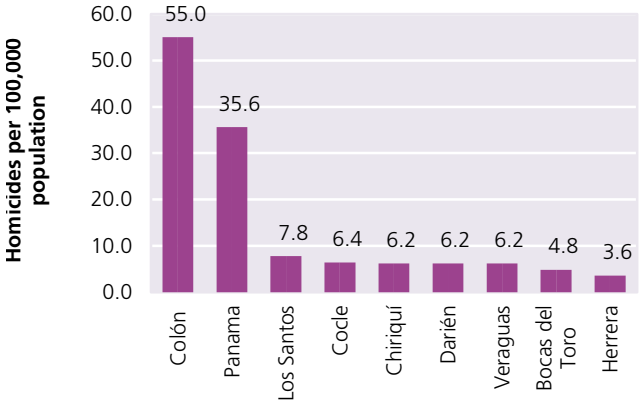


Source: Jamaica Constabulary Force

As in Central America, the cocaine flow through Jamaica empowered territorial criminal groups, corrupted law enforcement officials, and set the groundwork for the violence to come. But the effects of this build-up were not really felt until the flow of drugs abated. The relationship between drug flows and violence is not linear. Those who regard the contraband flows through their country as a problem only for the destination markets may be in for trouble later.

The violence situation encountered in each country is deeply tied to the particulars of that country. For example, *tumbador* groups appear to be one of the primary sources of homicide in Panama. In addition to territorial fights, which the national police estimate result in perhaps 20% of the killings, the *tumbadores* kill and are killed by the traffickers, allegedly including both Mexican and Colombian drug trafficking groups. Local law enforcement agencies estimate that revenge attacks account for 70% of the murders. The influence of these urban-based groups is manifest in the extreme variation in provincial murder rates, with the rate in Colon soaring to nearly 10 times that in most of the other provinces.

Figure 59: Provincial homicide rates in Panama in 2009



Source: Observatorio de la Seguridad Ciudadana en Panamá

In drug trafficking, the violence is not necessarily proportional to the profits. Relatively small amounts of money can acquire great importance in impoverished areas. For example, much of El Salvador's drug-related violence appears to be related to contests over domestic retail markets rather than trafficking. *Transportistas* endeavour to fly under the radar, while gang battles for territory are deliberately public affairs, with each killing a message sent to both rivals and the community as a whole.

It can be difficult to distinguish drug retail from trafficking violence, because they are both likely to occur in the same geographic area. According to Salvadoran police, *transportistas* are paid in kind, and are then left with product to unload, either on the domestic market or through their own transnational trafficking (usually through the use of commercial air couriers). Since there are very few Salvadoran air couriers detected (especially since the demise of the Juan Colorado organization) and since the Salvadoran police report a cocaine shortage in the country (as evidenced by trafficking from Guatemala to El Salvador, and the higher price of cocaine in El Salvador than in Guatemala), it appears most *transportista* payoffs are pumped into local markets.

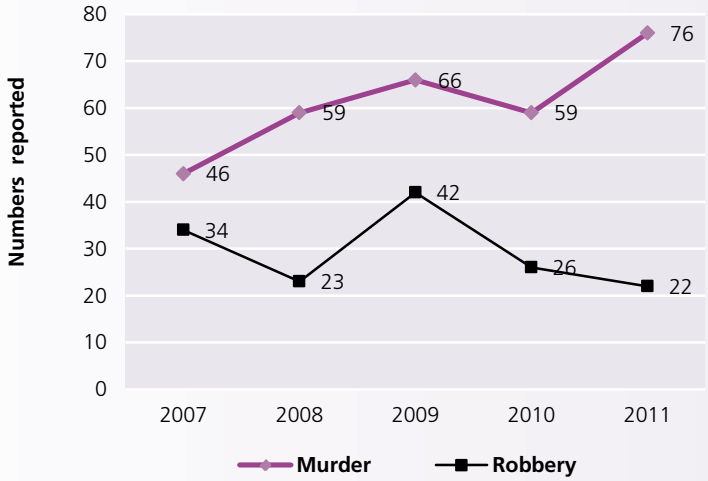
But Guatemala perhaps best typifies the complexity of violence in this region. The most violent parts of the country are clustered around ports, border crossings and along major roadways. These are not just drug trafficking areas: they are contested drug trafficking areas. Broad swathes of land in the southwest of the country (where the *Cartel del Pacífico* and their allies, the Chamales, operate) and in the interior provinces of Alta and Baja Verapaz (area of influence of the Zetas) have very little violence. The most troubled areas in Guatemala appear to be along the borders with Honduras and El Salvador, areas that could be

The Acajutla corridor in El Salvador

On a national level, transnational cocaine trafficking does not appear to be the primary driver of murder in El Salvador, but it can have profound effects more locally. Cocaine landing at Acajutla, one of the country's three main ports and the one closest to the Guatemalan border, appears to proceed north to Sonsonate along the CA-12 to the Panamerican Highway. In so doing, it crosses some of the most dangerous parts of El Salvador. In fact, five of the top 10 most dangerous municipalities in the country in 2011 lie in a contiguous area in the southeast of Sonsonate province, with a collective murder rate of 165 per 100,000.

The robbery rate in this cluster, however, is only 92 per 100,000, less than half the national rate. Fewer people report being robbed than are killed in the Acajutla/ Sonsonsate corridor. The existence of so much murder in an area that does not record much other violent crime strongly suggests these killings are related to drug trafficking. There are, however, indications that MS-13 members are involved in trafficking in this small segment of the cocaine flow. Given the otherwise low crime rates, it appears this flow has reduced local dependency on acquisitive crime.

Figure 60: Number of murders and robberies in Acajutla municipality, El Salvador, 2007-2011



Source: Policía Nacional Civil, El Salvador

contested by *Cartel del Pacífico* ally *Los Mendozas* and *Zetas* ally *Los Lorenzanas*.

The conflict may stem from the need to cross each other's territories. Cocaine trafficked into Zacapa (Lorenzana territory) must be moved to the north to reach Petén, the department of egress for Zetas cocaine. On the other hand, cocaine trafficked into Izabal (Mendoza territory) must be moved west to exit through San Marcos, which is under the influence of the *Cartel del Pacífico*. This need for transiting of each others territories could be the cause of considerable conflict.

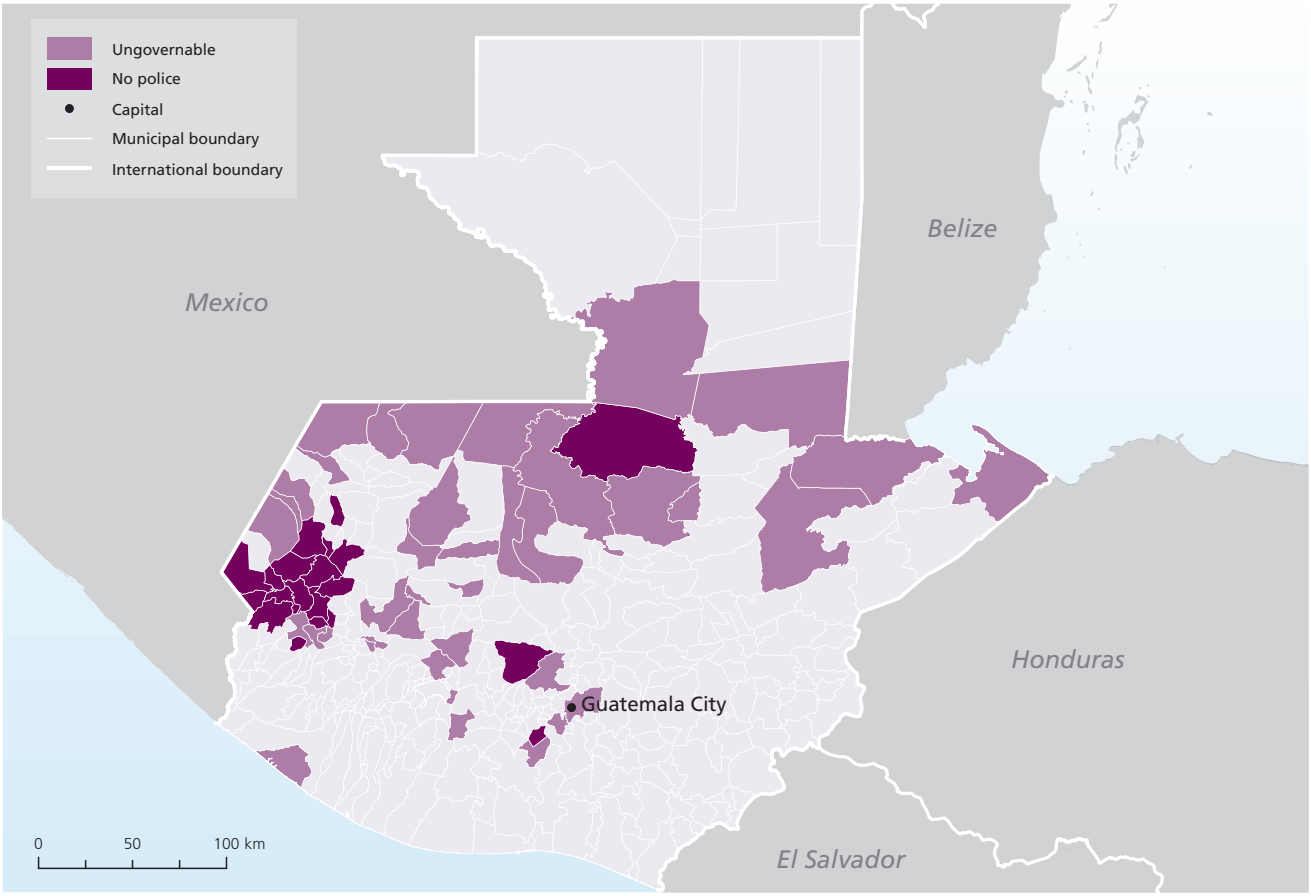
Drug violence is but one source of civil disorder in Guatemala. In 2012, the Ministerio de Gobernación declared 58 municipalities to be "ungovernable" or "without police presence". In several of the municipalities, police had been ejected or detained, often when they tried to enforce unpopular laws against smuggling. These municipalities are not the most violent areas of the country. On the contrary, some of them had no registered murders in 2011 at all.

Rather, they are areas that have given up on the state, and are run by popular groups, including traffickers. The largest cluster of places without police presence are found in the trafficking territory of the popular Chamale group, and most have some connection to the border with Mexico. The most common form of violence in some of these municipalities is lynching, or mob justice. These killings are not related to struggles for drug trafficking areas. They are effectively a product of sub-state succession. At present, the violence is limited, but it could spike if the state attempts to reacquire these lost territories.

Another form of non-drug violence is *mara* violence, which can be further subdivided into violent competition between *mara* factions (primarily, but not exclusively, between M-18 and MS-13), and violence by *maras* against the public. For the latter, one of the most common targets are the drivers, security officers, and passengers on public transport. Extortion is the primary source of income for the *maras*, and public transport is one of their favourite targets.

Mara members are arrested in some of the most unlikely places, often in areas with very little street crime. Gang members who don't commit crime are not really relevant to an analysis of crime, so it makes more sense to focus on attacks of public transport. The provinces with the highest

Map 12: Guatemala: municipal governability, 2011



Source: UNODC, elaborated from information from the Ministerio de Gobernación (Guatemala)

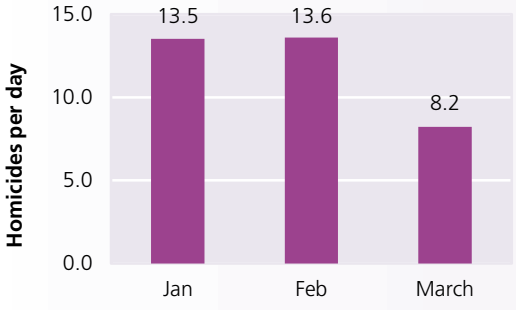
The 2012 *mara* truce in El Salvador

On 8 and 9 March 2012, around 30 gang leaders were transferred from the high security prison of Zacatecoluca to a number of lower security prisons around the country. Included in this number were most of the incarcerated leadership of MS-13 and M-18. On 14 March, the on-line investigative newspaper *El Faro* published a story alleging that the transfers were part of a deal worked out between the government and the gang leaders to reduce violence. Both the government and the *mara* leadership denied any such deal. Rather, the *maras* alleged, a truce between the two rivals was being brokered by the Catholic Church and civil society.

Whatever the cause, the *mara* truce appears to have had a dramatic effect on violence levels. The average number of homicides committed daily declined by 40% between February and March, and the number of homicides committed in March were 28% lower the March average of the previous three years. All this suggests that *mareros* do indeed contribute significantly to the violence levels in El Salvador.

Only time will tell whether this change is real or illusory, and whether, if real, it can be sustained.

Figure 61: Homicides per day in El Salvador in 2012

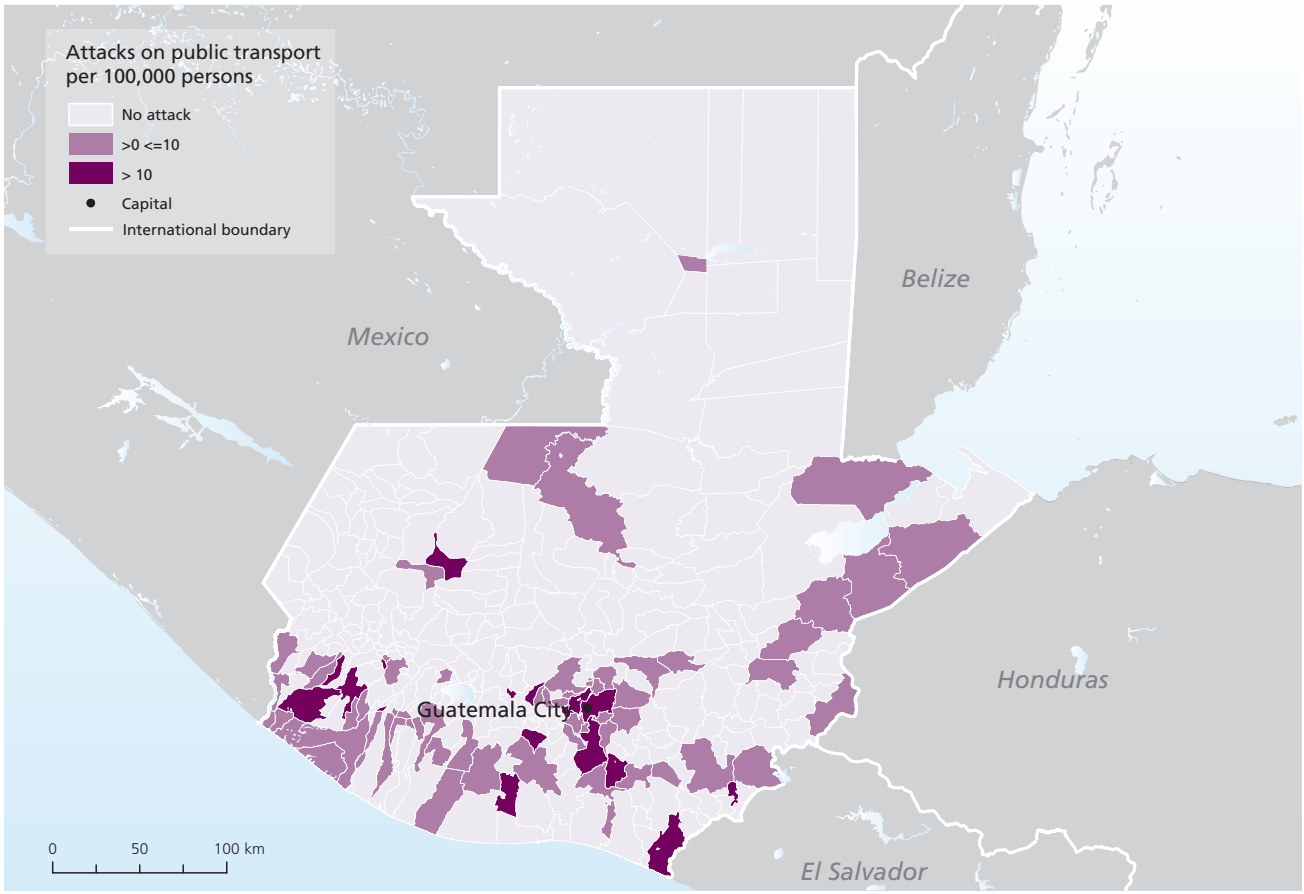


Source: Policía Nacional Civil, El Salvador

Figure 62: Homicides per day in March 2009-2012

Source: Policía Nacional Civil, El Salvador

Map 13: Guatemala: municipal rates of attack on public transportation, 2011



Source: UNODC, elaborated from data from the Procurador de los Derechos Humanos, Guatemala

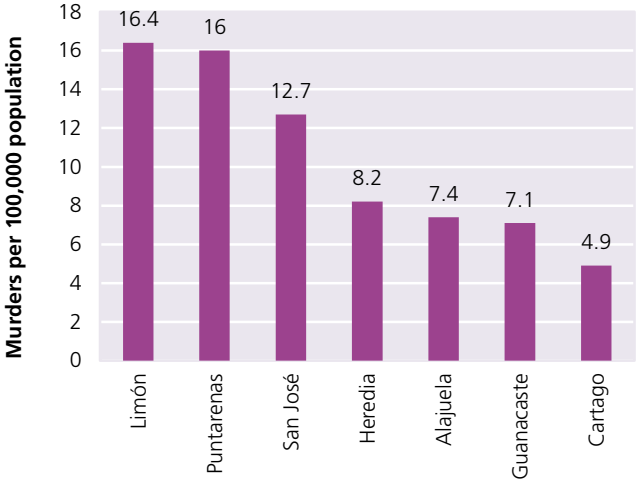
rates of attack on public transport are not deemed ungovernable and, again, are not the most violent areas of the country. In fact, only two municipalities that have attacks on public transport are deemed "ungovernable" and experience high homicide rates. These are the two municipalities at the heart of the state: Guatemala City, the capital and largest city, and nearby Villa Nueva, the second largest city.

A similar pattern is seen in the other countries of the Northern Triangle. In El Salvador, for example, murder rates have traditionally been low along *el caminito*, the trafficking route used by the Texis cartel. They spiked, however, in areas where the Perrones were expanding, and a series of assassinations occurred following the arrest of their leader, Reynerio Flores in 2009.[91] Some of the most peaceful places are spots the state no longer contests. Gang members appear to play a much more important role in the violence in El Salvador than in Guatemala, perhaps in part because the drug traffickers are only *transportistas*.

Elsewhere in the region, the links with drug trafficking become more attenuated still, and there are no *maras* to blame for the bloodshed. Work by UNODC's research affiliate in Costa Rica (ILANUD) suggests that Costa Rica's rising murder rates have more to do with growing inequality than the drug trade. Still, the most violent provinces in Costa Rica are those bordering Panama along the coasts, not in the capital of San Jose, which is four times larger than the next largest city.

In the end, the presence of gangs alone is not enough to explain high murder rates. Nor is the presence of drug

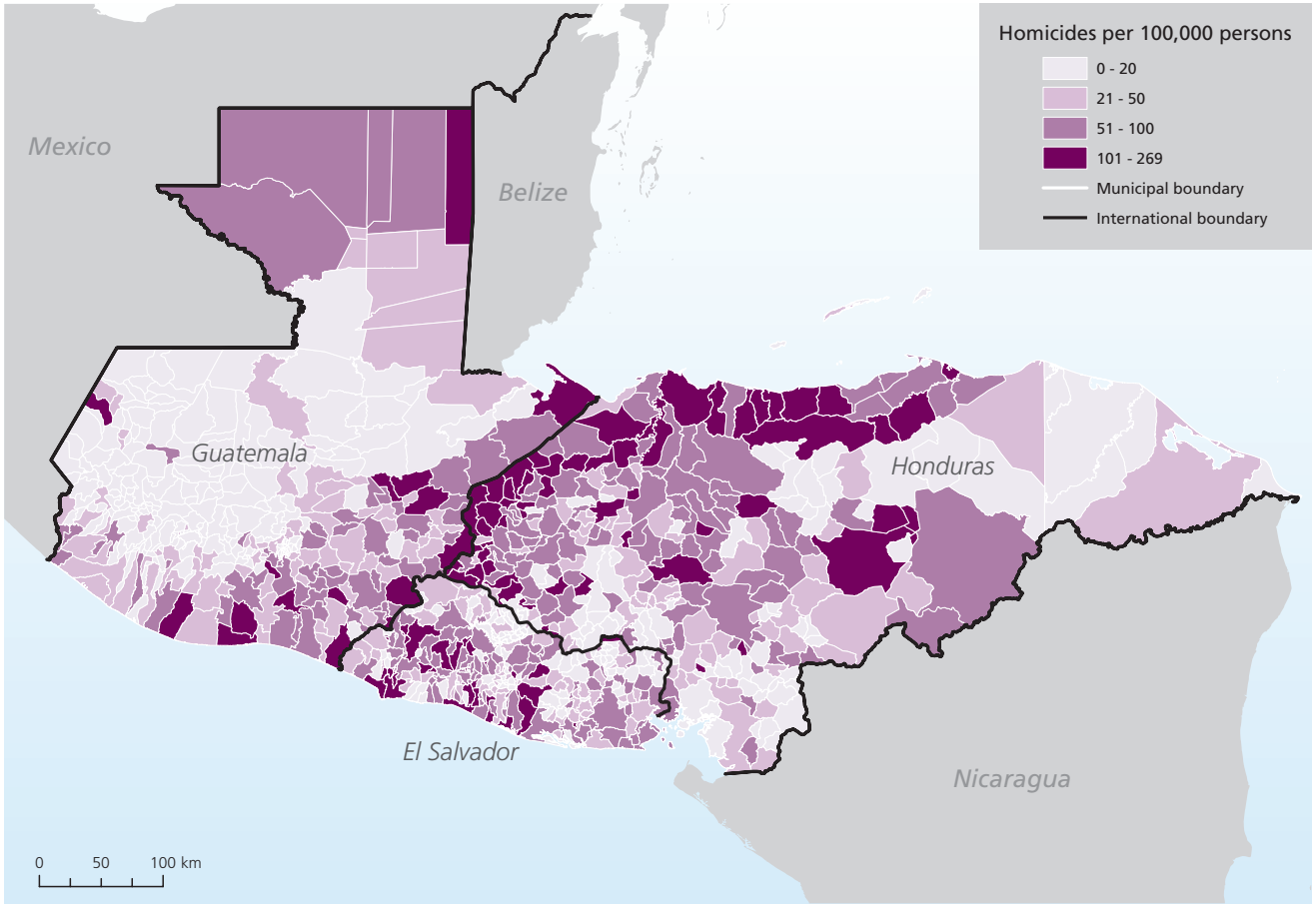
Figure 63: Murder rates in Costa Rican provinces in 2010



Source: Fuerza Pública, Costa Rica

91 In May 2009, Reynerio Flores was arrested. In August, Edwin Reinaldo Argueta Contreras ("El Porras"), a trafficker from Santa María Usulután (one of the most violent areas of the country) is killed in Soyapango (San Salvador). In May 2011, Salvador Augusto Guzmán, formerly of the Salvadoran Army, is killed in Nicaragua while he is travelling with one of Reynerio Flores' brothers, and in June 2011, José Bladimir Ventura ("El Bladi"), a trafficker linked to *Los Perrones*, was assasinated in Santa Tecla (La Libertad).

Map 14: El Salvador, Guatemala, Honduras: Municipal homicide rates, 2011



Source: UNODC, elaborated with data from national police (Guatemala, El Salvador) and Observatorio de la Violencia (Honduras)

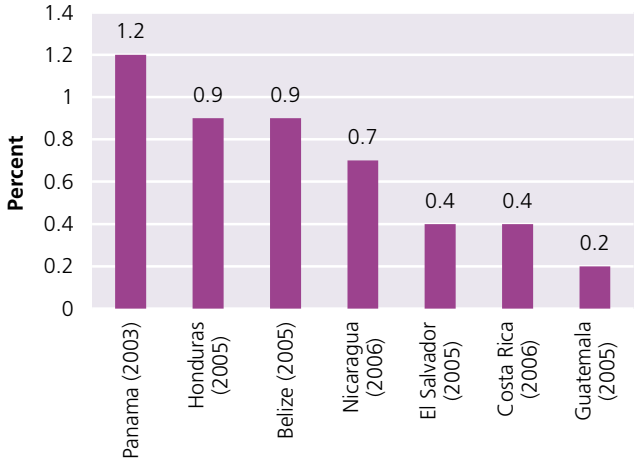
trafficking. Rather, violence is occurring in areas where sub-state groups have been brought into conflict with one another, presently because of flux in the cocaine markets. These conflicts appear to span borders, and the frontier between Guatemala and Honduras is one of the most dangerous strips of land in the world.

Drug use

There are no recent reliable assessments of the level of drug use in Central America. The figures on which UNODC relies for its consumption estimates mostly date from 2005 or so. Given the fact that everything has changed since the inception of the new Mexican security strategy in 2006, there is an urgent need for new survey data. *Transportistas* are often paid in kind, and must then either traffic their small loads forward on their own (usually through the use of commercial air couriers) or dump their payment on the local market. If they are doing the latter, and the lack of detected air couriers from the region suggest they are, then drug use levels are likely rising.

Central American police detect crack at least as often as they detect powder cocaine. Crack is always produced locally for local consumption – it is easy to make and much bulkier than powder cocaine to transport. It was crack, not powder cocaine, that fuelled the worst of the drug violence the United States experienced in the 1980s and 1990s. It is

Figure 64: Annual cocaine use prevalence in Central America



Source: UNODC

cheap, highly addictive, and its impact has never really been measured in a developing country. If crack use in Central America is increasing, it should be regarded as a priority threat.

But the truth is, for the most populous states in the region, the impact of the upswing in drug trafficking on local drug use levels remains unknown. A problem may be developing unrecorded that could take decades to reverse.

Governance

While violence gets the most press, a far more insidious effect of organized crime is its impact on governance. If sub-state actors are allowed to run their territories unimpeded and transnational trafficking continues to pay well, they may operate with relatively little violence, although democracy in any meaningful sense will disappear in these areas. Strongmen govern by fiat, enjoying the safety of being ensconced in a sovereign state but not compelled to operate by any of the laws governing it.

This erosion is scarcely noticeable in some areas, because the state never had much presence there to begin with. But the solution is to expand democratic inclusion, not withdraw it. Societies cannot be sustainably built based on exploiting tax differentials, smuggling irregular migrants and dealing in contraband. Neglected communities may welcome the income, but in so doing they are compromising their futures.

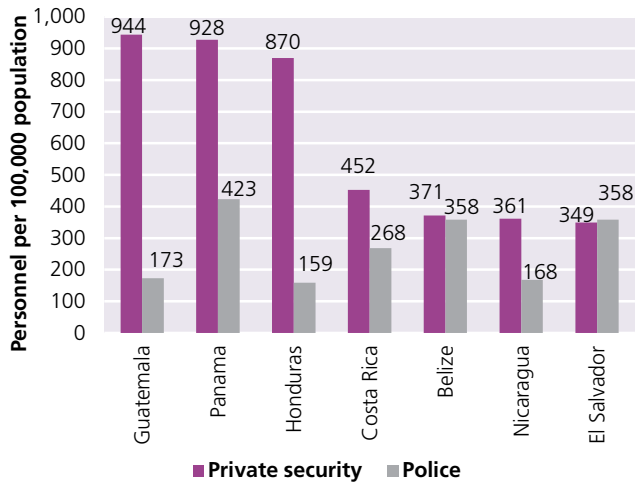
The first obligation of the state is to ensure citizen security, and when it fails to do so, people take matters into their own hands. The precise response is dependent on resources. The rich hire private security, and this has become a massive industry in Central America. The use of private security is most intense in Guatemala, Panama, and Honduras, but there are more private security guards than police in every country except El Salvador.

The poor, of course, cannot hire others to provide for their security. They must respond directly and one of the clearest indicators of state failure is the emergence of vigilante action. It appears that both private security and vigilante action are on the rise in Guatemala as well as elsewhere in the region.

The lack of confidence in democracy is also clearly reflected in survey data. The Latinobarometro endeavours to measure citizen attitudes toward democracy in annual polls it conducts throughout Latin America. In 2010, Guatemala was the country where citizens were most receptive to the prospect of a military government, with only a third saying that they would never support one, and a quarter holding a favourable opinion of the last one. It was also the country where the lowest share felt democracy was preferable to other forms of government (58%). A rising share of the population of some Latin American countries feels it is acceptable for the government to act outside the law when faced with a "difficult" situation, with the highest share in the Dominican Republic.

Part of this discontent is surely rooted in dissatisfaction with present crime policy. Among Central American countries, only in Nicaragua did a majority approve of the way the government was tackling the crime problem. This is probably because it is the only country where the majority did not feel the country was becoming less safe and where the largest share felt safe in their own country. Guatemala was on the opposite end of this spectrum.

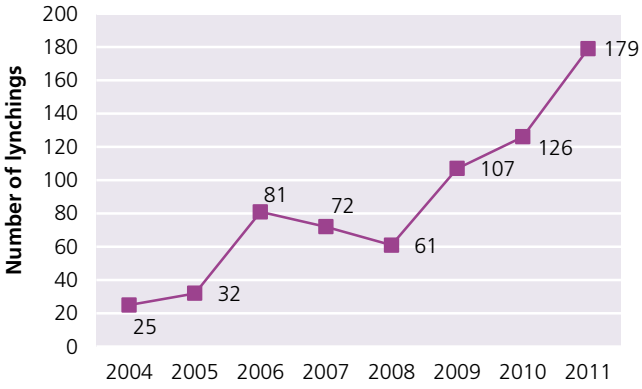
Figure 65: Personnel per 100,000 – Private security and police



Source: Orozco 2012*

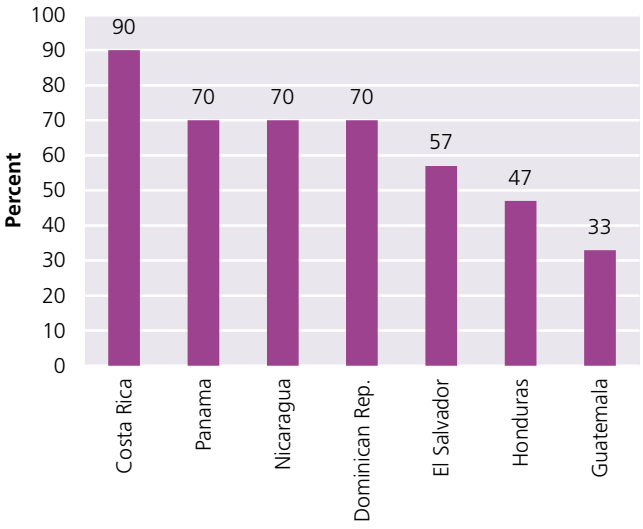
*Orozco, R., *¿Un cambio de actores en el tráfico ilegal de armas en Centroamérica?* Nicaragua: Instituto de Estudios Estratégicos y Políticas Públicas (forthcoming).

Figure 66: Number of recorded lynchings in Guatemala, 2004-2011



Source: Procurador Derechos Humanos, Guatemala

Figure 67: National share of respondents who would never support a military government, in 2010

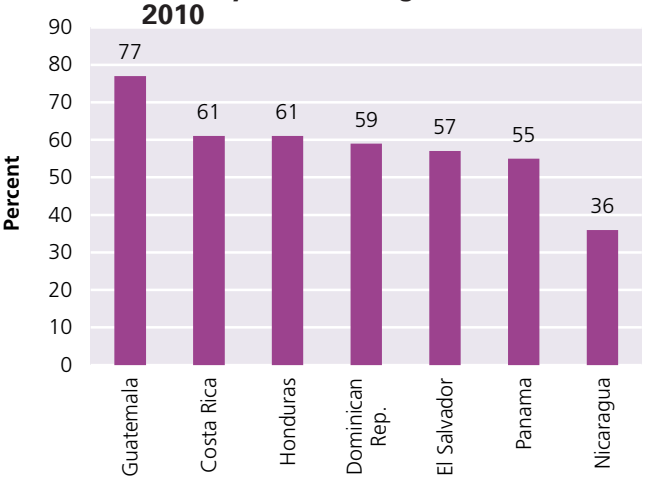


Source: Latinobarometro 2010

Figure 68: Share approving of government security/crime policy, in 2010

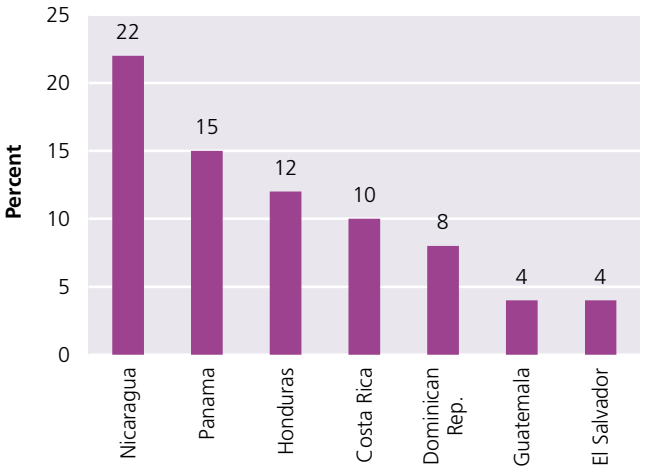
Source: Latinobarometro 2010

Figure 69: Share of people who feel that the country is becoming less safe, in 2010



Source: Latinobarometro 2010

Figure 70: Share of people who feel safe in the country, in 2010



Source: Latinobarometro 2010

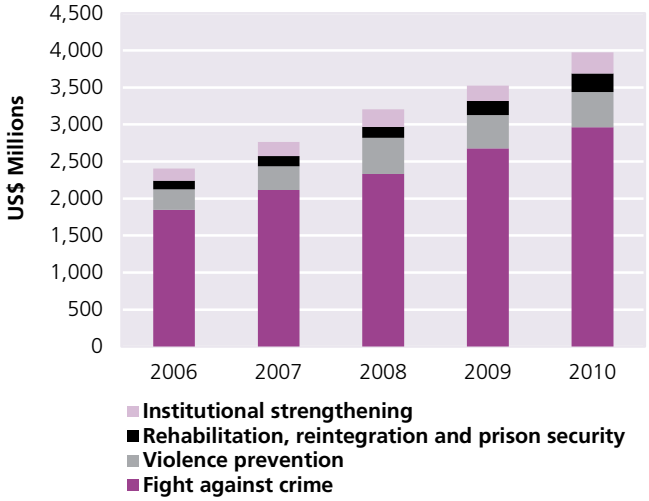
Desperate people are willing to entertain extreme solutions to their problems. In countries where 96% of the population feels unsafe, like Guatemala and El Salvador, the willingness to support alternatives to democracy, which could include anything from local oligarchs to an authoritarian military government, grows. Crime has become a direct threat to democratic governance in this region.

Economic development

The security situation has had a direct impact on economic development in the region. In 2012, the United States Peace Corps was pulled out of Honduras, one of its largest missions in the world, due to insecurity. There can be few more direct ways that crime can undermine development than when aid workers leave due to fear of violence.

Another way crime and violence undermine local development is the cost of combating these problems. Resources that could have been used to foster growth are diverted to maintaining order. In 2010, UNDP estimated that the regional resources dedicated to security and justice were just under US$4 billion, representing 2.66% of regional GDP.

Figure 71: Regional spending on public security and justice in Central America, 2006-2010



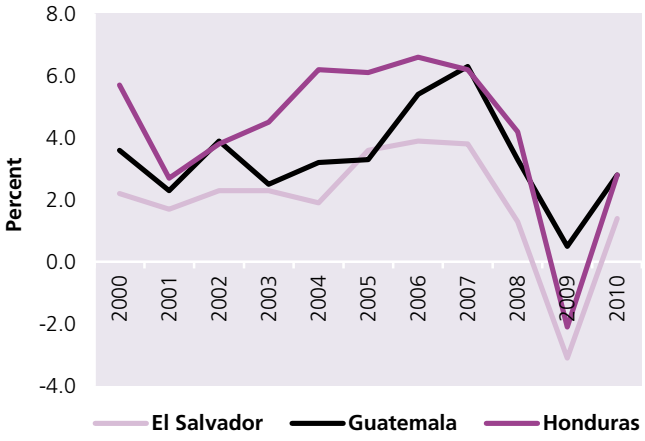
Source: UNDP and partners*

*UNDP and partners, Información sobre el gasto público de seguridad y justicia en Centroamérica
2006-2010: Resultados preliminares para la Conferencia de apoyo a la Estrategia de Seguridad en Centroamérica, 2011.
http://www.regionalcentrelac-undp.org/images/stories/novedades/informe_gastopublico.pdf

Some parts of the region have managed to grow well despite the violence, but none well enough to make serious inroads on poverty. Many Caribbean economies are stagnant, like Jamaica's, or shrinking, like Haiti's. The Northern Triangle of Central America experienced a serious setback due to the financial crisis in 2009. Honduras *maquiladoras,* an engine of employment and growth, began shutting down and El Salvador has managed less than 2% average annual growth

in the last decade. The region remains dependent on remittances, and the loss of human capital at home surely undermines progress. Given that crime is an even greater public concern than unemployment, it is surely fuelling the brain drain.

Figure 72: GDP growth in the Northern Triangle, 2000-2010



Source: World Development Indicators

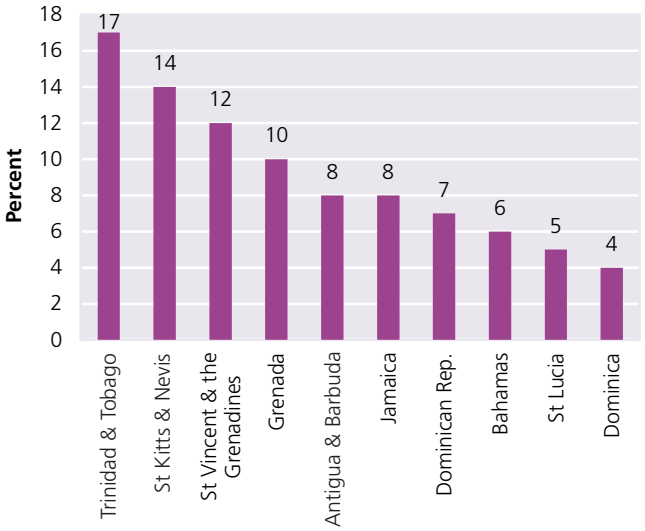
Figure 73: Share of firms in Central America who said crime was their primary barrier to investment in 2010

Source: Enterprise Surveys

Investment climate surveys show that crime is one of the primary barriers to business growth in this region, affecting small, medium, and large firms alike. Over a fifth of the firms polled said that crime was the primary barrier to their investing in Guatemala and El Salvador, above other issues like taxation, finance, infrastructure, and labour regulations. It was the number one issue for investors in Guatemala, and prominent in several Caribbean countries as well.

As a result of all these factors, the World Bank has recently estimated that a 10% drop in the homicide rate could boost per capita annual income growth by 1% in El Salvador and by 0.7% in Guatemala and Honduras.[92]

Figure 74: Share of firms in the Caribbean who said crime was their primary barrier to investment in 2010



Source: Enterprise Surveys

92 World Bank. *Crime and Violence in Central America: A Development Challenge*. 2011.