

Drug trafficking is a common economics essay



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Drug trafficking is a common trade in Mexico. Owing to its geographical location, Mexico strategic position in terms of drug supply, market demand, and distribution, the barons enjoy huge profits from the trade. Mexico neighbors Columbia, which is the world largest cocaine producer, and the U. S., which is a leading consumer of illicit drugs. Drug Trafficking Organizations in Mexico have a large network of illicit drugs supply. The Mexican laws against drug trafficking pose a major threat to the US drug customers since the laws threaten to cut down the drug trafficking avenues. However, the drug trafficking organizations are well organized and distinguished in order to conceal their illicit activities. This paper addresses similarities between the operations and activities of Mexican Drug Trafficking Organizations (DTOs) and those of legitimate international businesses.

Mostly, the drug trafficker pose as money launders in order to invest their vast sums of cash obtained from the trade[1]This serves as a disguise since; they are able to channel their money to different investments, such as money laundering[2]. Like the international trade, the drug trafficking business is well- organized, with various marketing networks around the world. Drug trafficking is a business operation whose marketing techniques include smuggling, extortion, and threat, product line, and other outlawed items.

The drug trafficking business is similar to a legitimate business venture, and sometimes has a corporate executive organizational structure, with support staff[3]The illegal business of drug trafficking survives due to pretense of undertaking legitimate business or through infiltration of legitimate business. In case of infiltration, the drug trafficking business operators use techniques

such as protection rackets and immunity. Drug trafficking is a booming business in Mexico, where it is conducted by drug cartels and the Mexican Mafia. The cartels are not declared as terrorists, and this hinders the action of the American law enforcement and financial regulation on the Mexican borders[4]

Seven drug cartels operate in Mexico. They are Sinaloa, Los Zetas, Arellano Felix organization, Beltran Leyva, New Federation, and Familia Michoacana (LFM) cartels[5]. These cartels are illustrated as global businesses with backward and forward connections, for supplying and distributing their products in other countries[6]. As businesses, their main concern is supplying the markets with the illicit drugs in a most efficient manner in order[7]to increase their profits.

This is a popular strategy, used by terrorist organizations, which engage in legal business, in order to fund their operations illegally or legally around the world. The Gulf Cartel emerges as a powerful drug cartel in profitability and territory. Los Zetas is extremely dangerous since it is made up of ex-militaries from Mexican Airborne, who acts as assassins. Sinaloa Drug Trafficking Organization is more aggressive with an aim of controlling Drug Trafficking Organizations in Mexico. The LFM is a combination of criminal, social, and religious aspects, which leaves no marks on the corpses, and the crime scene, thus their actions are known as the divine justice acts[8].

Mexican cartels have various sub-divisions, with a vertical chain of command, originating from Mexico. The organization has surrogates throughout the U. S., who runs daily operations in the different countries.

Mexican operators issue guidelines concerning transport of drugs, warehousing and money laundering services. Legitimate international businesses are well organized with their operations based in many countries. There is a chain of command in every business in order to avoid chaos and maintain uniformity in the operations.

Use of violence is a common strategy, used by the gangs in order to protect their trading interests. However, these activities are carefully executed in order to avoid being caught. The aim is to create terror, which seeks to belittle the government ability to provide adequate security to the citizens. The drug traffickers in Mexico aim at undermining the government, in order to carry out their illicit trade activities without any threats from the authority. They want to create a free market in disguise, and fight for this freedom indirectly. Legitimate trade operates with minimal restrictions from the government and the drug traffickers want to acquire the status.

There are willing buyers, and many people are using drugs such as heroin and cocaine, which the Mexican drug traffickers are willing to supply[9]. Legitimate international trade has willing buyers and sellers. Drugs have ready markets especially in the United States, with the suppliers having distributors in these regions. Their connections in the global context assist them to distribute the drugs easily. Legitimate international businesses have embraced globalization and can conduct their business freely in any country. They build customer trust and relationship, which enables customers to trust and conduct business with the dealers regardless of the distance.

The drug traffickers practice social corporate responsibility in order to fulfill the ethical obligations, just as the legitimate international businesses do. LFM is known for its various donations such as Medicare, food, and school fees in aid for the poor. The drug barons aid the vulnerable and poor in the society in order to expose an inefficient government and damaged infrastructure[10]. This is a cover up of their real activities, and the public may mistake them for honest traders with an intention of reaching out to the community. They pretend to be practicing social corporate responsibility in order to disguise themselves. The cartels are dangerous and powerful and can outweigh the military and legitimate police.

The illicit trade organizes its activities in a systematic manner, and carries out market research concerning the trade and are well versed with the risks involved[11] This is a similar scenario with many legitimate international businesses. The most targeted include vulnerable governments. There is a lot of illicit drugs flow from Mexico to the United States, and both states engage in the blame game concerning the predicament. The drugs have caused several deaths in the last few years, and the Mexican government is wary about the issue[12]. They have put up several strategies in order to combat the illicit drug trafficking trade.

In order to combat drug trafficking effectively, Mexico advances anti-money laundering strategies in order to combat transnational organized crime[13]. Money laundering avails a lot of money to drug barons who re-use it for illicit drug trafficking[14]. Money laundering prevention, and dealing with financial terrorism is one of the comprehensive strategies of dealing with organized crime. Legitimate International businesses are against money laundering <https://assignbuster.com/drug-trafficking-is-a-common-economics-essay/>

activities. The Mexico government realizes the dire need to attack the economic power of the drug traffickers in order to weaken them[15]. Mexico strives to enhance its bilateral cooperation with other countries in order to combat drug trafficking. Drug traffickers disguise their vast income in money laundering activities[16]

The drug traffickers center around drug trade, and attempt to fill a specific illegal market niche globally. Legitimate international businesses attempt to supply goods that have willing buyers in the global markets. Illicit drugs such as heroin and cocaine are used by many people around the world, thus the drug barons aggressiveness in meeting the demands. Furthermore, the business is extremely lucrative with high profitability[17]. Legitimate international businesses are expected to achieve high profitability. Drug trafficking activities are influenced by factors such as politics, culture, geography, and economics, just like the legitimate international trade[18]

Mexico is geographically located at a strategic location since it neighbors Columbia, which is one of the most significant world cocaine producers. This makes Mexico to acquire the drugs easily and supply them in the market. On the other hand, the drug dealers have distribution channels in different countries, which enable the goods to reach consumers. The Mexican drug dealers mainly focus on the drug trade, since it is more profitable, and their geographical location favors the trade. Market attractiveness of drug trafficking and the strategic positioning of Mexico enables it to engage in illicit drug trafficking.

Drug trafficking takes advantage of the international supply chains, and weak governance in order to introduce the illicit products to the market. The demand for drugs is high and this makes the drug traffickers aggressive in satisfying these markets. Drug trafficking is increasing at an alarming rate, with Mexico experiencing over 47, 000 deaths because of drug abuse[19]. The drug traffickers have adequate funds and arms, thus presenting a threat to the national security. The barons derive their competitive advantage from factors such as access and control of drug smuggling paths across the U. S., and the ability to obtain, transport and sell major illicit drugs in Mexico.

Mexican drug traffickers conduct their trade with great professionalism and ability. They are highly profitable and earn a lot of annual income for the country, just like most legitimate international businesses[20]. Most of the drug dealers in Mexico are motivated by money[21]. The barons seek to maximize the profit at any prospect and reduce their danger of being caught, or detected. Money is a crucial element in every formal and informal organization and legal or illegal enterprises. Drug traffickers receive a lot of money from their trade, which they invest in money laundering services[22]. This empowers them and provides them with the courage to challenge the state's institutions and the economic development of a country. Traffickers change their strategies constantly through devising new sources, destinations, and transit zones. Law enforcers fail to deal with the international issues effectively, and the world does not possess effective global strategies for curbing perennial crimes such as cocaine and heroin trade. The issues originating from organized transnational crime are not adequately addressed in a global context[23]

According to Olson & Wilson, Mexico reported an approximated U. S. \$6. 2 billion[24], from illicit drug export proceedings. Mexican Drug Trafficking Organizations activities and operations strive to create diplomatic relationships with other countries in order to combat drug trafficking. Drug traffickers operate in a large chain or drug racket, in a different destination. Mexico has to collaborate with other nations in order to crack down the operations. Similarly, legitimate international businesses have to cultivate positive relationships with other countries in order to carry out businesses in those countries. It is hard for a country to combat drug trafficking single-handedly, without the help of the international community.

The Mexican drug trafficking organizations (DTO, s), poses a major threat to the drug traffickers especially from the United States, since it is believed that the main customers are from the United States. Although the drug traffickers are not interested in overthrowing the Mexican government, they are keen on weakening the government in order to continue their operations without any interference from the state[25]. In order to facilitate their activities in the US, the drug traffickers from Mexico have formed alliances with United States prison and street gangs. These gangs are responsible for drug distribution in the United States[26]. According to Shanty et al, illicit drug trafficking has caused many social problems[27]; hence it requires more severe measures to combat.’[28]Released by Office of National Drug Control Policy (ONDCP) Director Gil Kerlikowske set out goals in many of these areas. The strategy “ directs federal

Agencies to increase coordination and information sharing with state and local law

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Enforcement agencies, intensifies national efforts to interdict the southbound flow

Of weapons and bulk currency, and calls for continued close collaboration with the Government of Mexico in their efforts against the drug cartels.”[29]Therefore even with the government’s efforts to minimise illegal drug trafficking, cartels will always look for loopholes in the system, including using corrupt border officers. The cartels control the trafficking of drugs from South America to the US, a business that is worth an estimated \$13bn (£9bn) a year. Their power grew as the US stepped up anti-narcotics operations in the Caribbean and Florida. A US state department report estimated that as much as 90% of all cocaine consumed in the US comes via Mexico.[30]One reason why the government has deployed the army and marines so extensively is that it feels the police cannot be trusted. Drug cartels with massive resources at their disposal have repeatedly managed to infiltrate the underpaid police, from the grassroots level to the very top[31]

Globalisation aids international trade, although it provides an opportunity for smugglers and traffickers due to an increase in trade regulation difficulties[32]Globalisation increases inequality, and this has a disruptive effect, which causes people to resolve to illicit markets, and organized crime as survival mechanisms. Illicit commerce has made a quick global spread in comparison with legal trade. Most transnational crimes begin in one continent and spreads to the others, mostly by a third means[33]. This makes it extremely hard to combat such perianal crimes. This was satisfied in a published article: ‘ While the Mexican federal government periodically

cracked down on drug trafficking, these operations were limited in size and scope'[34].

Conclusion

The operations and activities of Mexican Drug Trafficking Organizations (DTOs) mirror those of legitimate international businesses in many respects. This ranges from their organizational structures to the marketing strategies. The drug trafficking enterprises practice socio-corporate responsibility in order to help the vulnerable people in the society. However, this is only used with an intention of undermining the government prowess and serves as a disguise for their criminal activities. The efforts of the Mexican government have been challenged because the drug rackets are powerful and interconnected in the global circles especially the United States, which is a strong hold market position.

Drug trafficking business has various similarities arising from organizational structure, marketing and profitability. Mexico is strategically positioned, in terms of market supply and demand factors, which increases its profitability, and attractiveness. However, the illicit trade has caused many deaths ranging from consumption related deaths to law enforcers death. The dealers can do anything in order to protect their interests.