Security spending and violent organized crime in Central America

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IV. Security spending and violent organized crime in Central America

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Central America—from Mexico to Panama—has had some of the lowest levels of military expenditure as a share of gross domestic product (GDP) in the world.1 Following the end of the region’s civil wars in the 1990s and in the absence of any external military threats, defence spending in most Central American countries was constant or falling until at least the mid-2000s. However, in more recent years this trend has reversed, as some of the region’s militaries have become involved in the fight against drug cartels and organized crime groups, alongside internal security forces. This section examines the trends in both military and internal security spending in the context of these developments, which has seen the boundary between ‘military’ and ‘internal’ security increasingly blurred.2

Government responses to organized crime and drug-related violence

Most Central American countries have experienced high levels of violence associated with drug trafficking, organized crime and gang activities.3 In Mexico, over 47,000 people were killed due to drug-related violence between the declaration by President Felipe Calderón of a war on organized crime in 2006 and September 2011.4 Most of these dead were members of drug trafficking organizations or their associated youth gangs.5 Mexico’s murder rate in 2010 was 18.1 per 100,000 inhabitants, while in the ‘northern triangle’ of Guatemala, Honduras and El Salvador (see figure 3.5), rates were even higher: 41.4 per 100,000 in Guatemala, 66.0 per 100,000 in El Salvador and 82.1 per 100,000—the world’s highest murder rate—in Honduras.6 According to one estimate, the cost of crime and violence in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua in 2006—including

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1 Central America is defined here to include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama. Other definitions of Central America often exclude Mexico.
2 Central American governments often refer to internal security as ‘public security’.
3 For examples of non-state conflicts and acts of one-sided violence in Central America in 2002–11 see chapter 1, section III, in this volume.
health, institutional, private security and material costs—averaged 7.7 per cent of GDP.\(^7\)

The response of states in the region to this violence has become increasingly militarized. This trend started in 2009, when the Government of El Salvador gave internal security tasks to the military.\(^8\) In November 2011 the Honduran National Congress also gave its military a greater role to ‘“participate permanently in the fight against drug trafficking, arms trafficking and organised crime” at the request of the authorities’.\(^9\) In January 2012 Guatemalan President Otto Pérez Molina announced his intention of giving the military a greater role in fighting organized crime; his predecessor, President Álvaro Colom, had laid the foundation for this in July 2011 when he announced the repeal of a 2004 decision to limit Guatemala’s defence budget to 0.33 per cent of GDP, to allow the military to acquire new equipment.\(^10\) After his election as Mexican President in July 2012, Enrique Peña Nieto pledged ‘to continue the fight against organized crime and said

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that maintaining some form of military involvement in antidrug operations will be necessary’. He intends to increase the size of federal police forces, create a national gendarmerie (under civilian control) comprised of some of the military forces currently fighting organized crime and establish unified police forces in each of Mexico’s 31 states and Mexico City. This trend could have an impact on civil–military relations in Central America, which had been moving towards stronger civilian control of the military following the end of the civil wars in El Salvador, Guatemala and Nicaragua in the 1990s.

In line with this trend, there have been rapid increases in both military and internal security spending in recent years in Central America. Total military expenditure in the region in 2012 was $8.5 billion (in current prices), a real-terms increase of 8.6 per cent since 2011 and of 56 per cent since 2006 (see table 3.6). The largest annual increases in 2012 were in Mexico (10 per cent) and Nicaragua (27 per cent). In contrast, Belize, El Salvador and Honduras cut expenditure. Mexico, the largest spender in the region, increased its spending by 60 per cent in real terms between 2006 and 2012, Honduras’s military expenditure increased by 81 per cent between 2006 and 2012, while Guatemala’s spending has been increasing steadily since 2009. Nonetheless, military spending in the region remains low as a share of GDP: only Honduras spent more than 1 per cent of its GDP on the military in 2012 (see table 3.13 in section VII below).

The increase in Mexico’s spending occurred mostly after President Calderón made the war on organized crime a top priority of his 2006–12

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Table 3.6. Military spending in Central America, 2006–12
Figures are in US $m. at constant (2011) prices and exchange rates.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Belize</td>
<td>13.0</td>
<td>14.2</td>
<td>18.2</td>
<td>17.0</td>
<td>15.0</td>
<td>15.7</td>
<td>[14.6]</td>
<td>12</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>El Salvador</td>
<td>222</td>
<td>229</td>
<td>225</td>
<td>229</td>
<td>237</td>
<td>256</td>
<td>[233]</td>
<td>5.0</td>
</tr>
<tr>
<td>Guatemala</td>
<td>172</td>
<td>170</td>
<td>182</td>
<td>170</td>
<td>187</td>
<td>197</td>
<td>205</td>
<td>19</td>
</tr>
<tr>
<td>Honduras</td>
<td>106</td>
<td>126</td>
<td>156</td>
<td>175</td>
<td>182</td>
<td>201</td>
<td>192</td>
<td>81</td>
</tr>
<tr>
<td>Mexico</td>
<td>4 440</td>
<td>5 013</td>
<td>5 019</td>
<td>5 689</td>
<td>6 203</td>
<td>6 472</td>
<td>7 103</td>
<td>60</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>46.0</td>
<td>46.0</td>
<td>43.6</td>
<td>43.1</td>
<td>45.6</td>
<td>51.5</td>
<td>65.4</td>
<td>42</td>
</tr>
<tr>
<td>Panama</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4 999</td>
<td>5 598</td>
<td>5 644</td>
<td>6 323</td>
<td>6 870</td>
<td>7 193</td>
<td>7 813</td>
<td>56</td>
</tr>
</tbody>
</table>

– = nil or a negligible value; [ ] = SIPRI estimate.

Source: Table 3.11.

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administration and put the military at the forefront of the efforts.\textsuperscript{12} The increase of the past decade does indeed seem to be due to the efforts by the Mexican military to tackle drug trafficking.\textsuperscript{13} However, these efforts have been hindered by corruption and weak police and law enforcement institutions; although these have been prevalent features of the Mexican system, drug trafficking has exacerbated them.\textsuperscript{14}  

The problem of drug trafficking is not limited to Mexico, but is a regional problem. Drugs leaving Colombia on their way to the United State via Mexico pass along the Central American corridor. In order to improve the protection of their airspace and ‘better combat the air supply of drug traffickers’, some governments in the region have announced their intention to modernize or upgrade some of their aircraft.\textsuperscript{15} For example, in 2012 the Guatemalan Government sought a line of credit of $140 million to acquire six trainer/combat aircraft and to upgrade its old trainer fleet.\textsuperscript{16}

**Internal security spending**

As military expenditure has increased in Central America, so has spending on internal security, but at a much higher rate. It is not a straightforward matter to define government spending on non-military ‘security’; while the definition should certainly include spending on police, gendarmeries, intelligence agencies, and border and coastal security, as well as the ministries that run them, grey areas include the justice sector and the prison system. For the present purposes, limited data availability means that the only definition of internal security spending that can be applied is total spending on central government ministries (or secretariats) of internal security. However, some of the functions of these ministries (such as issuing passports) are not necessarily security related. Furthermore, in some countries, such ministries are a recent creation and so comparisons over time need to take into account past spending on security by other ministries. For example, prior to the creation of the Panamanian Ministry of Public Security in 2010, internal security functions were the responsi-

\textsuperscript{15} Sparrow (note 13) (author’s translation).
Between 2006 and 2012, internal security spending in Central America increased by 131 per cent in real terms (see table 3.7). The largest increase was in Mexico, where expenditure by the Ministry of Security more than tripled. There are indications that the Mexican administration of President Peña Nieto will continue to increase internal security spending, although with a shift of approach from punishment to prevention. ‘Pacto por Mexico’ (Pact for Mexico), the security plan announced early in his presidency, emphasizes crime prevention and seeks to reorganize Mexico’s security and law enforcement agencies.17 It is not clear what this shift of focus

would mean in practice. As a report by the Brookings Institution, a US think tank, highlights, Peña Nieto ‘has been rather vague about how he actually plans to reduce violence, particularly homicides, kidnappings, and extortion’.\(^{18}\)

After Mexico, the countries that increased their internal security spending the most are Costa Rica, Panama, Guatemala and Honduras. The high increases in Costa Rica and Panama can be partially explained by the fact that these two countries have no regular armed forces, so that internal security forces are their only means of response to violent crime.

The largest portion of internal security spending goes to current expenses, with a minor portion allocated to capital investment.\(^{19}\) In most Central American countries, increased internal security spending has been used to expand police forces and improve the salary of police officers. For example, in an effort to reduce dependence on the military to combat drug trafficking, Mexico is reported to have raised the number of federal police from 6500 agents in 2006 to 35 500 in 2010.\(^{20}\) However, even after this increase it still lacked ‘the technical capability, infrastructure, and numbers to provide a permanent nation-wide presence’.\(^{21}\)

To support the costs of the current military and internal security efforts, some governments have created special ‘security taxes’. For example, in December 2011 the Costa Rican Legislative Assembly approved a tax of $300 on each company. The tax is expected to raise $70 million a year to help purchase new equipment for the security forces.\(^{22}\) In June 2011 the Honduran National Congress also established a new tax on mining, telephone and other industries that should collect about $79 million per year over a five-year period for equipment and other improvements for the police and the military.\(^{23}\) As a consequence of resistance to the new tax from some businesses, which argued that it would discourage investment, the government cut the tax on mining export from 5 to 2 per cent and

\(^{18}\) Felbab-Brown (note 5), p. 4.


\(^{21}\) Guevara Moyano (note 20), p. 15.


\(^{23}\) ‘Aprueban impuesto temporal para la seguridad de Honduras’ [New temporary tax for the security of Honduras is approved], *La Prensa* (Managua), 23 June 2011.
eliminated a 3 per cent tax on bank withdrawals. Proposals to create similar taxes in El Salvador and Guatemala have not succeeded. Salvadoran President Mauricio Funes sought to apply a tax aimed at collecting $120 million a year but could not find support among business leaders.

The role of the United States

The USA is the main destination for Central America’s drug trade. According to the US Department of State, ‘Approximately 95 percent of the estimated cocaine flow toward the United States transits the Mexico–Central America corridor from its origins in South America’. The USA thus makes substantial security-related aid available to the governments in the region to supplement the domestic financial resources available to combat drug-related violence and organized crime.

In 2007 Mexico and the USA agreed a security assistance package—the Mérida Initiative (Iniciativa Mérida)—aimed at tackling criminal violence in Central America. The initiative has provided (a) non-intrusive inspection equipment, ion scanners and canine units for use in Central America to intercept trafficked drugs, arms, cash and persons, (b) technology to improve and secure communication systems that collect criminal information in Mexico, (c) technical advice and training for prosecutors, defenders and investigators to strengthen justice sector institutions, (d) helicopters and surveillance aircraft to support interdiction activities and rapid response by law-enforcement agencies in Mexico, and (e) equipment, training, and community action programmes in Central American countries to implement anti-gang measures. The Mérida Initiative has

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been criticized for focusing on hardware and not on the root causes of drug trafficking, violence and corruption in Central America.  

The majority of the money for the Mérida Initiative has gone to Mexico. Between financial years (FYs) 2008 and 2012 the US Congress appropriated more than $1.9 billion for counternarcotics and anti-crime assistance for Mexico as part of this initiative. In 2010 the US Government ‘relaunched’ the non-Mexican portion of the initiative as the Central America Regional Security Initiative (CARSI). Between FYs 2008 and 2012, the US Congress appropriated $466.5 million for Central America (excluding Mexico) through the Mérida Initiative and CARSI. While Mérida mostly focuses on infrastructure, ‘CARSI not only provides equipment, training, and technical assistance to support immediate law enforcement and interdiction operations, but also seeks to strengthen the capacities of governmental institutions to address security challenges and the underlying conditions that contribute to them.

The impact of security expenditure

These increases in financial resources—domestic and from the USA—for Central America’s military and internal security forces have not been followed by noticeable decreases in levels of armed violence. There have been some notable achievements: 25 of Mexico’s 37 most wanted drug lords were captured or killed between 2009 and 2012, and many drug routes have been blocked. Yet in 2008 and 2009 some analyses suggested that Mexico was on the verge of becoming a failed state, as violence escalated to unprecedented levels. The militarized response to drug trafficking has

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31 Seelke (note 11), p. 13. Although SIPRI includes foreign military aid in the total military expenditure of the recipient state, most of the US aid under the Mérida Initiative comes under the State Department’s account for International Narcotics Control and Law Enforcement, rather than the military aid categories of Foreign Military Finance and International Military Equipment and Training, and so is not counted as military spending by SIPRI.
33 Meyer and Seelke (note 32), p. 2.
also caused the 7 large cartels to transform into approximately 80 smaller and more violent ones.\textsuperscript{36}

Meanwhile, the involvement of the military in internal security functions has brought accusations of human rights abuses, while failing to bring down levels of violence. For example, Human Rights Watch has reported cases of torture, rape and murder committed by the Mexican military, and that in the first half of 2010 the Mexican National Human Rights Commission received more than 1100 complaints of human rights violations.\textsuperscript{37} Increased participation of the armed forces in internal security in El Salvador and Guatemala also raises concerns, given the history of human rights abuses during the civil wars in both countries. This has led to calls ‘for an end to military involvement in the fight against drug cartels and an end to the drug war that has brought repression, militarization, violation of human rights by security forces, and a huge increase in bloodshed’.\textsuperscript{38}

The paradox of increased violence and increased security spending is certainly worrisome and requires novel ways to address the challenges that drug trafficking and other organized crime activities pose to the governments of Central America. More efforts on prevention and more commitments to eliminate corruption and abuses in the security forces should be on their security agendas in the coming years.