

February 15, 2009

## Weak and Failing States and the Threat of Rapid Collapse: Mexico and Pakistan

*Weak and failing states will remain a steadfast element of the global environment over the next quarter of a century. Such countries will continue to present serious challenges, while generating human suffering on a tremendous scale that spreads like a malignant cancer throughout an affected region. Inevitably, the chaos will spill into neighboring countries, which are often overwhelmed by these events, and in many cases the infection of trouble and instability will continue to spread throughout the globalized world. Recent events have witnessed the turbulent aftershocks that accompany the dismemberment of deteriorating states; Afghanistan, Sudan, Somalia, Yemen, the former states of Yugoslavia — such as Bosnia and Herzegovina, and Kosovo — and the Congo are all testaments to the hardships and suffering that accompany weak and failing countries. There is no single pattern for the economic and political troubles of a weak and failing state — they can vary greatly from case to case. Economic challenges, sectarian problems and crime and corruption can all work together in different combinations to help collapse a state.*

*This issue of The Lipman Report® will focus on the escalating security issues emanating from our southern neighbor and long-time friend, Mexico, which is clearly moving into a prolonged period of instability and economic hardship that has significant consequences for us. This issue will also examine security threats posed by an unstable Pakistan, a nation with overwhelming political, economic and sectarian problems that, at the same time, holds the key to both Western success in Afghanistan and the spread of Islamic fanaticism in India.*

### **The phenomenon of “Rapid Collapse”**

A current list of weak and failing states would strongly resemble a similar list drawn up a generation ago. This suggests a chronic condition, which — despite considerable aid — provides little hope for solution. For the most part, weak and failing states exhibit symptoms of decline long before they actually fail. However, the newly identified phenomenon of the “rapid collapse” of a state entails a collapse that comes as a complete surprise, has a rapid onset and poses acute problems. The collapse of Yugoslavia into a chaotic cauldron of warring nationalities and religions in 1990 suggests how suddenly and catastrophically state collapse can occur. Only a few years earlier, Sarajevo had hosted the 1984 Winter Olympics. However, it soon became the

epicenter of the ensuing civil war that destroyed Yugoslavia — a relatively prosperous nation — and resulted in genocide. The fall of the Soviet Union in 1991 is another unique example of rapid collapse.

One of America’s primary goals is to prevent failed states from being used as bases for terrorists, extremists and — in the case of Mexico, which shares a 2,000-mile border with the United States — criminal organizations seeking to attack the United States and our allies. Afghanistan and Sudan are recent examples of this strategy, in which al Qaeda used these failed states as training grounds to launch their jihad against the United States. Sadly, Somalia has recently rejoined the list of failed states, and Islamic radicals now control the government in Mogadishu. The weak transitional government had been defended by Ethiopian troops since 2006 in an effort to prop up an ineffective central government in a country that has not had one for 18 years. Now, the United States and its allies fear that Somalia could become a base for al Qaeda and other terrorist organizations repositioned to carry out their terrorist devastation in Africa.

### **Mexico**

Currently, two large and important states are at tremendous risk for rapid and sudden collapse: Pakistan and Mexico, albeit for different reasons. The Mexican possibility may seem less likely, but the government, along with its politicians, police and judicial infrastructure, are all under sustained assault and pressure by criminal gangs and drug cartels. The Mexican government has taken exception and disputes the “Failing State” label mentioned in a 2008 U.S. Department of Defense study entitled *Joint Operating Environment: Challenges and Implications for the Future Joint Force*. However, more than one study describes Mexico as a nation “on the edge of the abyss” which “could become a narco-state in the coming decade.”

A mere eight years ago, Mexico — as a nation of 110 million, Latin America’s second-largest economy and the third-largest oil supplier to the United States — chose Vicente Fox as president in its fairest election ever. With this landmark election, Mexico ended 71 years of one party rule and was looking forward to a stable, democratic and peaceful future. Today, however, murders and kidnappings have reached record levels in

(continued on next page)

---

## Weak and Failing States and the Threat of Rapid Collapse: Mexico and Pakistan

(continued from preceding page)

Mexico as its security forces wage yet another offensive against ballooning drug cartels and rising organized crime. This escalating battle claimed the lives of 5,367 members of the security forces and suspected criminals in 2008 — more than double the figure for 2007. In 2008 alone, Mexico suffered greater numbers of fatalities from drug-related violence than all coalition deaths in Iraq since the war began in 2003. This is reminiscent of Russia in the 1990s when organized criminal groups and corruption reigned, eventually causing the demise of the newfound liberties of the Western-style democracy Russia was attempting to establish.

The United States remains the primary destination for drugs produced in South American countries such as Peru and Colombia, and Mexico continues to serve as the central transshipment route. Since taking office in December 2006, the Mexican president Felipe Calderon has launched a vigorous campaign to target Mexico's drug-trafficking organizations. This program took root in nearly every way imaginable, and during 2007 the continued implementation of these policies produced unprecedented results in the fight against the cartels. One clear but unfortunate indication of the success of the government crackdown on drug smuggling is that many drug traffickers have turned to other illegal activities, such as extortion, kidnapping and human trafficking, to supplement their incomes.

An ominous side effect of these achievements, however, has been the greater volatility in the balance of power among the various drug-trafficking organizations, which in turn has led to turf battles and power struggles. The mounting turbulence in intercartel relations has produced unprecedented levels of violence, which shows no sign of abating. These wars have altered the security environment and added new dimensions to the country's criminal landscape. Despite the successes in the battle against the drug traffickers, Mexico's security situation has continued to deteriorate. In addition to the dramatic expansion of violence including beheadings and mass killings, attacks on the security forces themselves have increased. Moreover, many bodies go unclaimed because relatives are too afraid to come forward, and most killings go unsolved. Businesses have closed because they cannot afford to pay monthly extortion fees to local thugs. The rich have fled to the United States to avoid one of the world's highest kidnapping rates. Additionally, a series of

assassinations of high-ranking government officials in Mexico City has made it clear anyone can be considered a cartel target. Foreign businessmen and tourists are all fair game, as recently evidenced by the murder of a French citizen who was exchanging money at Mexico City's international airport.

Additionally, cases of indiscriminate killings of civilians during the past year and the use of improvised explosive devices (IED) and fragmentation grenades have further highlighted the deterioration of order. This wave of violence throughout Mexico is occurring even in central heartland states like Michoacan, Jalisco and Zacatecas that were once immune to the criminal violence that traditionally plagued northern cities, such as Tijuana and Juarez. The violence also continues to cross the border, as suggested by the recent Phoenix, Arizona, home invasion and assassination. Cartel hitmen, armed with assault rifles and impersonating Phoenix Police Department officers, killed a rival drug dealer. There has also been a recent spike in Mexico of kidnappings of individuals on all rungs of the economic ladder, with wealthier relatives in the United States forced to pay the ransoms.

The obvious danger is that the cartels have proven themselves to be remarkably innovative, vicious and resilient. Given their powerful arsenal and deep penetration of the country's institutions, a further increase in violence seems inevitable. Drug-related violence in Mexico is expected to escalate further in 2009, with targets likely to include top Mexican politicians and law-enforcement agents — possibly even United States officials. The United States Department of Justice recently described Mexican gangs as the "biggest organized crime threat to the United States," while the worsening violence threatens Mexico's very democracy.

### **Economic Challenges**

As the international financial crisis adversely affects economies around the world, Mexico has been hit hard. Beyond its devastating war on drug cartels, the global economic downturn will slow Mexico's growth and pose additional challenges to national security. All of the economic indicators are pointing in the wrong direction; Mexico's GDP is estimated to have slowed from 3.2 percentage growth in 2007 to 1.8 percent in 2008. The peso has devalued by almost 23 percent since the beginning of 2008. Rising unemployment is perhaps

---

the most serious challenge; unemployment in Mexico rose from 9.7 percent in 2007 to 10.8 percent in 2008. Furthermore, the United States is the destination for more than 80 percent of Mexico's exports. A slowdown in economic activity and consumer demand in the United States translates directly into a parallel slowdown in Mexico. The remittances from Mexicans working in the United States make up approximately 25 percent of Mexico's GDP, and remittances for the year 2008 were down more than \$672 million from 2007. In addition, some 40 percent of the Mexican budget is reliant on oil revenues generated by the state-owned oil company, Pemex. In view of declining oil prices and institutional challenges within Pemex, the future of the Mexican oil industry is not optimistic. This financial crisis will be reflected in a decline in employment and the standard of living for average Mexicans. In a country where political expression often takes the form of dramatic, paralyzing protest, the economic downturn could spell near-disaster for the Mexican government.

### **Corruption**

Those in law enforcement understand a basic principle — that organized crime can only thrive publicly when the government is corrupt. Mexico has institutional problems with rampant corruption plaguing the ranks of its law enforcement, a situation which boils down to the lure of money — some estimates place the cartels' annual income upwards of \$100 billion — and the threat of death. Corruption permeates every level of Mexico's law-enforcement institutions, whose members are continually under death threat from the cartels. Local and even federal police are unable to maintain the rule of law. This has left much of Mexico's border regions — both north and south — utterly lawless. While local and federal law enforcement is compromised, Mexico is faced with a well-trained, wealthy and heavily armed internal enemy. To compound the problem, it is likely that given the economic climate, the United States will slow down a \$1.4 billion assistance program that includes military equipment, training and technology targeted at helping the Mexican government gain the upper hand over the drug cartels and re-establish control over the "failed cities" along the border — places where shoot-outs, beheadings and kidnappings have become routine.

The good news is that the new U.S. administration has

agreed to establish an alliance to work bilaterally in combating drug and arms traffic and oversee commerce and migration, along with security. The United States has pledged to assist Mexico in eradicating drug-related violence and to stop the flow of weapons and cash into Mexico, and to continue the Merida Initiative, an anti-drug assistance package. Nevertheless, Mexico poses a real threat to national security interests of the Western Hemisphere. Moreover, any descent by Mexico into chaos would demand an American response based on the serious implications for homeland security. For more than a century, Mexico and the U.S. have enjoyed friendly relations and some degree of economic integration. But if Mexico's epidemic of violence continues, millions of people may rush to cross the United States border, which could lead to a governmental collapse in Mexico. If that happens, the friendly relationship could turn hostile as the United States may be forced to "surge" personnel to the border. In conclusion, it is critical to turn our full and immediate attention to the dangerous and rapidly worsening problems in Mexico, which fundamentally threaten U.S. national security. The concept of "rapid collapse" may be a stretch in the case of Mexico, but the ingredients are brewing and the outlook seems ominous.

### **Pakistan**

Although Mexico's inclusion in the ranks of "failing states" could be considered by some to be premature, the next player — Pakistan — is indisputably worthy of this dubious status. A collapse in Pakistan would carry with it the likelihood of a sustained violent and bloody civil and sectarian war, an even bigger haven for violent extremists than what is currently available and the quandary of what would happen to its nuclear weapons. In the case of Mexico, the economy, organized crime and corruption are all serious issues, but in the case of Pakistan, instability, political sectarianism and Islamic fanaticism can be added to the equation.

Pakistan has an unstable government, insurgencies, corruption, a narcotics trade, nuclear weapons, refugees, a resurgent Taliban and al Qaeda. This country has replaced Colombia as the "kidnap capital of the world". Moreover, the "highly regrettable" release of the Pakistani nuclear physicist AQ Khan is a serious nuclear proliferation risk.

**(continued on next page)**

## Weak and Failing States and the Threat of Rapid Collapse: Mexico and Pakistan

(continued from preceding page)

While the al Qaeda core around Osama bin Laden suffered reverses after 9/11, this group has steadily re-established itself. The movement has reconstituted itself in tribal areas of Pakistan, where it enjoys considerable freedom to maneuver and, joined by Taliban elements, constitutes a formidable challenge for Western efforts in Afghanistan. It is becoming increasingly clear that the key to Afghanistan is Pakistan. In addition to meddling in Afghanistan, bin Laden and his lieutenants have directed plots in Europe, fostered links to fighters in Iraq, trained would-be jihadists from around the world and wreaked havoc in Pakistan itself. A nuclear-armed state with a strong radical Islamic current, Pakistan presents an irresistible opportunity for jihadists committed to reviving the Caliphate. The nightmare of a terrorist group acquiring nuclear weapons is far more likely to involve Pakistan than it is Iran or North Korea.

Pakistan has endured a tumultuous past. It was a part of the British Raj from 1858 to 1947, when it was partitioned from India after thousands perished in the Hindu-Muslim conflict that accompanied independence. It has survived two wars with India, along with a bloody civil war during the latter part of the 20th Century. Also, its statistical weight is undeniable; at 175 million, the Islamic Republic of Pakistan is the sixth most populous country in the world and has the second-largest Muslim population after Indonesia.

Pakistan's history has been characterized by periods of economic growth, military rule and political instability. Weak governments, military coups and assassinations have all dominated the landscape of the past few decades. Deeply rooted conflicts, youth bulges — the predominance of an idle and unemployed youth population in the country — and limited economic prospects are all likely to keep Pakistan in the high-risk category of failing states. The future of Pakistan is a wild card, particularly when one considers the trajectory of neighboring Afghanistan. Pakistan's Northwest Frontier Province and tribal areas will most likely continue to be poorly governed and the source — if not the direct supporter — of cross-border instability. Tribal conflicts may allow the Taliban and other Islamic activists to control this area. Already a country in deep crisis, Pakistan is once again the focal point for the jihadists. It is difficult to imagine a worse scenario at this time; this region is truly a "powder keg" reminiscent

of the Balkans in the early 1900s — and World War I was next.

If Pakistan continues to destabilize, it could very well turn into a failed state, one with a nuclear arsenal that to date has been dangerously mismanaged. If the Northwest Frontier Province falls, the ensuing anarchy could give the jihadists an opportunity to exert control in a way similar to what they have done in places like Afghanistan and Somalia and in the Pakistani badlands along the Afghan border. Given the number of plots linked to Pakistan in recent years, such as the Mumbai attack of November 26 and other significant plots since 9/11, all eyes will be watching Pakistan carefully.

*The abandonment of Afghanistan and Pakistan after the defeat of the Soviets in the 1980s set the stage for the current era of terrorism that has placed these countries in the category of failed states. The drug war in Mexico is creating a dangerous instability, putting the country at great risk for collapse. The problem of failing states has no simple answer, but it cannot be ignored, because the consequences are too great. Ignoring these geo-economic "powder kegs" may very well bring about disaster and destruction on an unprecedented scale. In addition to necessary military operations, the United States and its coalition partners should focus on programs to improve the local rule of law, reduce corruption and undertake other non-military measures in these flailing areas. Assisting these countries in building a strong local police force is much more important than aiding conventional military forces; police are typically far better-suited to defeating small groups, as they often know the communities well and are trained to use force discriminately. While the problem of weak states is here to stay, it is important to take strategic, proactive measures to prevent their rapid collapse, or the political and economic consequences for the United States and the rest of the world could be both dire and difficult to reverse. The time for urgency is now®.*



The Lipman Report Editors