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Article

Mexican Cartels and U.S. National Security: Between Criminal Economies and Securitization Discourses

Aguirre Ochoa Jerjes[1], Castro Coria Eva Grissel[2], López Díaz Josué Tonathiú[3]

[1] Universidad Michoacana de San Nicolas de Hidalgo, Morelia, México; jerjes.aguire@umich.mx.

[2] Instituto Michoacano de Ciencias de la Educación, Morelia, México; eva072001@hotmail.com.

[3] Universidad Michoacana de San Nicolas de Hidalgo, Morelia, México; 1243758a@umich.mx.

* Correspondence: jerjes.aguirre@umich.mx

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ABSTRACT

The U.S. Department of State designated several Mexican cartels as Foreign Terrorist Organizations (FTOs) in February 2025. This measure reignited debates about the threat posed by these groups to U.S. national security. This article contends that such classification exaggerates their role as transnational terrorist actors and risks distorting bilateral security cooperation. Drawing on an ethnographic study of cartels in Michoacán, the analysis highlights three defining features: their primarily economic orientation, their reliance on systemic corruption, and the absence of ideological agendas directed at the United States. These characteristics distinguish cartels from traditional terrorist organizations. Their impact on U.S. security is indirect—deriving from the destabilization of Mexico's institutions and society, which undermines regional stability and U.S. strategic interests. The study concludes that cartels should be understood as powerful criminal corporations embedded in Mexico's political and economic structures. Their threat lies in eroding governance south of the border rather than in any direct existential challenge. The article further argues that the FTO designation may exacerbate violence and complicate bilateral cooperation while creating new legal and financial risks for legitimate businesses.

KEYWORDS

Mexican Cartels, national security, securitization theory, transnational organized crime, U.S.-Mexico relations.

1. Introduction

The U.S. Department of State designated several Mexican cartels as Foreign Terrorist Organizations (FTOs) in February 2025. Implemented during the early days of the Trump administration, this measure rests on the premise that these organizations "threaten the security of the American people, the national security of the United States, and the stability of the international order in the Western Hemisphere" (U.S. Department of State, 2025). An objective analysis of their operational dynamics suggests this characterization may be excessive and counterproductive.

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This article argues that while drug cartels threaten Mexico's internal stability, their nature and objectives differ from those of terrorist groups with political-ideological motivations. Cartels impact U.S. national security indirectly. They do not seek political destabilization of the United States; their motivation is economic. By 'criminal corporation' we refer to hierarchically structured organizations whose primary objective is profit maximization through diversified illicit activities, which invest in legal economies, and which exercise governance functions—including taxation and dispute resolution—in territories where state presence is weak. Nevertheless, their violence generates tangible consequences for U.S. interests, including migratory flows, affected binational investments, and risks to U.S. citizens. Fentanyl flows have emerged as a particular concern, with U.S. overdose deaths reaching record levels. However, framing this public health crisis exclusively through a counterterrorism lens obscures the complex dynamics of supply and demand that sustain the illicit drug trade.

The methodology employs an ethnographic approach, stemming from the authors' status as natives of Michoacán and their trajectory of over twenty years as criminology academics. The ethnographic work, conducted primarily between 2015 and 2024, focused on municipalities across the Tierra Caliente, Meseta Purépecha, and Costa regions. It involved informal interviews with residents, business owners, former members of community self-defense groups, journalists, and local government officials. Given the sensitive nature of the research, all informants have been anonymized to ensure their safety. This long-term engagement provides unique insights into criminal governance often absent from policy discussions.

The ethnographic approach captures lived experiences of communities subjected to cartel control—experiences often invisible in aggregate data. As Zarb (2015) demonstrated in his study of securitization dynamics in Michoacán's Tierra Caliente region, "the inability of the state to establish rule of law over all of its domain has led to a variety of actors rising and attempting to establish order in their own way." This observation remains prescient: the vacuum left by the state has been filled by cartels and vigilante groups competing for territorial control. The emergence of autodefensas in 2013-2014 challenged both criminal and state authority, demonstrating that communities retain agency even in extreme violence.

The analysis focuses on three defining characteristics: economic nature, operation within structural corruption, and absence of ideological motivations toward the United States. This work adopts the perspective that "securitization" of U.S. national security has turned policy toward cartels into an instrument of pressure and intervention, often at the expense of deeper cooperation on institutional reform.

2. Methods

This study is grounded in a qualitative, ethnographic methodology designed to understand the complex social, economic, and political dynamics of organized crime from the perspective of those who live with it daily. The principles of symbolic interactionism inform our approach and seek to uncover the meanings that local actors ascribe to cartels' presence and governance. As natives of Michoacán and criminology academics with over two decades of regional research experience, we occupy a unique position that blends analytical distance with deep, contextual understanding.

The primary fieldwork for this research was conducted over nine years, from 2015 to 2024, across three key regions of Michoacán: the Tierra Caliente, the Meseta Purépecha, and the Costa. These areas were selected because they represent distinct socio-economic landscapes and have been epicenters of cartel activity and community resistance. The extended timeframe was crucial not only for observing the evolution of criminal groups—such as the transition from La Familia Michoacana to the Knights Templar and their successors—but also for building the trust necessary to engage with a population deeply affected by violence and intimidation.

Data collection relied on two main qualitative techniques:

1. Participant Observation: Researchers spent extended periods in local communities, attending public events, and observing daily life in public spaces (town squares, markets, transporta-

tion hubs). This allowed for an embodied understanding of how criminal governance manifests in the routines of everyday life, from the visible presence of armed groups to the subtle ways residents self-censor or navigate checkpoints.

2. In-depth, Informal Interviews: We conducted over 80 informal interviews with a diverse range of informants. This sample included: residents (n=30), small and medium-sized business owners (n=20), former members of community self-defense forces (autodefensas) (n=10), local journalists (n=8), and low-level local government officials who requested anonymity (n=12). The interviews were unstructured, guided by a conversational approach that allowed informants to define what was significant. Topics explored included perceptions of security, experiences with extortion (la cuota), the relationship between local authorities and criminal groups, and the impact of violence on family and work.

All informants were guaranteed anonymity to mitigate the extreme risks associated with speaking about organized crime. No real names, specific locations that could identify individuals, or other identifying details are used in this article. Field notes were coded thematically, first using open coding to identify emergent patterns, followed by axial coding to relate these patterns to the core concepts of economic motivation, corruption, and the absence of political ideology. The ethnographic data were then triangulated with documentary analysis of news reports, government statements, and existing academic literature to ensure the robustness of our findings. This rigorous, long-term qualitative approach provides the empirical foundation for our argument that cartels are best understood not as terrorist entities, but as deeply embedded criminal corporations.

3. U.S. National Security Perspectives and the Nature of the Threat

Dominant theoretical perspectives in U.S. national security are framed within traditional paradigms of international relations, particularly offensive and defensive realism. These privileged states protect against external threats through hard power (Mearsheimer, 2001). These visions have evolved to incorporate critical approaches such as securitization theory, which analyzes how certain actors are discursively constructed as “threats” to justify exceptional policies. The shift from state-centric to threat-centric conceptions of security has opened the door to an ever-widening range of phenomena being framed as existential dangers.

Securitization theory, developed by the Copenhagen School, posits that threats are socially constructed through political discourses. Presenting them as existential allows implementation of extraordinary measures that transcend conventional legal frameworks (Buzan & Hansen, 2009; Buzan, Wæver, & de Wilde, 1998). This framework is relevant for analyzing the designation of major Mexican cartels as FTOs. This characterization omits that cartels lack the defining elements of traditional terrorist organizations. Nowhere in their public communications or internal documents do these groups articulate a political program or express ambitions to govern territory beyond immediate operational needs.

The distinction between criminal and terrorist violence has profound implications for policy responses. As the Global Initiative Against Transnational Organized Crime (2025) noted in its analysis of FTO designations, “although both use violence, organized criminal groups seek to profit, while terrorist groups are usually politically or ideologically motivated. Furthermore, the most efficient criminal networks are those that act discreetly, while terrorists typically seek to attract attention.” This observation underscores a fundamental difference in operational logic: cartels thrive when operating without public attention; terrorist groups depend on publicity to advance political agendas. The FTO designation conflates these distinct phenomena, potentially misdirecting law enforcement and military resources. Applying counterterrorism frameworks to criminal groups risks importing tactics and legal authorities designed for one threat into contexts where they may be ineffective.

Securitization theory reveals how the FTO designation serves domestic political interests, such as diplomatic pressure on Mexico or justification of exceptional measures at the border. Trump’s statement about possible military intervention illustrates this: “Mexico probably doesn’t want it, but we have to do it.” Pre-existing legal tools, such as the Kingpin Act, already allowed financial sanctioning of cartels (U.S. Congress, 1999). Securitization operates as a mechanism for risk amplification, benefiting specific political agendas. The designation allows the executive branch to bypass deliberative processes and deploy counterterrorism finance, surveillance, and military cooperation without meaningful congressional oversight.

Critics of the FTO approach have warned that "a purely securitized approach will be insufficient" and that "a military response to an economic issue will have limited results" (Global Initiative, 2025). Addressing cartel violence requires understanding their economic motivations: "If the money dries up, the cartel goes away." This perspective aligns with our argument that cartels function as criminal corporations whose primary vulnerability lies in their financial networks. Billions of illicit proceeds are generated annually and moved through sophisticated financial infrastructure spanning multiple jurisdictions. Disrupting these financial flows requires intelligence cooperation, regulatory alignment, and technical assistance—tools independent of the FTO framework.

Building on the analytical framework developed by Vidović and Beriša (2025) to examine the socio-financial consequences of security threats, this study applies their approach to demonstrate how economic criminality in Mexico is framed through security discourses that justify exceptional state responses. Just as cyber attacks are increasingly framed as existential threats warranting military responses—with Vidović and Beriša highlighting how "the materialisation of damage outside the digital framework" creates cascading economic and social consequences—drug trafficking has been similarly elevated from a law enforcement problem to a national security crisis, with analogous risks of mission creep and unintended consequences.

In summary, securitization theory provides the most useful lens for explaining the discursive construction of cartels as existential threats, despite their predominantly economic character. This designation obeys domestic politics more than a realistic assessment of capabilities, reflecting broader post-9/11 trends where boundaries between crime, terrorism, and war have blurred.

Historical Evolution of U.S. National Security and Criminal Groups

The conception of U.S. national security has progressively expanded from state-centric threats to incorporate non-state actors and asymmetric threats. During the Cold War, realism dominated, defining national security in terms of containing rival powers and nuclear deterrence (Mearsheimer, 2001). The fall of the Soviet Union marked a turning point, forcing a redefinition of threats. The 1990s saw the emergence of "new threats" discourse, encompassing international terrorism, organized crime, drug trafficking, and environmental degradation—all framed as challenges requiring coordinated international responses.

The September 11, 2001, attacks were the definitive catalyst, enshrining non-state transnational terrorism as the primary existential threat. The creation of the Department of Homeland Security and the enactment of the PATRIOT Act in 2002 institutionalized an exceptional legal framework aimed at preventing terrorist acts, reflecting the classic application of securitization theory (Buzan, Wæver, & de Wilde, 1998). This framework centralized intelligence, expanded surveillance authorities, and created new crime categories and penalties, subsequently applied to non-terrorist contexts.

The conceptualization expanded to include "hybrid threats" or "transnational organized crime." The 2011 National Strategy for Combating Transnational Organized Crime declared these networks represented "a significant threat to the national security" of the U.S. (U.S. Department of State, 2025). The strategy explicitly linked organized crime to terrorism, arguing criminal networks provided logistical support and financing to terrorist groups—a claim debated among scholars and practitioners.

Expanding national security frameworks to encompass criminal groups has significant legal consequences. Under U.S. law, providing "material support" to a designated FTO constitutes a felony punishable by up to life in prison. This broad prohibition captures commercial activities that might otherwise be ordinary business transactions, including transportation, communications, and financial services. As the National Law Review (2025) noted, "transactions that once posed primarily anti-money-laundering or corruption risks now carry exposure to terrorism financing, secondary sanctions, and private Anti-Terrorism Act litigation." This creates a chilling effect on legitimate commerce, as companies navigate an increasingly complex regulatory landscape.

The 2025 designation represents the culmination of this trajectory, framing cartels' economic activities under the label of "terrorism." The designation has prompted other countries to follow suit. Within a month, "Argentina designated the Venezuelan criminal gang Tren de Aragua as a terrorist group, Canada listed seven organizations as terrorist entities under the Criminal Code, and Peru and Ecuador are planning to follow suit" (Global Initiative, 2025). This international diffusion suggests that the securitization of organized crime is becoming a global phenomenon, with potentially far-reaching consequences for cross-border commerce and human rights. Proliferation of terrorism designations for criminal groups risks creating a parallel international legal framework operating outside established human rights protections and due process guarantees.

Genesis and Evolution of Mexican Cartels: Institutional Weakness

While the evolution of U.S. national security frameworks demonstrates how the concept of "threat" has expanded, this expansion cannot be understood without examining the parallel transformation of organized crime in Mexico. As Washington broadened its security agenda, Mexican cartels consolidated power through structural weaknesses in Mexico's political and judicial institutions. This convergence of U.S. threat perceptions and Mexican institutional realities has created a dynamic where each country's responses shape the other's actions, often with unintended consequences.

Research on cartel finances reveals deep integration into local economies. Aldama-Navarrete (2020) found that "local drug cartel activity causes an increase in bank deposits, and branch networks grow in affected areas," and that "banks with prior exposure to criminal activity are more likely to enter areas where cartels operate." These findings complicate narratives of cartels as purely external threats, revealing deep embeddedness in Mexico's economic fabric. Efforts to disrupt cartel finances must contend with legitimate financial institutions accustomed to operating in criminal-influenced environments. The line between legitimate and illicit economic activity blurs as cartels invest in legal businesses, employ thousands, and provide services the state fails to deliver.

Mexican drug cartels emerged in the late 20th century as marijuana trafficking organizations. Their role transformed during the 1980s and 1990s due to two external factors: an explosive increase in U.S. cocaine demand and the effective closure of Caribbean maritime routes by U.S. authorities. This forced Colombian cartels to seek new transit routes, finding indispensable logistical partners in emerging Mexican groups. This strategic pact allowed Mexican cartels to evolve from traffickers into sophisticated transnational criminal corporations, accumulating vast financial resources and power through control over critical land corridors to the United States (Valdés Castellanos, 2013). The shift from maritime to overland trafficking fundamentally altered drug trade geography, concentrating power in Mexican organizations controlling border crossings.

The extractive logic extends beyond drug trafficking to encompass predatory activities. Contemporary cartels derive substantial revenue from extortion, kidnapping for ransom, fuel theft from state-owned pipelines, illegal mining concessions, and control of legal industries such as avocado production, lime cultivation, and transportation. In Michoacán, cartels have inserted themselves into the avocado export chain, extracting payments from producers, packers, and transporters. This diversification reflects a sophisticated understanding of local economies and the ability to exploit vulnerabilities across multiple sectors. The avocado industry, worth billions annually and destined largely for U.S. markets, has become a particular focus of cartel attention, with producers forced to pay protection fees on every kilo exported.

Prosecutorial institutions remain weak. As Delgadillo (2025), a member of the UN Working Group on Enforced Disappearances, documents, "the Prosecutor's Office in Mexico has historically been a tool of political control. It has never been an autonomous institution, independent from the executive branch, serious and professional, committed to truth and justice." This institutional failure means even when crimes are reported, investigations are rarely effective, and perpetrators rarely face consequences. According to impunity indexes, over 90% of crimes in Mexico go unpunished, signaling that criminal organizations can operate with near-total impunity. Lack of effective prosecution enables cartel violence and undermines citizen trust in state institutions, creating a cycle where communities turn to non-state actors for protection.

In sum, perceiving Mexican cartels as purely criminal masks underlying structural problems. Absence of effective Rule of Law and systemic corruption has created fertile ground for collusion between political power and organized crime. This symbiosis constitutes an indirect threat to the United States, generating migratory flows, economic instability, jeopardizing U.S. investments, and increasing cross-border illicit activities. Addressing these root causes requires long-term commitment to institutional reform, transcending electoral cycles and partisan politics in both countries.

4. Results: Criminal Governance and Lived Realities in Michoacán

Our ethnographic research in Michoacán, conducted over nine years (2015-2024) across the Tierra Caliente, Meseta Purépecha, and Costa regions, provides concrete empirical evidence that supports the characterization of cartels as economically motivated criminal corporations rather than politically driven terrorist organizations. Through over 80 informal interviews with residents, business owners, former autodefensa members, journalists, and local officials—all anonymized for their safety—we gained access to lived experiences that are often invisible in policy debates. The findings are organized around three primary themes that emerged from our fieldwork: the cartel as a parallel tax-collecting entity, the erosion of trust in state institutions, and the economic logic of violence. Together, these themes illuminate how criminal governance operates at the community level and why the FTO designation fundamentally misrepresents the nature of these organizations.

4.1. The Cartel as a Parallel State

The data reveal that the most pervasive and visible interaction between cartels and the civilian population is fiscal, not ideological. In communities across the Tierra Caliente, business owners consistently described a system of systematic extortion that functions as a parallel tax regime. One produce transporter in the region near Apatzingán explained: "We pay five thousand pesos monthly per truck. In return, they give us a windshield sticker. With that, we can pass through their checkpoints without trouble. It's like a toll, or a tax. You don't agree, you don't work, or you disappear." This testimony, echoed by over fifteen other business owners, illustrates that the relationship is fundamentally transactional. The cartel provides a service—guaranteed passage, "protection" from rival groups—in exchange for a regular fee. This extractive logic prioritizes the stability required for economic activity over the chaos that would deter it. A shopkeeper in a town in the Meseta Purépecha noted, "It's better when things are calm. You pay your *cuota*, and you can open your doors. When they fight, you can't do anything. You just stay home and lose money." This reveals a perverse form of criminal governance where cartels provide a semblance of order that enables commerce to continue—a finding that directly contradicts the indiscriminate violence often associated with terrorism.

The extractive logic extends beyond drug trafficking to encompass diverse economic sectors. In the avocado-producing regions of Uruapan and surrounding areas, cartels have inserted themselves directly into the export chain. As one producer described: "The narco had taken over the avocado packing houses. They forced the owners to pay two pesos for every kilo that left for the United States. Some farmers refused, and they were taken. Days later, we found their bodies with signs warning others to pay." This diversification reflects a sophisticated understanding of local economies and the ability to exploit vulnerabilities across multiple sectors. The avocado industry, worth billions annually and largely destined for U.S. markets, became a particular focus of cartel attention precisely because of its profitability and its connection to cross-border commerce. The producers we interviewed estimated that between 10 and 20 percent of their operating costs now go toward extortion payments. This tax functions as a de facto criminal tariff on international trade.

4.2. Erosion of Trust and the Community Response

Our interviews consistently uncovered a deep erosion of trust in official state institutions, which creates the very vacuum that criminal organizations fill. A former member of a community *autodefensa* in Uruapan recounted the event that catalyzed their movement: “We went to the police, to the mayor. They did nothing. Some said they were already on the narcos’ payroll. We realized we were alone.” This narrative was not isolated. A local journalist from the Costa region explained the complicity between authorities and criminals: “The small-town police don’t fight the cartel; they work for them. They warn them when the army is coming. They point out the troublemakers. For the people, there is no difference between a uniformed policeman and an armed *sicario*. Both can extort you, both can kill you. The only difference is the uniform.”

These testimonies demonstrate that the state’s failure to provide security and justice leads communities to view the government as either irrelevant or complicit. One municipal official, speaking on condition of strict anonymity, offered a rare inside perspective: “The campaigns are expensive—very expensive. Where do you think that money comes from? The cartels don’t give donations out of generosity. They expect returns. A judge here, a police commander there. It’s not that the institution is weak; it’s that parts of it have been captured.” This observation aligns with broader patterns of institutional infiltration that have characterized Michoacán for decades. When the state becomes indistinguishable from criminal actors in the eyes of citizens, the social contract fractures, pushing communities toward either submission to cartel rule or, as in the case of the *autodefensas*, to take up arms themselves.

The emergence of community self-defense forces in 2013-2014 marked a profound rupture. These groups, initially composed of farmers and residents, successfully expelled the Knights Templar from several municipalities before many were co-opted, disbanded, or transformed into new criminal actors. Their rise and fall illustrate a tragic paradox: in the absence of legitimate state authority, communities seeking to defend themselves often find that the very tools of armed resistance entangle them in new forms of criminality. One former *autodefensa* member reflected bitterly: “We started to protect our families. Now some of us are dead, some are in prison, and others are working for the very people we fought against. The government never gave us a real alternative.”

4.3. The Economic Logic of Violence

Our findings highlight the fundamentally economic logic underpinning cartel violence, which is instrumental and targeted rather than political and indiscriminate. Violence is used as a business tool to enforce payment, eliminate competitors, and maintain territorial control. An avocado producer described a common scenario: “If you refuse to pay the *cuota*, they don’t bomb a public square. They come for you, or they come for your son. It’s a message to everyone else. The violence is for us, the people who live here, not for the Americans. It’s about control, not about politics.” This instrumental use of violence was confirmed by a former low-level cartel lookout who stated, “We had orders not to cause trouble for Americans or for big foreign companies. The boss said that brings too much heat. Our fight was with the rival gang and with the people who didn’t pay. The goal was always money, always the business.”

This internal logic, focused on operational security and profit maximization, is fundamentally at odds with the publicity-seeking, ideologically motivated violence of terrorist groups. The targeting is specific and localized, aimed at maintaining the economic viability of the criminal enterprise, as one resident put it: “For them, we are not enemies or converts. We are just part of the landscape, resources to be exploited.” Nowhere in their public communications or internal practices do these groups articulate a political program or express ambitions to govern territory beyond immediate operational needs. The pseudo-religious narrative of La Familia Michoacana and the Knights Templar—which presented themselves as vigilante forces protecting communities—has largely disappeared, replaced by the unabashed corporate efficiency of successor groups like the Jalisco Cartel New Generation (CJNG) and the reorganized remnants of La Familia.

4.4. Historical Evolution and Fragmentation

The contemporary landscape of organized crime in Michoacán is the product of successive waves of fragmentation and realignment. The criminal substrate dates to marijuana growers in the Tierra Caliente during the late twentieth century. La Familia Michoacana emerged in the early 2000s, distinguished by its pseudo-religious narrative of community protection, followed by the Knights Templar, who developed an elaborate code that ostensibly protected the poor and prohibited killing for money. Following the death of Templar leaders in 2014-2015, the group fragmented, creating a power vacuum that fundamentally reshaped Michoacán's criminal landscape. Into this void stepped the CJNG, which exploited the chaos to expand its territorial ambitions beyond its Jalisco stronghold, absorbing former Templar cells and eliminating those who resisted. Simultaneously, remnants of La Familia reorganized and reasserted control over portions of the Tierra Caliente, while smaller groups like Los Viagras carved out their own fiefdoms.

By 2025, these successor groups had abandoned any pretense of vigilante justice, concentrating instead on systematically collecting "protection fees" from nearly all legal economic activity. A documented episode from our research in Apatzingán illustrates this new reality: a local transporter reported paying 5,000 pesos per truck monthly to CJNG, receiving a windshield sticker guaranteeing safe passage—"tax" collection mirroring state functions. The February 2025 killing of CJNG leader Nemesio "El Mencho" Oseguera Cervantes illustrates the limitations of leadership-focused strategies. While his death was celebrated as a major victory against organized crime, the aftermath revealed the resilience of cartel financial networks. Within hours, armed groups erected roadblocks, set vehicles and properties ablaze, and paralyzed transport across multiple states. More significantly, the money-laundering infrastructure—built through years of strategic investment in shell companies, real estate, and trade-based money laundering—remains intact. As Aldama-Navarrete (2020) demonstrates, the billions in illicit funds generated by these organizations do not disappear when the cartel head is eliminated; the financial infrastructure continues to function and may even accelerate illegal activity as factions compete for control.

In summary, the lived experiences of Michoacán's residents consistently depict cartels as parasitic economic actors embedded in the fabric of local life. They function as shadow governments, taxing economic activity, exploiting the absence of a legitimate state, and exercising coercive governance functions that institutions have proven unable to provide. Their violence, while brutal, is not aimed at political transformation in the United States or Mexico, but at the preservation and expansion of their illicit business. These results strongly support the article's central thesis: that the threat posed by these groups is one of institutional erosion and criminal extraction, not of political terrorism. The FTO designation, by conflating criminal and terrorist threats, obscures the specific institutional weaknesses—corrupt judiciaries, compromised police forces, captured local governments—that enable cartels to thrive. Addressing this threat requires understanding cartels not as terrorist organizations but as deeply embedded criminal corporations whose power derives from their integration into local economies and political structures.

5. Conclusion and Policy Implications

Mexican cartels do not represent a direct terrorist threat to U.S. national security. Their lack of political ideology, confirmed by our ethnographic findings in Michoacán, defines them as criminal corporations whose primary objective is territorial control to maximize profits. As our results demonstrate, their interaction with communities is fundamentally fiscal—taxing economic activity—and their violence is instrumental, targeting those who resist payment rather than pursuing political transformation. This characterization aligns with Unaam's (2025) framework, distinguishing between groups seeking political transformation and those engaged in extractive violence. Applying his conceptual lens to the Mexican context reinforces our argument that cartels are entities focused on extractive violence—seeking economic rents rather than political change. The distinction is critical: groups seeking political transformation require political solutions; those engaged in extractive violence require institutional strengthening and economic alternatives. The threat they pose is indirect: eroding governance and the Rule of Law in Mexico creates instability—manifested in migration pressures, spillover violence, and illicit financial flows—that ultimately harms U.S. strategic interests.

The FTO designation may exacerbate rather than resolve the problem. Proponents of the FTO designation argue that it provides additional legal tools for asset freezing, enables intelligence sharing with allied nations under counterterrorism frameworks, and signals political resolve. However, our analysis suggests significant risks outweigh these potential benefits:

First, conflating criminal and terrorist threats risks misdirecting resources toward militarized responses proven ineffective while diverting attention from institutional reforms. Second, it creates impossible dilemmas for businesses compelled to provide "material support" under duress, exposing them to prosecution under terrorism statutes. Third, it may complicate bilateral cooperation by creating incentives for unilateral U.S. military action that would violate Mexican sovereignty and undermine trust.

Michoacán cartels have flourished due to institutional weakness and a political system favoring coalition-building between criminal groups and political power. This infiltration does not respond to ambition for formal political power, but to the pursuit of impunity. As Zarb (2015) documented, the state's inability to establish the rule of law leads other actors to attempt to establish order. In this vacuum, cartels exercise coercive governance functions that the state has proven unable to provide.

It is therefore recommended that the United States consider a strategy focused on supporting democratic governance in Mexico. Based on this analysis, several actionable points emerge:

- **Prioritize institutional strengthening:** Shift bilateral security assistance from a narrow focus on interdiction toward programs bolstering judicial independence, police professionalization, and anti-corruption mechanisms. This includes supporting the development of autonomous prosecutorial authorities capable of investigating crimes without political interference.
- **Enhance financial intelligence cooperation:** Move beyond FTO designation and focus on joint task forces tracking and seizing cartel assets, targeting their economic structure as criminal corporations. Cartels are most vulnerable when financial networks are disrupted.
- **Address shared responsibility:** Acknowledge U.S. drug demand and illicit firearm sales fueling cartel violence, and strengthen bilateral efforts to disrupt these flows.

The FTO designation, whatever its political appeal, is unlikely to achieve its stated objectives. Conflating criminal and terrorist threats obscures specific institutional reforms necessary to address criminal violence effectively. A more effective approach recognizes Mexican cartels as fundamentally criminal corporations whose power derives from integration into local economies and political structures. Addressing this threat requires strengthening institutions that cartels exploit: autonomous judiciaries, professional police forces, and effective financial intelligence units. The evidence from Michoacán suggests that only structural reforms—not securitized responses—offer a path toward lasting security.

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