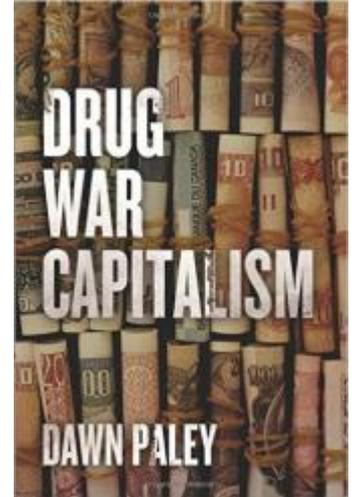


# Drugs, War, and Capitalism

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Dawn Paley. *Drug War Capitalism*. Oakland: AK Press, 2014. Notes. Index.

Dawn Paley's *Drug War Capitalism* presents an overview of the drug wars in several Latin American countries: Columbia, Mexico, Guatemala, and Honduras. Mexico receives the most attention, and Paley provides a wealth of information from a variety of sources documenting the impact of the war-on-drugs on Mexican society and on the role of the United States. She focuses especially on the relationship between the drug business, government policies, and the militarization of Latin American societies, elucidating the role of U.S. policies such as Plan Mérida. She demonstrates the nefarious part played by the U.S. government's overall structuring of both the drug market and the drug war by elaborating on both the military and civilian aspects of U.S. policy in an attempt to prove her thesis, which is the war on drugs forms part of a plan—or if not a plan at least a process—that furthers capitalism, especially its expansion "...into new or previously inaccessible territories and social spaces." (p. 15) Paley's book contributes to, but does not resolve the debate over the relationship between drug dealers, capitalism, and the state.

In particular, she argues that her book explains the ways that the drug war leads to increased foreign direct investment. She writes, "...in this war, terror is used against the population in cities and rural areas, and how, parallel to this terror and resulting panic, policies that facilitate foreign direct investment and economic growth are implemented. This is drug war capitalism." (p. 16) In fact, she argues that drug war capitalism represents a possible counter-tendency to capitalist crisis. She writes: "The war on drugs is a long-term fix to capitalism's woes, combining terror with policymaking in a seasoned neoliberal mix, cracking open social world and territories once unavailable to globalized capitalism." (p. 16)

Any one interested in Mexico and Latin America more generally or in the international issue of the drug wars will want to read Paley's book. It is an impressive compendium of information about the drug war in several nations. But, at the same time, it is clear that Paley fails to prove her thesis that the drug wars advance globalization, capitalism, and particularly foreign direct investment. The exact relationship between capitalism, the U.S. and Latin American states, drug dealers and the drug wars remains to be explained to us.

## The Case of Mexico

Let's take the case of Mexico, which forms the largest component of her book and which is at least at the moment the most important case of drug war militarization and violence. One has to ask: Why would American and other foreign capitalist turn to the drug wars to further their interests in Mexico? Was capitalism in trouble in Mexico? Was it facing some obstacle and, if so, how did the drug wars help capitalism overcome them?

In fact, capitalism in Mexico is well established and capitalists had long ago been given the keys to the kingdom. Mexico has been part of the world capitalist market since the 1600s when Spanish gold and silver flowed into Europe, much of it into the hands of German bankers like the Welsers and Fuggers. Spanish America became part of the global slave trade, with 250,000 Africans sold into Mexico between the colonial period and the end of the world slave trade in the mid-nineteenth century. Slaves laboring on plantations produced sugar for the domestic and world market while indigenous laborers collected the nopales the cochinitilla beetles to be sold to make red dye in Europe.

During the late nineteenth century, President Porfirio Díaz invited foreign capitalists from the United States, England, and France to invest in Mexico. They invested enormous quantities in railroads, mining, and petroleum and carried off the profits. While Díaz nationalized the railroads and Mexican Revolutionary governments nationalized oil and other industries, much of Mexican industry, agriculture, and services remained in the hands of foreign and domestic investors. U.S. companies—owned by the Rockefellers and the Guggenheims—continued to own mines in Mexico throughout the revolution and after.

During World War II, hundreds of thousands of Mexicans came to work in the United States under the bracero program, a step in the integration of Mexico into the American economy. When the bracero program ended in 1965, the United States and Mexico agreed to the maquiladora program, under which U.S.-owned corporations opened plants in Mexico along the border with the US. By 1975 there were scores of U.S. and other foreign-owned plants and tens of thousands of workers laboring in them.

After the Mexican economic crisis of 1982, the Institutional Revolutionary Party (PRI), which had ruled Mexico for more than fifty years, gave up its nationalist economic program and adopted the complete neoliberal agenda involving deregulation, privatization, foreign investment, cuts in the federal social budget and attacks on PRI's labor unions. Billions of dollars poured into Mexico into the maquiladoras and other major manufacturing facilities, particularly auto plants. All of this was accomplished before the drug wars began. In almost 500 years capitalism had succeeded in penetrating virtually every pore of Mexico. Why then would the U.S. government or U.S. corporations want the drug wars?

There is no doubt that the drug war has such high degrees of violence that it has disrupted social and economic life and led to displacement that facilitates land- and resource-grabs by the government or by corporations. Yet, compared to the vast investments carried out by Mexican, U.S. and foreign corporations these are largely incidental. The mining companies that want land in Mexico have historically taken it one way or another, legally or violently, whether or not there is a drug war going on.

Paley suggests that the drug wars contributed to the growth of criminal gangs, paramilitary groups, and to the government's militarization of society which lead to repression of working people. While there is some truth to that the drug wars repression of labor and social movements was incidental and relatively insignificant. The Mexican government has, since the revolution, the power to repress social movements wherever, whenever, and however it wished. The Mexican government suppressed the independent union movement in the late 1940s and early 1950s, in the period of the charrazos,

using the police, army, and gangsters to replace independent union leaders with leaders loyal to the government. In 1958 and 59 when the Mexican railroad workers went on strike the government sent in the army to break the strike, killing several workers and convicting and imprisoning a dozen others. When students and many other Mexicans joined in a movement for democracy in 1968, the year of the Mexican Olympics, the army and police killed an estimated 300 to put down the movement. In 1974 and 1975 the government used the police and army to break the Democratic Tendency led by the Electrical Workers (STERM).

When the Zapatista Army of National Liberation (EZLN) led the Chiapas rebellion in 1994, Mexican President Ernesto Zedillo sent in the army to attack the rebels, only restraining the army when there were national protests. In 2006 unknown assassins, the police and the army suppressed the teachers union and the civic uprising in Oaxaca with approximately 20 related deaths. Why in a state such as Mexico why would the government need the drug war to justify or to facilitate repression? Employers, foreign and domestic, have found the state a willing partner and able to maintain order through beatings, imprisoning, rape, and murder.

### **Drug War Creates Problems for Capitalism**

While it is true there is an overlap between the implementation of the neoliberal economic programs of the 1980s and the drug wars beginning in the 2000s, Paley fails to demonstrate that the one caused the other. Her book makes many references to the coincidence of U.S. drug policies and U.S. economic policies, but she makes no persuasive arguments showing a causal relationship between them. If anything, neoliberalism seems to precede the drug wars and some of its policies, such as greater international trade that facilitated the drug trade, but they were not key to it.

Paley also fails to address the question of how the drug war may actually create problems for capitalism. It is true that U.S. banks and corporations in Mexico have operated with few problems during the drug wars, while many ordinary Mexicans have suffered. However, it is hard to believe that the U.S. and Mexican government and U.S. and Mexican corporations are happy to see the proliferation of armed groups in Mexico. In fact, companies have hesitated to invest, for example, in the city of Ciudad Juárez while the drug wars were raging a few years ago. U.S. corporate executives have been kidnapped and held for ransom in Mexico, one recently in Tijuana. There are undoubtedly many cases of kidnapping of executives and extortion of corporations that go unreported. In addition, the drug wars have disrupted transportation, delivery of parts and finished products, and they have kept workers from their jobs. Corporations in Mexico and Central America are forced to spend large amounts of money on security services to protect their plants, machinery, and employees. All of these problems from the drug war are costs, not benefits, to capitalists.

Capitalists prefer stability and freedom of movement for capital and goods, unless periods of instability or repression are necessary to battle workers rights movements and union organizing. Yet, this is not what the drug wars are about.

While some in the Mexican government, the army, and the police are engaged with the drug dealers, as well as with the forces fighting them, one has to ask if this is a policy that furthers the government's interests or those of capital. Aren't the drug wars a failure of corporate and government policy? If the drug dealers' criminal gangs become powerful enough they become a threat to the government and whatever party is in power. The criminal gangs engage in murder, kidnapping, extortion and other crimes that work against the long-term interests of capital and of the capitalist state, political parties and politicians. It is why the United States federal, state, and local governments in the 1930s, for example, took action against the mafia and criminal gangs engaged in the illicit alcohol market and in other criminal activities such as gambling and prostitution. These criminal elements took over or controlled some businesses and labor unions. At

some point this became a threat to “legitimate” businesses and the state and, when that happened, the state took legal and police measures to crush it.

Paley’s book contains useful information on the drug wars, but her thesis seems to fly in the face of the reality. I tried to look at this question, not entirely successfully, in a paper I presented at Left Forum last year but there remains much work to be done to explain the role of the drug cartels in Mexico and how they influence political parties, the state, and capitalism.