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Abstract

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THE CONVERSATION

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El Chapo, story of a kingpin — or why Trump's plan to defeat Mexican cartels is doomed to fail

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El Chapo after his arrest in January 2016. Thomas Bravo/Reuters

Infamous Mexican drug kingpin Joaquín Archivaldo Guzmán Loera – aka “El Chapo” – currently faces 17 drug trafficking, murder, kidnapping and money laundering charges in the US, accrued over the past quarter-century.

The timing of his extradition, on President Barack Obama's final day in office, led to much speculation among analysts on both sides of the border. Was it Mexico's parting gift to Obama or a strategic bargaining chip for future diplomatic dealings with Trump?

Those questions quickly faded after Trump managed to tweet president Enrique Peña Nieto into cancelling his visit to the US.

El Chapo may be out of action, but his career and extradition continue to be relevant to US-Mexico politics. Guzmán is Mexico's worst “bad hombre” – “Public Enemy Number One”, like gangster Al Capone before him, according to the Chicago Crime Commission. And Donald Trump has taken an aggressive rhetorical stance on Mexican drug cartels, vowing both on the campaign trail and in his inaugural speech to stop “the crime and gangs and drugs that have stolen too many lives”.

Guzmán's rise from a poor Sinaloa orange seller into the 67th most powerful man in the world in 2013 (according to Forbes magazine) offers valuable lessons about the complex reality of Mexican and US policy.

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With its violent drama, international entrepreneurship and political intrigue, El Chapo's story highlights why Trump's key policy guidelines on Mexico – from deporting undocumented immigrants and building a border wall to reupping the drug war – are unlikely to fix what ails the two neighbours.



The view across Arizona's border fence, which a former DEA head has admitted was virtually useless in stopping drugs. Lucy Nicholson/Reuters

Businessman to businessman

Until 2016, Guzmán was head of the Sinaloa Cartel, the most powerful organised crime syndicate in the Western Hemisphere. Determining the scale of Guzmán's empire is difficult – gangsters usually don't keep books – but Mexican estimates suggest that each month his organisation trades two tonnes of cocaine and 10,000 tonnes of marijuana plus heroine, methamphetamine and other drugs.

His indictment before US courts seeks forfeiture of more than US\$14 billion in proceeds and illicit profits from narcotics sales throughout the US and Canada.

Founded in Sinaloa state, the cartel now distributes drugs in as many as 50 countries, including Argentina, the Philippines and Russia.

It's a highly lucrative business model. The wholesale price for a gram of cocaine is approximately US\$2.30 in Colombia and US\$12.50 in Mexico. The same gram will cost US\$28 in the US. By the time it gets to Australia, it could fetch as much as US\$176.50. Retail prices per gram are even higher: US\$82 in the US and US\$400 in Australia.

Drug prices rises significantly during transit as intermediaries demand compensation for the risk they assume in getting the product to consumers. This liability mark-up is one reason why keeping drugs

illegal has made them so expensive on the streets and so profitable for the people who trade in them.

In this sense, Guzmán was the savvy CEO of a thriving transnational corporation who built his cartel's success on sound market analysis and the effective, global delivery of a popular, limited-production good.



Guzman's defense attorneys outside the federal courthouse where he will be tried. Joe Penney/Reuters

The US is the world's biggest consumer of illicit drugs, and Mexico's cartels benefit greatly from Americans' "insatiable demand for illegal drugs", as Hillary Clinton once called it. Trump's US Secretary of Homeland Security, John Kelly, has deemed the absence of a drug-demand reduction programmes in the US "embarrassing", admitting that "we're not even trying."

Thus, as these senior officials have conceded, drug trafficking in the US can only be addressed by accepting that the Sinaloa Cartel didn't flourish as the world's biggest supplier of illicit drugs by coincidence. Mexico is just a truck stop on the road from Colombia to the US.

People like Guzmán turn geography into a business asset, and the huge revenues to be made in drug trafficking in Mexico will continue to incentivise others to do the same.

But President Trump seems unprepared to seriously reflect on the economic forces driving this clandestine industry. Instead, he has signed two executive orders enabling, in his words, "all necessary and lawful action to break the back of the criminal cartels."

One seeks to "thwart transnational criminal organisations" by strengthening federal law enforcement, and another, aimed at undocumented residents, will "comprehensively address illegal immigration, drug trafficking, and violent crime."

Guzmán is semi-literate, but if he could read Trump's executive orders, he would probably smile. As a fellow businessman, he might appreciate the irony that this is the same Donald Trump who once advised beating your opponents and competitors "by being stubborn, being tenacious, and not giving in or giving up."

Does the US president really think he can simply command another businessman to give up a good deal?

Innovation through vintage technologies

Drug trafficking, of course, is not a normal business. Running an illegal operation, leaders like Guzman must enforce their own agreements and protect themselves from authorities and competitors using violence (or the threat of it) and corrupting narcotics police and other officials.

At least eight armed groups worked under Guzman's command in Mexico, attacking competitors and those deemed traitors.

Guzmán also bribed as many officers as necessary to succeed in his business. His elaborate disappearances from Mexican high-security prisons have become the stuff of legend. In 2015 he escaped jail by riding a motorcycle through a lit, ventilated mile-long tunnel constructed directly underneath his cell.

After this cartoonish escapade, then-candidate Donald Trump issued several tweets condemning the Mexican government's inept handling of the situation:



Donald J. Trump
@realDonaldTrump

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Mexico's biggest drug lord escapes from jail. Unbelievable corruption and USA is paying the price. I told you so!

7:03 AM - 13 Jul 2015

7,027 7,838



Donald J. Trump
@realDonaldTrump

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Mexico's totally corrupt gov't looks horrible with El Chapo's escape—totally corrupt. U.S. paid them \$3 billion.

2:21 AM - 14 Jul 2015

2,014 2,405

For Trump, Guzmán's escape was proof that Mexico is corrupt beyond redemption. In a recent phone

conversation with President Peña Nieto, he threatened to send US troops to stop “bad hombres down there” unless the Mexican military does more to control them.

A White House official later clarified that this remark was meant to be a light-hearted joke. Peña Nieto has not commented on whether he found it amusing.

To save the US from Mexican crime and fraud, Trump’s other main proposal is to defend the US border with a wall, which will be monitored by 10,000 additional immigration officers.



Donald J. Trump
@realDonaldTrump

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A nation without borders is no nation at all. We must build a wall. Let's Make America Great Again! donalddjtrump.com

11:40 PM - 14 Jul 2015

1,231 2,341

The notion that a physical barrier can thwart drug smugglers – particularly the wily Sinaloa Cartel – is almost humorously wrong.

For one, a high-tech border fence constructed in Arizona long before Trump’s inauguration has proven virtually useless in preventing cartels from getting drugs into the US: Mexican smugglers use a catapult to fling hundred-pound bales of marijuana over to the American side.

“We’ve got the best fence money can buy”, former DEA chief Michael Brown confessed to New York Times journalist Patrick Radden Keefe, “and they counter us with a 2,500-year-old technology.”

Then there’s the other ancient technology perfected by Guzmán: the tunnel. In the past quarter century, officials have discovered about 180 cleverly disguised illicit passages under the US-Mexico border. Many, like the one Guzmán used to escape prison, are equipped with electricity, ventilation and elevators.





A tunnel from Tijuana to California used by the Sinaloa cartel to smuggle drugs into the US. Reuters/Mexican Federal Police

Trump has admitted that anyone could use “a rope” to climb over his wall but believes that hyper-vigilant border guards would prevent drug smugglers from tunnelling under it.

Corruption, however, is not an exclusively Mexican trait. As The New York Times has reported, over the past decade some 200 employees and contract workers of the Department of Homeland Security – charged with protecting the US border and enforcing immigration laws – have accepted nearly US\$15 million in bribes.

Even after Guzmán is securely locked up in a US federal prison, he will have successors. And these similarly revenue-driven, street-smart Sinaloa CEOs will no doubt continue to make good use of every tool, from catapults to murder, to defeat security measures at the US-Mexico border. The illicit drug-trafficking system is simply too big, and too lucrative, to fail.

The lesson of El Chapo

This is the ultimate lesson of El Chapo’s story: drug prohibition can never succeed.

Neither fences nor border agents have stemmed the drug trade, and capturing El Chapo won’t end the Sinaloa Cartel. Indeed, it has triggered a leadership struggle between rival factions that caused to 116 murders in January alone and forced 148 Sinaloa schools to close.



Border wall, border agents, border crossings. Mike Blake/Reuters

Over the bloody past decade of pursuing Guzmán and his ilk, Mexico has seen that treating drugs as a criminal and military problem is not a sound strategy for preventing drug trafficking. Violence has begotten violence, corruption and human agony.

Donald Trump could learn from El Chapo, but he probably won't heed the warning. So who is the next mythical drug lord to rise from El Chapo's ashes, and what will his tale teach us?

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