The Militarization of Anti-Drug Efforts and State Capacity in Latin America: Evidence from Mexico

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Abstract
In response to the threat posed by drug trafficking organizations, many developing countries are increasingly relying on the armed forces for their counter-drug strategies. Drawing on the literature on violence and state capacity, this paper studies how the militarization of anti-drug efforts affects state capacity along three dimensions: rule of law, social compliance, and fiscal extraction. I advance theoretical expectations for this relationship and evaluate them in the context of Mexico. Based on a series of subnational-level analyses and difference-in-differences estimation, I show that the militarization of anti-drug efforts has resulted in the weakening of the state along the three dimensions. Given the wide-ranging consequences of diminished state capacity—affecting governments’ ability to dispense justice, provide social services, help ailing economies, and enforce the rule of law—the findings have implications not only for Latin America but also across the developing world, where the threat of drug trafficking organizations is on the rise.

Keywords: state capacity; militarization; drugs; Latin America; Mexico.

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In a region characterized as too peaceful to develop a strong state (Centeno 2002), drug trafficking organizations (DTOs) have emerged as the single most important threat to the Latin American state. In some cases, DTOs have challenged the state’s monopoly not only over the legitimate use of force, but also over the extraction of revenue from society in certain parts of the territory. With a seemingly unlimited source of revenue, DTOs are able to produce and distribute drugs with impunity. In the process, they bribe and kill security forces and competing cartels. In some areas their power is such that they have set up protection rackets where entire communities pay for protection. For these reasons, DTOs have become a national security concern across the hemisphere (Organization of American States 2000).

Whereas exceptional cases have adopted a mix of civilian law enforcement and market-based approaches to drug trafficking, as in Uruguay, the bulk of the region has pursued decidedly punitive solutions, often relying on the armed forces for intelligence, surveillance, logistics, and manpower to fight DTOs (Youngers and Rosin 2005). The militarization of anti-drug efforts—defined as those instances in which the armed forces take the lead in fighting DTOs in a protracted fashion—is on the rise, with more and more countries—including Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, and Mexico—turning to this approach to different degrees (Andreas 2003, 65; Sierra Guzman 2003). Even in Costa Rica, which has a tradition of more than six decades without a military, the government has considered the creation of military forces to fight organized crime (La Nación 2013). Does the militarization of anti-drug efforts—rather than relying primarily on civilian agencies—strengthen state capacity, thus compensating for the relative absence of interstate conflict in the past? Or, does it undermine state capacity as some scholars have found to be the case for internal conflict? In other words, is militarization capacity-enhancing or capacity-weakening?
I address those questions with a study of militarized anti-drug efforts in Mexico. In particular, the analysis leverages a policy shift in Mexico in 2006 that led to the intense militarization of anti-drug efforts, deploying tens of thousands of troops in protracted, formal military operations across the national territory. The policy shift, along with the relative availability of data for different measures of state capacity at the subnational level, facilitates comparisons between states (Snyder 2001, 93) that had formal militarized responses and those that did not. A difference-in-differences analysis of subnational data makes it possible to draw inferences about the Mexican case and to shed light on the broader consequences of militarization for the rest of the region. I find that rather than enhancing state capacity, as governments in the region have intended (e.g., Calderón 2013), militarization has generated the opposite effect. In contrast to the existing literature on the militarization of anti-drug efforts, which has made important strides in documenting the phenomenon but is characterized by a narrow policy perspective (e.g., Transnational Institute 1997; Isaacson 2005), this article is the first to theorize and evaluate systematically the effects of militarization on a fundamental aspect of the state: state capacity.

The rest of the article is organized as follows. First, it introduces the literature on conflict-based approaches to state capacity with an emphasis on the effects of intra-state violence and the lack of attention to conflict short of civil war. Second, it advances theoretical considerations about militarization’s effects along three general dimensions related to state capacity—rule of law, social compliance, and fiscal extraction—and explains why militarized wars on drugs could either enhance state capacity—by reducing violence in society, rallying citizens behind this effort, and extracting greater tax revenue from society—or actually have the opposite effect. Third, it evaluates the relationship between militarization and state capacity with
evidence from Mexico. Along each dimension of state capacity, I develop appropriate indicators and follow a difference-in-differences approach, comparing states within Mexico that experienced formal military operations and those that did not. In the conclusion I discuss the findings’ implications for theory and policy.

I. Conflict and State Capacity

One of the main accounts of the driving forces behind state capacity is a conflict-based explanation (Rasler and Thompson 1985; Spruyt 2007; Tilly 1975; 1985; 1992). This view argues that Western European states derived their strength from centuries of conflict. The mechanism is as follows: wars require armies, and armies require money. Thus, those states that were able to extract financial resources from their population most effectively were best able to fund professional armies and win wars. This approach to state-building is based on the view that conflict provides “a great stimulus to centralizing state power and building institutional capacity” (Thies 2005: 451). A large literature has applied this logic to the developing world (Anderson 1987; Bates 2001; Centeno 2002; Cohen, Brown, and Organski 1981; Herbst 1990; 2000; Jaggers 1992; Stubbs 1999; Taylor and Botea 2008; Thies 2004; 2005), highlighting the “similarities that contemporary developing states share with their early modern European counterparts” regarding the strengthening effect of violence on state building (Thies 2005: 452).

However, the literature is much less clear on the relationship between internal conflict and state capacity. Instead, this body of research has generated contradictory findings. One camp argues that the high levels of political conflict characteristic of relatively young states are an indication not of political decay, but of the strengthening of the state (Cohen, Brown, and Organski 1981: 902). For example, Porter (1994, 2 and 28) argues that civil wars strengthened
the state in Europe, playing “an equally crucial role [as inter-state wars] in shaping states.”

Bensel (1991) finds that the Civil War provided a major boost for state capacity in the United States. This is consistent with O’Kane (2000), who finds that civil conflicts had a salutary effect on state capacity in post-revolutionary states such as Ethiopia and Iran. Similarly, Holden (2004) argues that public violence more generally played a key role in the process of building state capacity in Central America well into the 20th century. In short, as Slater (2010, 5) argues in the East Asian context, “violent internal contention can ‘make the state’ as surely as international warfare.”

Conversely, a second camp has found domestic conflict to undermine state capacity. For example, Desch (1996: 242), Herbst (1990), and Migdal (1988: 274) have argued that efforts to placate internecine conflicts prevent the military from coalescing against an external common threat and society from rallying behind them. Barnett (1992) and Centeno (2002: 141) point to capacity-dimining effects in the divisions generated by internal violence, making differences across social groups more salient and undermining governments’ ability to pursue national collective interests. Additionally, López-Alves (2001: 162) argues that domestic conflicts inevitably result in the destruction of property, displacement of labor, and flight of capital, which in turn weaken the state. Cárdenas (2010, 2) is categorical in his claim that, “internal conflict and civil war […] destroy, by definition, state capacity.”

In addition to being contradictory, the literature on internal conflict and state capacity is underdeveloped when it comes to conflicts short of a full-fledged civil war, including those involving armed non-state actors such as guerrillas, DTOs, vigilante groups, and armed private security forces—which, as Tilly (1985, 170) points out, are all part of the same state-making continuum. Research is scant in this regard, the exception being a handful of studies suggesting
that actual violence appears not to be necessary for conflict to have an effect on state capacity. Instead, the prospect of violence has been found to generate similar effects. As Peacock and Wiseman (1961:27) point out, due to their importance for the fate of the polity, “national crises” more generally might generate state-strengthening dynamics “that in quieter times would have been intolerable.” In particular, scholars have argued that, while violent conflicts are sudden shocks to existing equilibriums, prolonged threats in the form of expected attacks and rivalries can shape state capacity more gradually by generating high levels of perceived danger among elites, even in the absence of actual conflict (Migdal 1988: 274; Stubbs 1999: 338). For example, elites might use perceived threats to justify the extraction of higher levels of resources from society (Thies 2005; 2006; 2007). This perspective rests on the premise that it is not necessarily violence, but the threat of violence that results in state-building consequences (Centeno 2002: 266; Porter 1994: 2).

In short, although existing studies are an important step in understanding the effects of internal conflict, their findings are contradictory and the consequences of conflicts short of full-fledged civil war—though where actual violence takes place—remain unexplored. The lack of understanding of the effects of these forms of violence on state capacity is problematic, since conflict short of civil war abounds in the developing world (Huntington 2006, 3; Moncada 2013). As I show in the following section, there are theoretical reasons to believe that the conflict brought about by militarization would have an effect on state capacity. Given the presence of actual confrontation between the armed forces and DTOs, these dynamics are likely more salient than those of non-violent threats, such as rivalries.

II. Theorizing the effects of militarization on state capacity
I define state capacity as the government’s ability to exercise control over the territory and regulate social relations (Soifer and Vom Hau 2008), and operationalize it along three main dimensions: the rule of law, social compliance, and fiscal extraction. The first dimension, *rule of law*, corresponds to the extent to which order is maintained across the country. It follows the Weberian logic of the monopoly of legitimate violence in a given territory (Weber 1965). It responds to the fact that, regardless of ideological preconceptions about the role of the state, the provision of security remains one of its fundamental functions. Thus, establishing order and guaranteeing the personal safety of its citizens remain at the heart of the state’s raison d’etre.

The second dimension speaks to *social compliance* or the degree to which society backs state action (Centeno 1997, 1567). The logic is that the more supportive society becomes of public policies, the more effectively these policies will be executed. It can be understood as the social buy in behind any particular policy that provides the state with greater capacity to act (Levi 1997).

The third dimension, *fiscal extraction*, corresponds to the most widely used indicator of state capacity. It is often considered an approximation of state capacity writ large because of the centrality of extraction for the state to perform the rest of its functions. The logic behind this is that, as Spruyt puts it, “the successful monopolization of violence itself will correlate with the ability of central governments to establish some modicum of efficient administration as well as the ability to raise revenue” (2007: 202). Consistent with this logic, North (1981: 21) defines the state in terms of its ability to tax, or as “an organization with a comparative advantage in violence, extending over a geographic area whose boundaries are determined by its power to tax constituents.”

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1 This definition is based on Mann’s (1984) conceptualization of infrastructural power. See Soifer and Vom Hau (2008) for a distinction from state autonomy.
Although much of the research on state capacity focuses on the period of early state formation, this definition understands the relationship between conflict and state capacity not as one that ends with the genesis of nation-states, but as an ongoing process related to the establishment of the legitimate monopoly of violence and the extraction of resources to fund it. This implies that state capacity is likely to vary, not only across states, but also over time (Kurtz and Schrank 2012, 617). Although many of the forces shaping state capacity can be slow moving (Kurtz 2013, 11; Soifer 2009), historical examples suggest that changes in state capacity may also occur in a relatively short period of time, particularly in the developing world. Cases in point are the rapid deterioration of state capacity in Cuba after foreign resources dried up with the Soviet collapse (Eckstein 2004, 316), and the quick setback for Haiti’s state capacity as a result of the 2011 earthquake (Messner and Knight 2011). Thus, the militarization of anti-drug efforts can strengthen or weaken state capacity and in a relatively short period of time. The following paragraphs unpack the relationship between militarization and state capacity, with capacity enhancing dynamics discussed first, followed by weakening dynamics.

**Capacity-Enhancing Dynamics**

The adoption of a militarized strategy to fight DTOs can strengthen state-capacity along the three relevant dimensions as follows. First, regarding the provision of order, militarization could be expected to decrease the levels of violence in society and increase public safety compared to civilian police. The armed forces tend to have better weapons, means of transportation, and communications equipment than their civilian counterparts (Kraska 2007). They often enjoy greater discipline and more rigorous training. Not only do they add strength in numbers, but they also have a unified chain of command that helps solve the coordination problems of civilian law enforcement agencies. The armed forces’ superiority in resources and
logistics could stand to make a contribution to maintaining order and upholding the rule of law. Troops on the ground could increase control over the territory and prevent criminal activity from taking place (McGrath 2006). Superior weapons could dissuade members of DTOs from engaging in violence. Better communications and transportation could result in better intelligence work and fewer violent confrontations (Redlich 2007). Taken together, these actions could be expected to improve on the civilian police’s provision of public safety. The military’s operations could dissuade and preempt criminal activity. The armed forces could also intervene more forcefully and effectively whenever criminal activity did take place. Both of these mechanisms would decrease violence and increase the level of order in society.

Second, regarding social compliance, militarization could also contribute to rallying society behind a common national goal (Migdal 1988). Whereas civilian police are often mistrusted in the developing world because of corruption and ties with local mafias, in some countries the armed forces enjoy an anti-corruption aura because of their military discipline. The everyday presence of the armed forces—troops patrolling the streets, military convoys, checkpoints on roads to the cities—might elicit patriotism and increase cooperation and compliance among the population. Citizens may be more inclined to cooperate with the armed forces than the civilian police in denouncing suspicious activity and fighting crime (Tyler and Huo 2002).

In particular, this coalescing behind the strategy of militarization is likely to follow if the armed forces are successful in bringing down the levels of violence in society and perceptions of the quality of public safety improve. With a decrease in violence, sectors of society that might have been skeptical of militarization are likely to support the policy and become invested in contributing to the government’s efforts. The perception of effectiveness in reestablishing order
and upholding the rule of law is likely to contribute to a greater social purchase of the government’s policies.

Third, the government’s fiscal extraction could be affected by the degree to which society backs state action, in this case militarization. Research on people’s willingness to pay taxes points to the nature of the fiscal exchange between government and citizens as an important determinant behind fiscal extraction (Brautigam et al. 2008; Scholz and Lubell 1998). Public perceptions of the quality of the government’s public goods affect the difficulty of extraction: when the provision of public goods is perceived as effective, willingness to comply with tax obligations increases. This relationship has been examined in a variety of public goods, from relatively concrete, such as water supply, to relatively intangible, such as education, and in a variety of contexts, from the developed world (Hanousek and Palda 2004) to the developing world (Prichard 2009, 36).

In the case of public safety, higher levels of social purchase resulting from a decrease in violence could translate into greater fiscal extraction (Flores-Macias 2013). For example, those previously paying for private protection—whether voluntarily hiring a protection firm or involuntarily paying extortion—would be both better able and more willing to meet fiscal obligations if militarization restored order. Similarly, a sense of patriotism and common purpose could compel those sectors of society that would have been otherwise reluctant to contribute financially. In short, militarization might lead to greater rule of law, greater public support of government policy, and greater fiscal extraction from society.

*Capacity-Diminishing Dynamics*
Conversely, militarization could result in state-weakening dynamics by undermining the rule of law, social compliance, and extractive capacity. First, rather than bringing increased order and reduced levels of violence compared to civilian police efforts, militarization may instead increase violence in society. Militaries tend not to have law enforcement training required for the type of threat posed by organized crime (Greener-Barcham 2007). Instead, they are typically trained in other types of operations, particularly those oriented toward the defense against an external enemy or disaster relief (Moloeznik 2003). They might be less effective at gathering intelligence and fighting organized crime than civilian police with law enforcement training. With training tailored for survival in war, the armed forces may neglect the nuance involved in law enforcement related to civil liberties and human rights.

The confrontation of DTOs with the raw power by engaging the armed forces could also encourage and provide cover for other forms of violence to take place. DTOs could be compelled to diversify their activities and engage in other illegal endeavors such as kidnapping and human trafficking. Moreover, akin to the logic of the broken windows theory, in which disorder breeds further disorder, an increase in the level of violence in society might encourage other forms of crime and violence (Kelling and Coles 1998). The increase in violence from militarization could allow other violent acts unrelated to drug trafficking to flourish and go unchallenged because of a generalized sense of impunity fueled by the automatic attribution of all crime and disorder to DTOs (Comisión Mexicana de Defensa y Promoción de Derechos Humanos 2013).

Second, regarding social compliance, an increase in violence could sharpen existing divisions among society over militarization as the right course of action, which could in turn undermine society’s support of the government’s policies. Not only might militarization make cases of human rights abuses more prevalent and salient—from violations of civil liberties to
rape (Sweig 2002), but the frontal attack on DTOs by the armed forces might also alienate those who benefit from the goods that drug traffickers provide. Due to these goods, such as making donations to religious groups, embellishing the community, and even maintaining order, drug traffickers enjoy an aura of popular benefactors and are often seen as providing more services than governments and having a better understanding of people’s needs (Arias 2006, 2). Consequently, they are regarded as successful entrepreneurs, with folk songs praising them as modern Robin Hoods—what is known as narcocorridos or narco ballads. Therefore, involving the military against them may be considered an affront among drug traffickers’ beneficiaries, and affected sectors of society may be less likely to cooperate with the government.

Third, militarization’s higher levels of violence and lower social buy in of the government’s policies might divert fiscal resources away from the state and toward private hands (Rabasa and Chalk 2001, 53). When the state is perceived as incompetent, willingness to pay taxes decreases (Brautigam et al. 2008) and paying for private protection becomes attractive (Alvarez and Rettberg 2008). In turn, when corporations and individuals feel compelled to invest in private security or fall prey to extortion, these forms of protection taxes undermine willingness to contribute additional resources to the state. Although the perception of incompetence and the need for private protection are present in the absence of militarization, the increased levels of violence that follow militarization are likely to exacerbate such perceptions and magnify the need for private protection—both of which undermine the state’s revenue collection efforts. Additionally, the higher levels of violence that might result from militarization are likely to have a negative effect on economic activity. Similar to what Collier et al (2003) have suggested about civil war, the visibility of soldiers and humvees patrolling the streets and the gruesome confrontations between cartels and the armed forces deter customers, hinder businesses, and
scare away investment and tourism. As economic activity is hampered, so is the government’s ability to extract resources from society (Stubbs 1999).

In short, militarization might lead to higher levels of violence, which makes society more willing to look for alternatives to an ineffective security apparatus, including private security and vigilantism. Militarization could also make citizens less willing to collaborate with the government’s efforts because of increases in human rights and civil liberties violations. These frictions could in turn undermine support for the government’s policies and affect willingness to pay taxes. Thus, the combination of increased violence and lower social compliance would compromise the extraction of fiscal revenue.

III. Evaluating Militarized Anti-Drug Efforts

Having identified the ways in which militarization can affect state capacity, in the following sections I evaluate the empirical question of whether Mexico’s experience with militarization has been one of strengthening or weakening along the three dimensions discussed earlier. From the beginning of the 1980s, when the United States switched the policy focus from one of public health and prevention to one of public safety and punishment, militaries across Latin America have become increasingly involved in anti-drug efforts (Youngers and Rosin 2005). In Brazil, for example, the armed forces have contributed to the anti-drug effort through the monitoring of the Amazonian air space (Hunter 1996: 23) and assisted state governments regain control of crime-ridden areas (Kincaid and Gamarra 1996, 214). In Bolivia, the armed forces have increasingly assisted special anti-drug police forces in Cochabamba and other parts of the country (Gamarra 2004). In Ecuador, “the armed forces have cooperated with the police in an occasional manner” (US State Department 2003). Most recently, in Honduras the government
created the Military Police for Public Order in 2012 to combat DTOs (El Heraldo de Honduras 2013). As an indication of this gradual intensification of military involvement, by 2012, 90% of the total US military aid toward the region went to anti-narcotics efforts, a 30% increase over the last decade (AP 2013).

The Mexican case had been in line with these experiences until an important policy shift took place, which provides analytical leverage to study the consequences of militarization. Before December 2006, the Mexican military had played an increasing relevant but supportive role in drug eradication efforts at least as far back as the 1950s, and the government had flagged drug trafficking as a national security threat since the 1990s. For example, in 1994 president Zedillo (1994-2000) declared drug trafficking a national security priority and issued a presidential decree creating a National Public Safety Council (Plan Nacional de Desarrollo 1995), incorporated the armed forces as a formal member of the Council, and articulated the military’s mission as guarantor of public safety (Diario Oficial de la Federación 1995). Additionally, retired military personnel have been appointed occasionally as heads of civilian law enforcement agencies and the attorney-general’s office since the administration of President Carlos Salinas (1988-1994) (Camp 2005, 111). After 1994, not only have generals been appointed to top anti-drug positions,2 but also thousands of soldiers have been transferred to serve within the civilian federal police (Zedillo 2000).3 In 2005, President Vicente Fox launched, Operación México Seguro, a joint operation between the federal police and the armed forces. All of these efforts involved either the brief participation of the armed forces in eradication or the

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2 Division Gral. Gutiérrez Rebollo became Mexico’s top drug interdiction officer in 1996 and Brigadier Gral. Rafael Macedo de la Concha was appointed Mexico’s Attorney-General in 2000.
3 Zedillo transferred more than 4,100 active duty military personnel to the federal police forces in 1999, when the Preventive Federal Police was created with around 10,000 people.
employment of former military as civilian law enforcement personnel; the military as an institution did not take the lead in anti-drug efforts.

Beginning on December 11, 2006, however, President Felipe Calderón drastically intensified militarization by assigning the armed forces the lead role in a protracted effort across the national territory (Shirk 2011, 9). In addition to changing the balance of how anti-drug efforts were carried out within government agencies, Calderón deployed an estimated 45,000 troops in ongoing formal military operations in several states of the country, including Michoacán in 2006; Baja California and Guerrero in 2007; Chihuahua, Durango, Nuevo León, Sinaloa, and Tamaulipas in 2008; and Veracruz in 2011 (Merino 2011; Guerrero 2012). In these highly visible operations, rather than the military playing a supporting role for civilian law enforcement, the roles inverted, with a military commander in charge of joint operations and the civilian police supporting the armed forces. For example, in Operation Michoacán the ratio of military to police was close to 4 to 1: 5,254 armed forces were assisted by 1,400 civilian police (La Crónica 2006). In Sinaloa the ratio was 2 to 1: 1,933 military personnel were assisted by 740 civilian police (El Sol de Sinaloa 2008).

In each of these operations the armed forces deployed dozens of anti-drug aircraft and vessels and hundreds of amphibious vehicles, conducted aerial and ground patrols, set checkpoints on main roads and within cities and towns, and established semi-permanent military bases throughout these states’ territories (La Crónica 2006). In addition to Humvees patrolling the streets and the armed forces’ clashes with organized crime, the operations also gained visibility because the government went to great lengths to advertise them nationwide. Adding to this visibility, Calderón himself took to wearing military fatigues in public appearances, surrounded by the armed forces’ military commanders—which was extremely unusual for a

15
civilian Mexican president (Daly et al 2012). In short, the experience in Mexico beginning in December 2006, in which the armed forces were placed at the head of the anti-drug effort at the national level and were visibly deployed in formal military operations in vast areas of the territory for several years, was unprecedented in the country’s history and an explicit inflection point in terms of the policy response. Moreover, the availability of subnational data allows for a counterfactual comparison between the areas that had formal military operations and those that did not in order to help draw inferences about the effect of militarization on the key dimensions of state capacity outlined above.

Another candidate case for studying the effect of militarization of anti-drug efforts, Colombia, is less viable because of a number of confounding factors. In Colombia, the armed forces have faced a mix of guerrillas, paramilitaries, and DTOs, whose lines have become blurred, making government actions against them often undistinguishable because both guerrillas and paramilitaries are deeply engaged in drug trafficking (Snyder and Durán-Martinez 2009, 80). Moreover, both the armed forces and the national police are organically linked under Colombia’s Ministry of Defense, which obscures in practice the distinction between civilian and military enforcement. Additionally, the US has provided a significant amount of foreign assistance to Colombia—making the Andean country one of the top five recipients in the world during Plan Colombia (Tarnoff and Nowels 2004)—which further muddles the analysis of state capacity. In contrast, in Mexico DTOs have remained generally detached from other types of violent actors, such as guerrillas or paramilitaries; there are clear institutional divisions between the civilian police and military; and US aid including Plan Merida has remained modest both in absolute terms and relative to Mexico’s output. Thus, the combination of subnational differences, more

4 The $1.2 billion promised by the US as part of the Merida Initiative has been disbursed only partially and very gradually over the course of the last six years.
distinguishable militarized anti-drug activities, and fewer confounding factors makes Mexico an obvious case for studying the effect of militarized anti-drug efforts on state capacity.

**Mexico’s Militarization and State Capacity**

To assess how militarized anti-drug efforts impact state capacity, I evaluate each dimension identified earlier—rule of law, social compliance, and fiscal extraction—before and after the introduction of militarization. Since measuring state capacity is often fraught with challenges (Hendrix 2010; Soifer and vom Hau 2008), I provide evidence from more than one indicator for each dimension. Each indicator may have its deficiencies (Soifer 2012, 590), but the evidence as a whole would be persuasive to the extent that they point in the same direction.5

The empirical strategy in this section leverages subnational (Snyder 2001) and other differences in the extent to which militarization has taken place. By comparing militarized vs. non-militarized states within Mexico, I am able to control for many common factors affecting the country as a whole, such as institutions, the international environment, and culture. However, any subnational evaluation must recognize the differences in pre-existing levels of state capacity that might have led to the militarization of some states and not others. For this reason, rather than comparing levels of state capacity for the two sets of states at one point in time or comparing only militarized states longitudinally, I employ a Difference-in-Differences (DD) approach.

Designed as a program evaluation tool to analyze observational data in which assignment to groups is not random, DD is commonly used to assess the effect of a policy intervention in a “treatment group,” compared to a control group with similar features but where the intervention

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5 While other indicators could be employed—including the provision of such public goods as highway infrastructure, medical care, mail delivery, to name a few—the indicators presented here correlate with the most basic functions of the state, regardless of ideological disagreements over the role of the state in providing these goods (Marten 2007, 237).
did not take place (Angrist and Pischke 2008, 169). In essence, DD considers two groups (treatment and control) and two time periods (before and after policy intervention), and subtracts the average change in the control group from the average change in the treatment group. “This double differencing removes biases in second period comparisons between the treatment and control groups that could result from permanent differences between those groups, as well as biases from comparisons over time in the treatment group that could be the result of time trends unrelated to the treatment” (Imbens and Wooldridge 2009, 67). Additionally, a key identification assumption is not that levels of state capacity be the same in both groups, but that the trends be parallel for the control and treatment groups before militarization (Angrist and Pischke 2008, 169). The parallel trends ensure that any unobservable variables correlated with the decision to militarize and the outcome—e.g., differences in pre-existing levels of state capacity—do not bias results. Thus, given both different levels of state capacity in the two sets of states and historically parallel trajectories, I am able to identify an effect of militarization if the trajectories cease to be parallel once the policy intervention has taken place. In the following paragraphs, I employ DD to evaluate evidence for each dimension of state capacity.

1. Rule of law

Some authors (Hendrix 2010, 274) have pointed to indicators of the state’s material capabilities—military spending and the number of troops—as good proxies for the state’s ability to maintain order and uphold the rule of law. However, while convenient because of the availability of data for these indicators, they may not reflect the extent to which the rule of law is upheld: vast resources may be committed to security with meager results and, conversely,

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6 Prominent applications in economics include studies on the effect of such policies as a change in the minimum wage (Card and Krueger 1994); participation in job training programs (Ashenfelter and Card 1985); and the introduction of charter schools (Dee and Fu 2004).
effective security may be provided with fewer resources (Snider 1987). Instead, a more relevant measure would provide evidence of whether existing resources have translated into a more effective state—one that maintains order and upholds the rule of law. Two such measures are the homicide and kidnapping rates, which reflect the extent to which people’s physical wellbeing is protected by the state (Luna and Toro 2014, 2; Mainwaring and Scully 2008; Popov 2011). Although not without its own shortcomings, they generally reflect the extent to which the rule of law is enforced more generally, for example, whether budgets and personnel translate into effective state action.

As a first approximation, we can visually evaluate historical subnational differences (Snyder 2001) in military operations to evaluate whether changes in the rule of law can indeed be attributed to the involvement of the armed forces. Historical trends in states with and without formal military operations allow us to establish a counterfactual of what the trend would have been in the absence of militarization. In particular, states in which formal military operations have taken place would be expected to show a divergence from historical trends in homicide and kidnapping rates once militarization took place, compared to the rest of the country.
Figure 1. Homicide Rate (per 100,000 people), Militarized vs. Non-Militarized States

![Figure 1](image)

Source: Instituto Nacional de Estadística, Geografía e Informática, Defunciones por Homicidios, 1991-2012

Figure 1 shows the homicide rates of states with formal protracted military operations (solid line) compared to those without one (dashed line). It illustrates that both sets of states experienced roughly parallel declining trends, and both were at or near historically low levels of violence before militarization. Figure 1 also shows an important divergence from the parallel trends once militarization began in one set of states. Following militarization, the homicide rate increased sharply in states where the military conducted formal operations, compared to a much less pronounced increase in states without such operations. In states with formal military operations, the degree to which the state was able to protect people’s lives deteriorated more quickly and drastically than what would be expected (dotted line) given the historical trends in both sets of states. In other words, given differences in levels of homicides, militarized states were expected to maintain a trend of about 6 homicides per 100,000 people higher than in non-militarized states. Instead, the armed forces’ intervention interrupted what would have been a
gradual increase—as in non-militarized states—and turned it into a sudden upward jolt.\footnote{This is not an artifact of averaging militarized states. In all individual cases, the trend in homicide rates is altered following formal military operations in each state.} The gap (shaded in gray in Figure 1) between the projected (dotted line) and observed (solid line) homicide rate for states with formal military operations suggests that militarization resulted in a greater deterioration of the rule of law compared to what we would have observed otherwise.

**Figure 2. Kidnapping Rate (per 100,000 people), Militarized vs. Non-Militarized States**

Kidnapping rates follow the same pattern. As Figure 2 shows, both sets of states experienced virtually indistinguishable and steadily declining kidnappings rates until militarization was adopted. Subsequently, the rate increased twice as fast in militarized states (solid line) compared to the non-militarized group (dashed line). Although kidnappings data tend to be less reliable than homicide data because a larger share of incidents is likely to go unreported, the remarkably similar pattern provides additional evidence of the effects of
militarization on state capacity. In particular, it supports the view—discussed in the theory section—that confronting DTOs with the armed forces both encourages the diversification of illicit activities that undermine the rule of law more generally and provides cover for them (Kelling and Coles 1998). Thus, although the rule of law has deteriorated throughout the country in both militarized and non-militarized states, militarization further weakened the state’s capacity to protect the physical wellbeing of its citizens compared to a civilian police approach.

The visual evidence in Figures 1 and 2 can be formalized and refined by DD analysis. The set of states without formal military operations is a suitable control group because of the remarkably similar trends in homicides and kidnappings before 2006. In particular, the parallel trends in Figures 1 and 2 allow us to attribute the deviation from the common trends to militarization, because unobserved factors had either affected the trends of both groups equally or not affected them meaningfully (Angrist and Pischke 2008, 169). Given the parallel trends, the effect of militarization can therefore be modeled as follows:

\[ Y_{ist} = \alpha + \gamma \text{State}_s + \lambda \text{Year}_t + \beta \text{Milst}_i + \epsilon_{ist} \]

This model includes two main fixed effects, one for state and another for year, and a term that marks observations as control or treatment based on whether militarization took place in that state that year. Although a more sophisticated method could be employed if more nuanced measures of militarization were available,\(^8\) a DD approach allows us to estimate the effect of militarization in the absence of this data. The estimated effect of militarization is given by \(\beta\).

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\(^8\) For example, the data on the number of troops engaged in anti-drug operations every year by state would provide a much more nuanced measure. However, a request for information through the country’s freedom of information act revealed that the Ministry of Defense does not record this information (Mexico’s Defense Ministry, 2012).
Table 1: Difference-in-Differences Estimation of Homicide and Kidnappings Rates

<table>
<thead>
<tr>
<th></th>
<th>Homicide Rate</th>
<th>Kidnapping Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Militarization</td>
<td>26.34***</td>
<td>24.03***</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(3.87)</td>
</tr>
<tr>
<td>GDP Per capita (log)</td>
<td>-7.9**</td>
<td>-0.16</td>
</tr>
<tr>
<td></td>
<td>(3.5)</td>
<td>(2.22)</td>
</tr>
<tr>
<td>Pop density (pop/km2)</td>
<td>-0.08***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.03)</td>
<td></td>
</tr>
<tr>
<td>Population (log)</td>
<td>-24.71*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(13.05)</td>
<td></td>
</tr>
<tr>
<td>Education (years)</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.95)</td>
<td></td>
</tr>
<tr>
<td>State Fixed Effects</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Year Fixed Effects</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj. R2</td>
<td>0.62</td>
<td>0.65</td>
</tr>
<tr>
<td>N</td>
<td>736</td>
<td>416</td>
</tr>
</tbody>
</table>

NB: Dependent variable is homicide rate in Models 1 and 2 and kidnappings rate in Models 3 and 4. Robust standard errors shown in parenthesis. All significance tests are two-tailed: *p < 0.10, **p < 0.05, ***p < 0.01.

Table 1 shows results from DD estimation, with ordinary least squares coefficients for homicide rate as the dependent variable in Model 1 and kidnapping rate in Model 3. Although identification of the effect of militarization is based on the parallel trends, Models 2 and 4 add common available controls—such as levels of wealth, education, population, and population density—found in studies of violence (Cole and Marroquin 2009) in order to further increase our confidence in the results. All models include state and year fixed effects to capture any unobserved particularities of individual sates and years that could be affecting the outcome, such as difficulty of terrain, tolerance to violence, competence of law enforcement, or level of inequality.

In particular, including fixed effects is important because it addresses differences among states in the pre-existing levels of state capacity that might have led to both the decision to

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9 See Appendix A for sources, definitions, and descriptive statistics.
militarize some states and not others and to the increase in homicide and kidnapping rates. Based on the DD analysis, militarization on average has resulted in a homicide rate about 26 points greater and a kidnappings rate about 1 point greater than what they would have been during this period in the absence of the policy. In both cases, they represent more than twice the expected rates without militarization. This finding initial lends support to the capacity diminishing dynamics discussed in the theoretical section.

2. Social Compliance

Social compliance is more difficult to measure, but scholars have associated the degree to which the population supports and buys into government policies as an important factor enabling the state to achieve what it sets out to do (Levi 1997; Migdal 1988). The logic is that the more dissatisfied people are with a policy, the less they will support government efforts. A first way to approximate the public’s support behind militarization is through surveys asking respondents about their views on this course of action. Although questions about militarization were not included in surveys before 2007 because the policy had not been adopted, data between 2007 and 2012 help illustrate the degree to which the public has coalesced behind this policy.11

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10 Some scholars have made the case that the decision to militarize was political rather than driven by differences in state capacity, pointing to the historically low and decreasing rates, the complete absence of public safety as a campaign topic before the election, the government’s need to buttress its popularity after a razor-thin electoral victory and a contested mandate, and Calderon’s choice of first militarizing his home state (Michoacán), where gubernatorial, legislative, and local elections were looming (Bailey 2014, 3; Guerrero 2012). However, whether the decision was political or not does not affect the findings from the DD analysis.

11 Based on yearly surveys conducted by the NGO México Unido contra la Delincuencia and the Polling Firm Consulta Mitofsky between 2007 and 2012.
Surveys conducted during this period show relatively high but steadily declining support for militarization. When asked whether they would like to see anti-drug military operations in their community, support among respondents decreased by 21 percentage points between 2007 and 2012 (Figure 3). Similarly, when asked about the militarization of anti-drug efforts as a strategy, those considering it the right strategy dropped from 84% in 2007 to 67% in 2012 (Figure 4). This evidence is consistent with reports documenting a decline in Mexicans' trust in
the armed forces. Whereas 77% of respondents expressed favorable views toward the military in 2009, by 2011 this percentage had dropped 15 points to 62% (Pew Research Center 2011, 7).

These figures suggest that the public has become increasingly divided about militarization over time and much less supportive of the policy. This growing discontent is consistent with evidence that certain sectors of the population have reached a level of dissatisfaction that has compelled them to leave the country and relocate their businesses in the United States because of violence (Rios forthcoming). One estimate puts drug violence-related migration from Mexico into the US at about 115,000 people between 2006 and 2010 (Internal Displacement Monitoring Center 2010).

**Figure 5. Human Rights Complaints against the Armed Forces (per 100,000 people), Militarized vs. Non-Militarized**

![Graph showing human rights complaints against the armed forces in militarized vs. non-militarized regions](image)

Source: Mexico’s National Human Rights Commission, 2002-2012

Subnational data from this survey is not available,\(^\text{12}\) but data on the number of complaints filed against the armed forces before Mexico’s Human Rights Commission (CNDH) serves as another indicator of the degree of discontent in society toward militarization. By disaggregating

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\(^{12}\) Unfortunately, the sponsor of the survey, the NGO Mexico Unido contra la Delincuencia, refused to make the dataset available.
complaints into militarized and non-militarized states, we can evaluate whether discontent has become greater in those states where formal military operations have taken place and where the rule of law has deteriorated more drastically. As shown in Figure 5, not only have human rights complaints increased sharply during militarization, but the rate of complaints per 100,000 people also rose much faster in those states with formal military operations.

Table 2. Difference-in-Differences Estimation of Rates of Human Rights Complaints

<table>
<thead>
<tr>
<th></th>
<th>Rate of HR Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(5)</td>
</tr>
<tr>
<td>Militarization</td>
<td>2.3***</td>
</tr>
<tr>
<td></td>
<td>(0.38)</td>
</tr>
<tr>
<td>GDP Per capita (log)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Pop density (pop/km2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Population (log)</td>
<td>6.17*</td>
</tr>
<tr>
<td></td>
<td>(3.18)</td>
</tr>
<tr>
<td>Education (years)</td>
<td>0.37</td>
</tr>
<tr>
<td></td>
<td>(0.29)</td>
</tr>
<tr>
<td>State Fixed Effects</td>
<td>Yes</td>
</tr>
<tr>
<td>Year Fixed Effects</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj. R2</td>
<td>0.55</td>
</tr>
<tr>
<td>N</td>
<td>352</td>
</tr>
</tbody>
</table>

NB: Dependent variable is rate (per 100,000 people) of human rights complaints against the armed forces. Robust standard errors shown in parenthesis. All significance tests are two-tailed: *p < 0.10, **p < 0.05, ***p < 0.01.

Given the parallel and overlapping historical trends before militarization, DD analysis in Table 2 shows that discontent toward the armed forces in states with formal military operations was 2.3 points greater—or about twice as high as non-militarized states. Thus, although militarization initially enjoyed high levels of support among the population, the degree to which society has coalesced behind this policy has decreased steadily, particularly in places with formal military operations, because of the greater violence and disorder that have ensued. To the extent that public support and trust ease coordination between citizens and government actors and
“increase the probability of citizen compliance with government demands” (Levi and Braithwaite 1998, 5), this decline in support for militarization likely makes social compliance harder for the government to obtain in order to carry out its goals. This lends additional support to the capacity diminishing dynamics discussed in the theory section.

3. Fiscal Extraction

Following the convention in the literature on state capacity, I use the ratio of government tax revenue to GDP as an indicator of the state’s extractive capacity (e.g., Cohen, Brown, and Organski 1981; Campbell 1993; Centeno 2002; Porter 1994; Rasler and Thompson 1985; Slater 2010; Taylor and Botea 2008; Thies 2005; 2006; 2007). To assess the effect of militarization on fiscal extraction I rely on two comparisons. First, I compare Mexico’s extraction to that of the rest of Latin America, before and after militarization was first adopted. The rest of Latin America is a suitable control group both because of the remarkably similar trends in tax-to-GDP ratios between 1995 and 2006 and the many developmental, social, cultural, and institutional similarities with Mexico.
As Figure 6 shows, the parallel trends between the Latin American average (dashed line) and Mexico’s tax to GDP ratio (solid line) were interrupted when militarization took place. The dotted line represents the projected historical trend for Mexico in the absence of militarization, and the shaded area represents the gap between the observed and expected fiscal extraction. Contrary to increasing fiscal extraction in the rest of the region throughout the period, Mexico’s tax-to-GDP ratio declined after militarization was adopted.

A subnational comparison is further illustrative in determining the effect of militarization on fiscal extraction. In particular, a subnational analysis rules out unobserved factors—changes in government ideology or the adoption of tax reforms—that might have altered extraction in Mexico but not elsewhere in Latin America. Although the ideal comparison between the two sets of states—with and without military operations—would reflect total tax revenue as a share of GDP by state, the federal government does not make available data regarding the state in which
the economic activity took place. However, the comparison can still be made based on the tax revenue collected by the state and municipal governments themselves—including taxes on property, real estate transfers (transmisión de dominio), payroll and motor vehicles—since they are assessed, collected, and reported based on activity that took place within the state. Although these taxes represent a small fraction of total tax revenue, they provide a useful indicator of more general trends concerning fiscal extraction.

Figure 7. Tax-to-GDP Ratio (State and Local), Militarized vs. Non-Militarized

Figure 7 shows that state and local tax revenue as a share of GDP followed a similar pattern in both sets of states between 1993—when data are first available—and 2006—when

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13 Instead, the government’s tax collection figures reflect aggregated data based on taxpayers’ fiscal address, regardless of where the economic activity took place.

14 The vast majority is collected by the federal government and redistributed to the states according to previously agreed formulas.
militarization began. It also shows that average extraction was greater among the states with military operations (solid line). However, the trends ceased to be generally parallel after 2006. Instead, extraction in states with military operations increased at a lower rate compared to the ones without military operations (dashed line). Whereas extraction had consistently been higher in militarized states until 2006, this difference disappeared by 2012. The difference between the expected fiscal extraction for militarized states (dotted line) and actual extraction (solid line) is represented by the shaded area in the figure.

Table 3. Difference-in-Differences Estimation of Fiscal Extraction

<table>
<thead>
<tr>
<th></th>
<th>Tax-to-GDP Ratio</th>
<th>Tax-to-GDP Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Mexico vs. Latin America)</td>
<td>(Subnational)</td>
</tr>
<tr>
<td>Militarization</td>
<td>-1.52*** (0.29)</td>
<td>-1.89*** (0.37)</td>
</tr>
<tr>
<td>GDP Per capita (log)</td>
<td>-2.97*** (0.63)</td>
<td>-0.16** (0.07)</td>
</tr>
<tr>
<td>Agriculture/GDP</td>
<td>0.02 (0.06)</td>
<td>0.0 (0.0)</td>
</tr>
<tr>
<td>Debt/GDP</td>
<td>-0.03*** (0.01)</td>
<td>-0.01* (0.01)</td>
</tr>
<tr>
<td>Resources/GDP</td>
<td>0.04** (0.02)</td>
<td></td>
</tr>
<tr>
<td>Aid/GDP</td>
<td>0.09 (0.09)</td>
<td></td>
</tr>
<tr>
<td>State Fixed Effects</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Year Fixed Effects</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Adj. R2</td>
<td>0.92</td>
<td>0.93</td>
</tr>
<tr>
<td>N</td>
<td>306</td>
<td>300</td>
</tr>
</tbody>
</table>

NB: Dependent variable is Tax/GDP ratio. Robust standard errors shown in parenthesis. All significance tests are two-tailed: *p < 0.10, **p < 0.05, ***p < 0.01.

Table 3 shows the results from DD estimation for fiscal extraction comparing Mexico to the Latin American average (Models 7 and 8) and militarized to non-militarized states within Mexico (Models 9 and 10). Models 7 and 9 show coefficients without controls, since the parallel
trends assumption implies that variation in unobserved factors over time had not altered fiscal extraction meaningfully, and Models 8 and 10 include a set of controls commonly thought to have an effect on the tax-to-gdp ratio, such as measures of wealth, agricultural share of GDP, foreign aid, external debt, natural resources, (Cheibub 1998; Snider 1990; Thies 2005). Based on the most conservative estimate, Mexico’s tax-to-GDP ratio has been about 1.5 points—about 15%—lower on average than what it would have been in the absence of militarization. Regarding the subnational comparison, extraction was on average 0.04 points—about 16%—lower as a result of militarization. This finding lends support to the third step of state-weakening dynamics discussed in the theory section: compared to non-militarized states, militarization resulted in the deterioration of the rule of law and society’s buy in behind the government policy, which in turn weakened fiscal extraction.

Discussion of findings and potential concerns

The analysis of the six measures—two for each dimension—suggests that, rather than restoring order as the Mexican government had expected, militarization increased the levels of violence by confronting DTOs with raw force and contributed to the proliferation of other forms of crime by leading DTOs to diversify their operations into other illicit activities, such as kidnapping. In turn, the increase in violence and insecurity lowered support for militarization among the population and undermined fiscal extraction. These findings linking militarization with less order in society, increased dissatisfaction with the government’s policy, and compromised tax revenues are consistent with ample qualitative evidence based on media reports. For example, the chamber of commerce of Apatzingán, the second largest city in Michoacán state, declared in a press

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15 Natural resource rents and foreign aid are captured by the federal government and therefore only included in Models 7 and 9.
conference that its affiliates would stop paying taxes as a policy of civil disobedience until the government guaranteed their personal safety and created the minimal conditions for economic activity to continue (Diario ABC de Morelia 2014). There are also reports about mining companies paying high protection fees to ship minerals through certain parts of Durango and Michoacán (La Jornada 2013). In Veracruz, media reports point to the choice small businesses face of meeting their tax obligations or paying extortion fees in order to stay afloat (Proceso 2014).

In light of this evidence, there are three potential concerns worth addressing. The first one relates to whether these effects are incorrectly attributed to militarization instead of another factor that might have taken place at the same time. Any such factor would have to affect differently the two sets states in order to elicit the same effects in the three dimensions of state capacity considered here. A candidate factor is a change in the price of narcotics, which could conceivably prompt greater competition among DTOs in some states, leading to increased violence and insecurity, lower support for the government, and a corresponding deterioration of fiscal extraction. However, an evaluation of the historical price of the main narcotics suggests this is not the case: the prices of the main drugs produced, trafficked, or consumed in Mexico have remained unchanged (Fries et al 2008, 4-8; Maxwell 2012, 50). Holding quality constant, the price per bulk gram of marijuana has remained stable at about $17, as well as the price per pure gram of heroin at about $390, of powder cocaine at about $140, and of crack cocaine at $160.16 The price of methamphetamines has actually declined while its purity has gone up. In spite of constant prices, the weakening of state capacity has followed militarization.

The second potential concern has to do with the selection of the control group for the DD analysis. As long as the parallel trend assumption holds, DD has the advantage that unobserved

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16 In 2007 US dollars.
factors such as pre-existing differences in state capacity among states do not bias results. However, other techniques, such as synthetic control groups (Abadie et al 2007), have been developed to generate a hypothetical control whenever a sensible comparison group is not available—i.e., when historical trends are not parallel. Although the synthetic control technique has its own shortcomings—e.g., contrary to DD, it does not allow for more than one treated unit or different treatment starting points—as a robustness test I generated a synthetic control for the militarized states and considered 2006 as the beginning of militarization. The results, shown in Appendix B, support the findings presented here.

The third concern relates to the use of government data for the analysis. This could be problematic if different levels of state capacity systematically affected reporting in a way that would bias in favor of the findings. However, even if we were to base our evaluation of differences in state capacity entirely on homicide rates (and ignore the other indicators showing the same or higher levels of state capacity among militarized states), the resulting bias would actually run against the findings. For example, if greater violence has led to underreporting of homicides in militarized states, this would bias the magnitude of the findings downward—making it harder to find an effect. This would also be the case if the government made a systematic effort to under-report homicides in order to minimize the reputational damage where violence has been most pronounced.

V. Conclusion

Building on the literature on conflict and state capacity, this article is the first to theorize about the potential state-strengthening and state-weakening effects of militarized anti-drug efforts. After identifying ways in which these dynamics may be present along three dimensions—rule of
law, social compliance, and fiscal extraction—it evaluated each with evidence from Mexico. Notwithstanding the difficulties in measuring state capacity and the shortcomings that each measure might have individually, taken together they constitute evidence of state weakening resulting from militarization. The results suggest that militarization led to a sharp increase in violence, a decrease in the extent to which society has bought into this policy, and a corresponding deterioration in fiscal extraction. Compared to non-militarized states, the expected trajectories of all the indicators discussed above were drastically interrupted in places where formal military operations took place.

The analysis presented here advances our understanding of a relatively understudied but increasingly important issue and makes several contributions. First, it contributes to theorizing a phenomenon that is mostly approached atheoretically (e.g. Shirk 2011; Daly et al 2012). In particular, by developing the different state-strengthening and weakening dynamics of militarized anti-drug efforts, this article contributes a deeper and more nuanced study of the relationship between drug-related violence and the state; by identifying key differences in how civilian law enforcement and the military confront DTOs, it enables a better understanding of their specific consequences. Because of their different training, tactics, weapons, and equipment compared to civilian police, confronting DTOs with the military leads to more, rather than less, violence, followed by society’s dissatisfaction with the government’s strategy, and a decline in fiscal extraction in those places.

Second, in light of the conflicting accounts regarding the effects of internal conflict on state capacity, this study helps clarify the effect of internal conflict short of full-fledged civil war. The findings suggest that protracted but relatively low-intensity conflicts between the military and non-state actors can also be expected to affect state capacity in a meaningful way.
The way in which governments seek to address drug trafficking—whether based on civilian law enforcement or the armed forces—has implications for not one but several dimensions of state capacity.

This does not preclude the possibility that the effects of militarization on state capacity be non-linear; it is important to distinguish between the medium-term findings presented here and those potentially developing in the long run. The capacity-weakening effects of militarization over the course of the last seven years cast doubt on the claim that these trends are a short-term anomaly. However, this does not mean that these trends will necessarily persist in time. For example, the government may decide to modify the extent to which the armed forces are involved in fighting DTOs, which should have consequences for the levels of violence, social compliance, and fiscal extraction. Alternatively, a new equilibrium may be reached in which the armed forces become more like police forces, learning law enforcement techniques and attenuating the features that make them different from civilian police (Kraska 2007). These arrangements would also bring down levels of violence and in turn affect social compliance and resulting fiscal extraction, consistent with the expectations advanced here. Thus, although militarization’s effects in the long run might remain uncertain given the duration of the period studied here, this article’s findings point to meaningful variation in state capacity in the medium term.

Third, since the consequences of diminished state capacity are wide-ranging and considerable—affecting whether governments are able to dispense justice, provide social services, help ailing economies, and enforce the rule of law, for example (Evans 1997)—this study’s findings provide some guidance for government policy. State-weakening effects can be added to the list of concerns associated with the militarization of anti-drug efforts as a policy
course, including corruption of the armed forces and their “over-empowerment” in countries with a recent history of military coups (Freeman and Sierra 2005). If the last two decades are any indication, the challenge posed to the state by DTOs is likely to worsen across the region (Youngers and Rosin 2005). As militaries shoulder a greater share of anti-drug efforts, the findings presented here should inform experiences not only in Latin America but also across the developing world where the threat of DTOs is on the rise.
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Appendix A. Variables, summary statistics, definitions, and sources for the data used in the difference in differences estimation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homicide Rate</td>
<td>736</td>
<td>14.3</td>
<td>14.8</td>
<td>1.73</td>
<td>188.1</td>
<td>Total homicides per 100,000 people</td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
</tr>
<tr>
<td>Kidnapping Rate</td>
<td>480</td>
<td>0.7</td>
<td>0.9</td>
<td>0</td>
<td>6.9</td>
<td>Total kidnappings per 100,000 people</td>
<td>Mexico’s Public Safety System’s Secretariat (SNSP)</td>
</tr>
<tr>
<td>Tax/GDP</td>
<td>640</td>
<td>0.3</td>
<td>0.2</td>
<td>0.01</td>
<td>1.4</td>
<td></td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>640</td>
<td>75,669</td>
<td>100,434</td>
<td>6,009</td>
<td>944,890</td>
<td>State’s total output divided by the state’s population</td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
</tr>
<tr>
<td>Agriculture/GDP</td>
<td>320</td>
<td>4.7</td>
<td>3.0</td>
<td>0.1</td>
<td>13.3</td>
<td>Agricultural output in the state divided by the state’s GDP</td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
</tr>
<tr>
<td>Debt/GDP</td>
<td>640</td>
<td>0.2</td>
<td>0.6</td>
<td>0</td>
<td>7.4</td>
<td>State’s total debt incurred divided by the state’s GDP</td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
</tr>
<tr>
<td>Education</td>
<td>416</td>
<td>8.1</td>
<td>1.1</td>
<td>4.8</td>
<td>10.8</td>
<td>Educational attainment in years</td>
<td>Mexico’s National Statistics Institute (INEGI)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax/GDP</td>
<td>306</td>
<td>15.5</td>
<td>4.8</td>
<td>7.3</td>
<td>27.7</td>
<td>Total fiscal revenue divided by total GDP. UN ECLAC 2013</td>
<td>UN ECLAC</td>
</tr>
<tr>
<td>Agriculture/GDP</td>
<td>323</td>
<td>5.6</td>
<td>1.4</td>
<td>3.5</td>
<td>8.2</td>
<td>Agricultural output divided by total GDP. UN ECLAC 2013</td>
<td>World Bank</td>
</tr>
<tr>
<td>Resources/GDP</td>
<td>323</td>
<td>6.5</td>
<td>8.9</td>
<td>3.3</td>
<td>24.3</td>
<td>Total hydrocarbon and mineral production divided by total GDP. UN ECLAC 2013</td>
<td>World Bank</td>
</tr>
<tr>
<td>Debt/GDP</td>
<td>323</td>
<td>45.8</td>
<td>27.8</td>
<td>15.9</td>
<td>252.9</td>
<td>Total government debt as a share of GDP. UN ECLAC 2013</td>
<td>World Bank</td>
</tr>
<tr>
<td>Aid/GDP</td>
<td>323</td>
<td>1.7</td>
<td>3.5</td>
<td>-0.7</td>
<td>21.6</td>
<td>Total foreign aid divided by total GDP. UN ECLAC 2013</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
Appendix B. Synthetic Control Method (Abadie et al 2011)

Figure B.1 Homicide Rate, Average Militarized States vs. Synthetic Control

Figure B.2 Kidnapping Rate, Average Militarized States vs. Synthetic Control

Source: Secretariado del Sistema Nacional de Seguridad Pública, Delitos del Fuero Común 1997-2012. Data for the states of Tabasco and Tlaxcala is missing and therefore excluded.
Figure B.3 HR Complaints Rate, Average Militarized States vs. Synthetic Control

Source: Mexico’s National Human Rights Commission, 2002-2012

Figure B.4 Tax/GDP Ratio, Average Militarized States vs. Synthetic Control